

Pathfinder Bancorp, Inc. Compensation Committee Charter ¹

Purpose

The Compensation Committee (the Committee) shall be responsible for making recommendations to the Board of Directors regarding base compensation, short-term incentive compensation, long-term incentive compensation, benefits and perquisites for executive officers and directors of Pathfinder Bancorp, Inc., and its subsidiaries. In performing this function, it shall be the objective of the Committee to: (i) encourage the achievement of the Company's long-range objectives by providing compensation which is directly related to the performance of the individual and the achievement of internal strategies and objectives; (ii) establish compensation policies and guidelines that will attract and retain qualified personnel through an overall level of compensation opportunity that is competitive within the Company's industry; (iii) promote a direct relationship between compensation and the Company's performance by facilitating stock ownership through restricted stock and stock option awards, where appropriate and; (iv) ensure that no compensation plans or practices promote excessive risk-taking or encourage behavior inconsistent with the Company's vision, strategy or compensation philosophy. The Committee shall produce an annual report on executive compensation for inclusion in the Company's proxy statement for the annual meeting of stockholders, in accordance with the applicable rules and regulations.

Composition of the Committee

The members of the Committee shall be independent directors meeting the requirements of the NASDAQ Exchange and appointed by the Board of Directors on the recommendation of the Nominating and Corporate Governance Committee. The Chairman of the Committee shall be designated consistent with the provisions of the Company's Governance Guidelines. In the absence of the Chairman, the members of the Committee may designate a chairman by majority vote.

Authority and Responsibilities

The Committee is authorized to recommend to the Board of Directors: (1) the compensation of executive officers and directors of the Company; (2) the establishment of incentive plans. The Committee is also authorized to administer any annual incentive plan or plans applicable to executive officers and directors of the Company.

¹ While this is the Charter of Pathfinder Bancorp, Inc., it also applies to the subsidiaries of that company, which have employees, namely Pathfinder Bank.

The Committee may determine, from time to time, the advisability of retaining a compensation consultant to assist in the evaluation of Chief Executive Officer or other executive officer compensation or the compensation of directors. The Committee has the authority to retain, at Company expense, and terminate a compensation consultant, including sole authority to approve the consultant's fees and other retention terms.

The Committee may also recommend changes to the Company's executive and director compensation policies. In addition, the Committee may review and recommend to the full Board, corporate goals, and objectives relevant to the compensation to be paid to the Chief Executive Officer, each of the other executive officers of the Company, and directors.

The Committee shall:

1. Annually evaluate the performance of the Chief Executive Officer in light of the corporate goals and objectives approved and recommend base salary and incentive bonus levels of the Chief Executive Officer of the Company.
2. Annually review and recommend base salary and incentive bonus levels of the other executive officers of the Company, as such are recommended to the Committee by the company's Chief Executive Officer.
3. Make regular reports to the Board of Directors concerning the activities of the Committee.

Committee Meetings

The Committee shall meet at least two times per year. One such meeting shall be held at a time when the Committee can review and recommend annual base salary adjustments. The other meeting(s) shall be held at a time when the Committee can review and recommend incentive or performance based awards. Minutes of these meetings shall be kept. The Chief Executive Officer will function as the management liaison officer to the Compensation Committee, although the Chief Executive Officer shall excuse himself from Committee meetings where the decisions on his compensation are being made.