

# **J. C. PENNEY COMPANY, INC.**

## **Human Resources and Compensation Committee of the Board of Directors Charter (revised March 2020)**

### **I. Purpose**

The purpose of the Human Resources and Compensation Committee (“Committee”) is to:

- A. Assist the Board of Directors in discharging the Board’s responsibilities relating to compensation of the Company’s executives, including the setting of performance goals and objectives, the evaluation of performance in light of those goals and objectives, and the setting of compensation for the Company’s CEO;
- B. Monitor management succession;
- C. Review the administration, financial and investment performance, and operation of the Company’s retirement and welfare plans; and
- D. Produce a compensation committee report for inclusion in the Company’s proxy statement in accordance with applicable rules and regulations.

### **II. Composition and Meetings**

- A. The Committee shall be composed of at least three members of the Board. The members and Chair of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee. Membership on the Committee shall be modified at the full Board’s discretion. The Board may remove a Committee member from membership on the Committee at any time with or without cause. Members shall serve until their successors are appointed by the Board.
- B. Each member of the Committee shall meet the independence requirements of the New York Stock Exchange and, if deemed appropriate from time to time, meet the definition of “non-employee directors” under Rule 16b-3 under the Securities Exchange Act of 1934. No director qualifies as “independent” unless the Board affirmatively determines that the director has no material relationship with the Company.

- C. The schedule for regular meetings of the Committee shall be established by the Committee. The Chair of the Committee may call a special meeting at any time as he or she deems advisable.

### **III. Duties and Responsibilities**

- A. The Committee shall have the following responsibilities:
  - 1. To review and approve corporate goals and objectives relevant to CEO compensation and evaluate the CEO's performance in light of those goals and objectives (the results of which shall be shared with the Board and the CEO).
  - 2. Based upon the Committee's evaluation of the CEO's performance, the Committee shall recommend for approval of the independent members of the Board the CEO's compensation level and its individual components. The long-term incentive component of CEO compensation shall be determined after considering the Company's performance and relative stockholder return, accomplishment of long-term strategic objectives, development of management, the value of similar incentive awards to CEOs at comparable companies, and, as appropriate, the awards given to the Company's CEO in past years relative to the Company's performance in those years.
  - 3. To review and approve the compensation of senior executive officers and to review and approve offers of employment to such other persons and based on such criteria as the Committee shall determine from time to time.
  - 4. To make recommendations to the Board of Directors with respect to incentive compensation plans and equity-based plans.
  - 5. To review plans or proposals on management succession and major organizational or structural changes.
  - 6. To review the annual financial and investment performance reports of the funds under the Company's retirement and welfare plans, including the annual actuarial valuation reports applicable to such plans.
  - 7. To exercise any and all powers and responsibilities pursuant to its designation provided for, by, or under any of the Company's compensation and cash bonus and stock incentive plans, retirement and welfare plans, deferred

compensation plans, and other executive and associate benefit plans as shall be authorized by the Board of Directors. Such powers and responsibilities shall include, without limitation, determining the appropriate action to take, which may include requiring relinquishment of previously awarded equity-based incentive compensation and/or repayment of previously paid cash compensation to a participant, in the event of a financial restatement arising out of the willful actions, including without limitation fraud or intentional misconduct, or the gross negligence of such participant in the plans.

8. To review the administration and operation of the Company's retirement and welfare plans by the internal Human Resources Committee (or any successor thereto). Such review is not intended to appoint, delegate or convey to the Committee any fiduciary duty or responsibility for the acts or omissions of any Company plan fiduciary.
  9. To review and discuss with management the Company's Compensation Discussion and Analysis and other compensation-related disclosures to be included in the Company's proxy statement and recommend to the Board the inclusion of the Compensation Discussion and Analysis in the Company's proxy statement.
  10. To prepare, review and approve the Committee's compensation committee report for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.
  11. To periodically review management's diversity and inclusion policies and initiatives.
  12. To report to the Board of Directors, at least annually, on its review of the foregoing.
  13. To conduct an annual evaluation of the Committee's performance. The Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation and reporting the results to the Board. This may be a written or oral report by any member of the Committee.
- B. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

#### **IV. Policy Regarding Retention, Independence of Compensation Consultant**

- A. The Committee shall have the sole authority to select, retain and terminate any compensation consultant, legal counsel (who may be counsel to the Company) or other advisors to be used by it or the Board, as the case may be, to assist in the evaluation of CEO and senior executive compensation. The Committee shall have sole authority to approve the fees and other retention terms of any such consultant, counsel or other advisor and shall be directly responsible for the oversight of the work of such consultants, counsel and advisors that it engages. Prior to retaining or obtaining advice from such consultant, counsel or other advisor, the Committee shall consider any factors affecting such advisor's independence from management, including the factors set forth in the New York Stock Exchange's listing standards.
- B. It is the policy of the Committee that any compensation consultant retained by the Committee in accordance with Article IV, Section A of this Charter shall be prohibited from providing consulting or other services to management of the Company.
- C. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any compensation consultant, legal counsel or other advisor selected by the Committee in accordance with Article IV, Section A of this Charter.

#### **V. Charter Review and Amendment**

The Committee shall review and reassess the adequacy of this Charter at least annually. The Board of Directors may make such amendments to this Charter as it deems advisable, including, but not limited to, any amendments to conform to or reflect any change in any law, regulation, or ruling applicable to compensation committees.