



# **Bankwell Financial Group, Inc. Compensation Committee Charter**

(Approved by Bankwell Financial Group, Inc. Compensation Committee on July 24, 2024)  
(Approved by Bankwell Financial Group, Inc. Governance Committee on July 24, 2024)  
(Approved by Bankwell Financial Group, Inc. Board of Directors on July 24, 2024)

## Compensation Committee Charter

For the purposes of this Charter, the term “Bank” shall include Bankwell Bank and Bankwell Financial Group, Inc., its parent holding company, as appropriate. The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Bankwell Financial Group, Inc. shall operate within the terms of reference set out in this Charter.

### **Mandate**

The Committee assists the Board in its oversight of compensation for all employees, including benefits plans as described in this Charter. The Committee has direct responsibility for compensation of the Chief Executive Officer (“CEO”) and the CEO’s direct reports as well as other officers identified by the Committee or the Board (collectively, “Executive Officers”) as described in this Charter and consideration of risk implications regarding same. For avoidance of doubt, the Committee has identified those officers who meet the definition of “Executive Officer” under Nasdaq Rules as “Executive Officers” for purposes of this Charter. The Committee or the Board may, in its discretion, identify by resolution other officers for purposes of this Charter (and for no other purpose unless otherwise stated in such resolution). The Committee also has responsibility for overseeing Executive Officer succession planning and Director compensation recommendations. The Committee will attempt to familiarize itself with and to employ as appropriate current best practices in compensation program design. The Committee’s mandate includes the following:

- i) to assist the Board in fulfilling its responsibilities with respect to the oversight of the Bank’s affairs in the areas of employee compensation plans, policies and programs;
- ii) to determine specific Executive Officer compensation and benefits, and to approve and monitor administration of all Executive Officer contracts;
- iii) to develop and maintain Executive Officer incentive compensation programs that are designed to:
  - reward high performance, promote accountability and adherence to the Bank’s values and the code of conduct;
  - align employee interests with the interests of the Bank’s shareholders, through the use of equity plans approved by the Board;
  - attract, develop and retain talented leadership to serve the long-term best interests of the Bank;
  - reflect appropriate consideration of current best practices for programs with similar goals and objectives; and

- avoid the encouragement of excessive risk-taking arising from the Bank's incentive compensation policies and practices, and mitigate material risks as necessary with effective controls and risk management processes.
- iv) to monitor the performance of the Bank management committee(s) administering any qualified and non-qualified benefit plans for the Bank; and
- v) if appropriate given the Bank's public reporting requirements, to recommend the Committee report on executive compensation to be included as part of the Bank's annual proxy statement and to review and approve the proxy statement disclosure regarding the presence or absence of material risks in the Bank's compensation policies and practices that are reasonably likely to have a material adverse effect.

Specific responsibilities of the Committee in fulfilling its mandate are outlined below.

## **Organization**

### **Committee Members**

The Committee shall consist of at least three members of the Bank's Board, each of whom is "independent" in accordance with Nasdaq rules. The appointment and removal of Committee members and the Committee Chair will be recommended by the Governance and Nominating Committee (the "Governance Committee") to the full Board for approval, and reviewed at least annually. The Committee members shall provide relevant information to the Governance Committee relative to its recommendations to the Board with respect to membership and chairmanship of the Committee and with respect to the independence of Committee members.

All members of the Committee will be or become generally familiar with corporate compensation and benefit practices and relevant regulations pertaining thereto. All Committee members will be or become familiar with the significant benefit plans of the Bank reviewed by the Committee. Each Committee member shall diligently attempt to increase his or her knowledge of compensation issues and practices and the laws and regulations governing the Bank's compensation practices.

### **Committee Meetings**

The Committee shall meet no less than two times per year. Such meetings may be in person, by video conference, or by conference call. At least a majority of the members of the Committee must be in attendance for a quorum. The Committee shall maintain a written record of its proceedings. The Committee may also act by unanimous written consent, whether in paper or electronic format.

The Chair of the Committee shall be responsible for scheduling meetings of the Committee, developing meeting agendas, providing pre-reading materials to Committee members relative to agenda items and chairing the meetings. He or she shall coordinate such responsibilities with the Bank's CEO and other management of the Bank with respect to these matters, as appropriate.

The Committee through its Chair shall report to the Board after each Committee meeting and shall endeavor to facilitate communication between and among the Committee members, all other Board members and the CEO on issues relative to compensation and performance of Executive Officers. The CEO will not be present during any discussions of his or her own compensation and performance evaluation unless specifically invited into such discussions by the Committee. The CEO will, however, regularly participate in discussions relative to compensation and performance evaluation of other Executive Officers. The Committee will meet in executive and/or private executive session whenever it deems appropriate. The Committee Chair will debrief on a timely basis with the CEO following any sessions at which the CEO is not present, excluding Executive Session.

## **Responsibilities**

### **Compensation Philosophy and Plans**

The Committee will determine and approve the Bank's compensation philosophy, including the balance between or mix of base salaries, incentives and other compensation components for the CEO and other Executive Officers. The Committee, after receiving recommendations from the CEO, will make recommendations with respect to Executive Officer compensation plans, including incentive compensation plans and equity-based plans for approval by the Board and, if required, the Bank's shareholders. The Committee will consider the effects of tax and accounting treatments of such plans. The Committee will consider the deductibility limits of Internal Revenue Code Section 162(m), but reserves the right to approve compensation plan provisions that may not comply with the limitations of 162(m).

### **CEO Compensation and Performance Evaluation**

The Committee will approve all formal employment and other contracts with the CEO. The Committee will determine and approve corporate goals and objectives consistent with business and/or strategic plans approved by the Board, relating to the compensation of the CEO and annually evaluate the performance of the CEO in light of these goals and objectives. The Committee will determine the CEO's base salary level, incentives and other compensation components based on the annual evaluation.

The CEO shall annually provide a performance self-assessment to the Committee. The Committee shall seek input from the Directors on the CEO's performance annually. The Committee, after such discussions with the Board as it may deem appropriate, shall deliver an annual confidential review of the CEO's performance to the CEO.

### **Compensation of Other Executive Officers**

The Committee will approve all formal employment and other contracts with the other Executive Officers ("Non-CEO Executive Officers"). The Committee will determine and approve corporate goals and objectives consistent with business and/or strategic plans approved by the Board, relating to the compensation of the Non-CEO Executive Officers, annually evaluate the performance of the Non-CEO Executive Officers in light of these goals and objectives and review the CEO's evaluation of the performance of and the recommendations as to the Non-CEO Executive Officers. The Committee will determine the Non-CEO Executive Officers' base salary level, incentives and other

compensation components based on this evaluation. In performing these functions, the Committee will meet with the CEO for purposes of considering the CEO's recommendations regarding these matters.

### **Executive Development and Succession Planning**

The Committee will annually review and make recommendations to the Board regarding Executive Officer development and succession planning. As appropriate, the Committee may create an ad hoc committee or sub-committee to focus on CEO and Executive Officer development and succession planning and delegate certain of its powers and responsibilities to this ad hoc committee or sub-committee.

### **Equity-Based Compensation**

The Committee will review and make recommendations with respect to the adoption of equity-based plans for employees and directors for approval by the Board and the Bank's shareholders. The Committee will administer all equity-based plans unless the Board determines otherwise. The Committee will also serve as the granting authority for all equity plans. The Committee shall approve all equity grants to Executive Officers, and may delegate to the Chairman of the Committee to approve equity based awards for non-Executive Officers.

### **Stock Ownership Guidelines**

The Committee will review and recommend guidelines regarding minimum retention and ownership of the Bank's common stock by various levels of Bank officers and by Board members for approval by the Board.

### **Retirement Programs**

The Committee will review and recommend the types and structures of employee retirement programs for approval and/or amendment by the Board. The Committee shall also review with and make recommendations to the Bank's management committee regarding the allocation of assets and the investment alternatives for employees participating in the Bank's 401K plan.

### **Broad-Based Compensation Programs**

At least annually, the Committee will review the administration of major broad-based compensation plans with the assistance of Bank management and those parties who oversee such plans.

### **Director Compensation**

The Committee will review and make recommendations to the Board with respect to any changes to compensation to be paid to the Bank's Board for their service as Board members. Such recommendations will be considered by the Board.

### **Other Matters**

### **Executive Compensation Consultants**

The Committee will retain such advisers and consultants to provide independent advice to the Committee as are necessary to achieve the Committee's objectives. It shall have the direct responsibility for the appointment, compensation, and oversight

of the work of any compensation consultant, legal counsel, and other adviser it retains. The Bank must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel, or any other adviser retained by the Committee. The Committee shall discuss arrangements regarding same with the CEO before engaging any of them.

In addition, the Committee may select, or receive advice from, a compensation consultant, legal counsel, or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the following six factors:

1. The provision of other services to the Bank by the person that employs the compensation consultant, legal counsel, or other adviser;
2. The amount of fees received from the Bank by the person that employs the compensation consultant, legal counsel, or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel, or other adviser;
3. The policies and procedures of the person that employs the compensation consultant, legal counsel, or other adviser that are designed to prevent conflict of interest;
4. Any business or personal relationship of the compensation consultant, legal counsel, or other adviser with a member of the Committee;
5. Any stock of the Bank owned by the compensation consultant, legal counsel, or other adviser; and
6. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.

The Committee may consult with management of the Bank on compensation issues and may delegate to management the duty to work with and/or supervise the day-to-day activities of independent advisers and consultants retained by the Committee.

#### **Reference to Audit Committee**

The Committee may request that the Audit Committee confirm that the determination and calculation of any financial performance results necessary for use in compensation awards and programs are consistent with the Bank's financial statements and internal control processes.

#### **Charter Modifications/Updating**

The Committee will review this Charter at least annually and may recommend any proposed changes to this Charter for approval by the Board.

**Committee Self-Assessment**

The Committee will perform an annual self-assessment of the Committee's performance to be included in an overall assessment report of the Committee, developed by the Governance Committee, for Board review and comment. This responsibility may be discharged by participating in a Board-wide self-assessment process.

**Other Duties**

The Committee will also perform such other functions and have such other powers as may be necessary or convenient to facilitate the discharge of the Committee's responsibilities.