

# PROG HOLDINGS, INC.

## COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

### CHARTER

(Adopted on October 16, 2020)

#### I. Purpose and Authority

The primary purpose of the Compensation Committee (the “*Committee*”) is to assist the PROG Holdings, Inc. (the “*Company*”) Board of Directors (the “*Board*”) in fulfilling its oversight responsibilities with respect to: (1) reviewing, determining and approving the compensation of the Company’s Chief Executive Officer (“*CEO*”), (2) reviewing, determining and approving or, when appropriate, making recommendations to the Board for approval, the remuneration, including compensation, incentive-compensation and equity-based compensation for each other executive officer<sup>1</sup> of the Company (collectively, and including the CEO, the “*Executive Officers*”); (3) administering the Company’s equity based compensation plans; (4) evaluating and making recommendations to the Board with respect to compensation for non-employee directors; (5) reviewing and approving certain disclosures required by the Securities and Exchange Commission (the “*Commission*”) to be included in the Company’s annual proxy statement filed with the Commission; and (6) evaluating other significant human resources matters impacting the Company. The Committee shall have such other powers and perform such other duties as the Board may from time to time delegate to it.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and may conduct or authorize studies of matters within the Committee’s scope of responsibilities. The Committee has the sole authority to retain and receive appropriate funding, as determined by the Committee and at the Company’s expense, for compensation consultants, independent counsel and other advisors as it determines necessary or appropriate to carry out its duties, and for ordinary administrative expenses that are necessary or appropriate in carrying out its duties.

In retaining compensation consultants, independent counsel and other advisors (other than in-house counsel), the Committee shall evaluate whether any such advisors retained or to be retained have any relationship or conflict of interest with the Company, members of the Committee or management in accordance with Item 407(e)(3)(iv) of Regulation S-K and shall take into consideration factors identified by the Commission as affecting the independence of such advisors and any other factors identified in the New York Stock Exchange listing standards including: (1) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other advisor; (2) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other advisor; (3) the policies and procedures of the person that employs the compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest; (4) any business or personal relationship of the compensation consultant, legal counsel

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<sup>1</sup> The term “executive officer” has the meaning specified for the term “officer” in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

or other advisor with a member of the Committee; (5) any stock of the Company owned by the compensation consultant, legal counsel or other advisor; and (6) any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the advisor with an Executive Officer.

## **II. Composition and Membership Requirements**

The Committee shall be comprised of three or more directors, the exact number to be determined from time to time by resolution of the Board. Members of the Committee shall be appointed by the Board not less frequently than annually on the recommendation of the Nominating and Corporate Governance Committee, and may be replaced by the Board, with or without cause.

Each member of the Committee shall meet the independence requirements of New York Stock Exchange listing standards, the rules and regulations of the Commission and any categorical independence standards that may be adopted by the Board from time to time. In addition, each member shall be a “Non-Employee Director” as defined by Rule 16b-3 under the Exchange Act and, to the extent the Company has outstanding compensation arrangements which may qualify for performance-based exception under Section 162(m)(4)(c), an “outside director” as defined by Section 162(m) of the Internal Revenue Code (provided, that with respect to the standards under Rule 16b-3 and Section 162(m), a subcommittee of at least two directors may be formed who satisfy these standards).

The Board may designate one or more independent directors, who meet the requirements for membership on the Committee, as alternate members of the Committee who may replace any absent or disqualified member or members at any meetings of the Committee. The Committee may form and delegate its authority to subcommittees consisting of one or more members of the Committee or to management of the Company; provided, however that the Committee shall not delegate to a subcommittee or management any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

## **III. Meetings and Governance**

The Committee shall meet at as often as necessary, but at least once annually, to carry out their responsibilities. The Committee will report its activities and findings to the Board on a regular basis. The Committee will meet without management present, as appropriate.

The Board shall select the Chairperson of the Committee on the recommendation of the Nominating and Corporate Governance Committee. The Chairperson will preside, when present, at all meetings of the Committee. One-third of the members, but not less than two, will constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet in person, by telephone or by any means permitted by applicable law and the Company’s by-laws and may take action by written consent.

After the Committee meets or otherwise takes action, it shall, as soon as practicable, make a report of its activities at a meeting of the Board.

#### **IV. Duties, Responsibilities and Activities**

The Committee, to the extent it deems necessary or appropriate, shall:

##### Director and Executive Compensation and Employee Benefit Programs

1. Consider from time to time the Company's general executive compensation policies, practices and philosophies, including those with respect to incentive-compensation plans and equity-based plans.
2. Review, determine and approve contractual employment and compensation arrangements with the Executive Officers and other persons whose compensation the CEO requests the Committee to review and affirm.
3. Review, determine and approve performance goals and objectives for the Executive Officers in connection with the Company's compensation programs.
4. Evaluate the performance of the Executive Officers, in light of performance goals and objectives and other matters, for compensation purposes.
5. Approve the compensation of the Executive Officers in light of such evaluation and other matters. In approving the long-term incentive component of the CEO's compensation, the Committee should consider all relevant factors, including the:
  - (i) Company's performance and relative shareholder return;
  - (ii) value of similar awards to chief executives of comparable companies;  
and
  - (ii) awards given to the CEO of the Company in past years.

The Executive Officers shall not be present during deliberations or voting on their respective compensation, except that the CEO may be present during deliberations and voting on the other Executive Officers' compensation.

6. Approve grants of stock options, restricted stock, stock appreciation rights and other equity incentives to officers and employees. The Committee may delegate to management authority to approve such grants (other than any grants to members of the Board or Executive Officers) to the extent consistent with listing standards and applicable law.
7. Approve the adoption, amendment or termination of equity compensation plans, executive compensation plans, other compensation plans in which Executive Officers may participate and other material employee benefit plans, and oversee the administration of such plans. The Committee may delegate to a management committee administrative authority with respect to such plans, to the extent consistent with listing standards and applicable law.

8. Consider, establish and review stock ownership guidelines for the Company's directors and Executive Officers.
9. Consider, establish, review and approve policies that provide for the "clawback" of incentive-based compensation paid to current or former Executive Officers following a restatement of the Company's financial statements due to material non-compliance of the Company with financial reporting requirements under the federal securities laws or for other reasons.
10. Review the results of advisory shareholder votes on compensation of the Executive Officers whose compensation is required to be reported in the Company's annual Proxy Statement and consider whether to make any changes to the Company's executive compensation policies and practices as a result thereof.
11. Review the Company's compensation practices, including incentive compensation, and consider, at least annually, the relationship among risk, risk management and compensation in light of the Company's objectives, including the avoidance of practices that encourage excessive risk taking.
12. Consider from time to time and recommend to the Board changes to compensation for non-employee directors.

#### Compensation Disclosures in Proxy Statement and Annual Report on Form 10-K

13. Review and approve the annual Compensation Committee Report for inclusion in the Company's annual Proxy Statement.
14. Review and discuss with management the disclosures made in the Compensation Discussion and Analysis, and recommend to the Board whether the Compensation Discussion and Analysis should be included in the Company's Annual Report on Form 10-K and annual Proxy Statement.

#### Other

15. Perform any other activities in its discretion that are consistent with the Committee's purpose, or as determined necessary or appropriate by the Board.

#### **V. Evaluation Procedures**

The Committee shall review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval. The Committee shall annually evaluate the Committee's own performance and report to the Board the results of its evaluation.

## **VI. Limitation of Committee's Role**

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or the members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules, and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.