

# **CHARTER OF THE COMPENSATION COMMITTEE OF SPRAGUE RESOURCES GP LLC**

## **1. Purpose**

The Compensation Committee of the Board of Directors shall assist the Board in carrying out the responsibilities of the Board relating to the compensation of the Company's executive officers and directors by discharging the responsibilities set forth below and if required shall produce an annual report on executive compensation for inclusion in the Company's annual report in accordance with applicable rules and regulations.

## **2. Organization**

All members of the Compensation Committee must:

- Satisfy the independence requirements of the New York Stock Exchange, as such requirements are interpreted by the Board in its business judgment,
- Meet the definition of "nonemployee director" under Rule 16b-3 of the Securities Exchange Act of 1934, (the "Exchange Act"), and
- Be an "outside director" for the purposes of I.R.C. § 162(m) of 1986.

The Company's Board shall appoint, and may remove, members of the Compensation Committee and the Committee's Chairman, acting on the recommendations of the Company's Board of Directors.

## **3. Authority and Responsibilities**

A. To assist it in the conduct of its responsibilities, the Compensation Committee, to the extent it deems necessary or appropriate, may consult with management, may seek advice and assistance from Company employees or others, and may retain legal counsel, accountants and compensation consultants. The Compensation Committee has the sole authority, in its sole discretion, to retain or terminate any compensation consultant to be used to assist in the evaluation of director, Chief Executive Officer or other executive officer compensation and has the sole authority with respect to compensation and other terms of retention of compensation consultants and for oversight of such consultants. The Company is required to set aside appropriate funding of compensation consultants retained by the Compensation Committee as provided herein. The Compensation Committee and the Company have adopted a policy that any compensation consultant used by the Compensation Committee to advise on executive compensation will not at the same time advise the Company on any human resource matter and shall be selected only after consideration of such independence factors as may be prescribed by the Securities and Exchange Commission and/or the New York Stock Exchange.

B. The Compensation Committee shall report to the Board, as appropriate. The Compensation Committee may delegate any of its responsibilities and duties to one or more members of the Compensation Committee, except to the extent such delegation would be inconsistent with the requirements of the Exchange Act, or the listing rules of the New York Stock Exchange.

C. The Compensation Committee shall:

- Review corporate goals and objectives relevant to the Chief Executive Officer's compensation and evaluate the Chief Executive Officer's compensation in light of those goals and objectives. Based on that evaluation, the Compensation Committee shall determine and approve the compensation of the Chief Executive Officer, with the exception of the Chief Executive Officer's base compensation, which shall be approved by the independent directors on the full Board following the recommendation of the Compensation Committee;
- Determine and approve the compensation of the Company's other executive officers;
- In establishing compensation for the executive officers, consider the recommendations of an independent compensation consultant, performance against the officer's goals and objectives, and the Company's relative performance;
- Make recommendations to the Board with respect to incentive compensation plans and equity-based plans of the Company that are subject to board approval and review, approve, and administer the incentive compensation plans in which any executive officer of the Company participates and all equity-based plans of the Company. The Compensation Committee may delegate responsibilities to administer and make grants under such plans to management to the extent contemplated by the documents governing such plans, except to the extent such delegation would be inconsistent with applicable law or regulation or with the listing rules of the New York Stock Exchange. The Compensation Committee may approve awards (with or without ratification of the Board) as may be required to comply with applicable tax rules;
- Review, at least annually, the compensation of directors who are not then serving as full-time employees of Sprague Resources GP LLC (hereinafter "Sprague") or any of its subsidiaries and recommend for approval by the Board any change in the compensation of such directors. In recommending director compensation, the Compensation Committee shall take comparable director fees into account and review any arrangement that could be viewed as indirect director compensation. The Compensation Committee will consider, as appropriate, substantial charitable contributions made to organizations with which a director is affiliated and any consulting contracts with, or other indirect compensation to, a director, when determining the form and amount of director compensation;
- Review and discuss with management and the Compensation Committee's independent compensation consultant (if any) potential risks associated with the Company's compensation policies and practices, including its incentive compensation plans, and review these risks with the Board as appropriate;

- Review and discuss with management the Company's Compensation Discussion and Analysis (CD&A) and recommend to the Board that the CD&A be included in the Company's annual report;
- Oversee and evaluate the Company's overall human resources and compensation structure, policies and programs, and assess whether these establish appropriate incentives and leadership development opportunities for management and other employees;
- Review senior management selection and oversee executive succession planning. As part of this process, the Compensation Committee will review the leadership development process for senior management positions and will also review compensation, incentive and other programs to promote such development.

#### **4. Meetings**

The Compensation Committee will meet as often as it deems necessary or appropriate, in its judgment, either in person or telephonically, and at such times and places as the Committee determines. The majority of the members of the Compensation Committee will constitute a quorum.

#### **5. Annual Performance Evaluation and Charter Review**

The Compensation Committee shall annually evaluate its own performance and the adequacy of this charter and recommend any proposed changes to the Board for approval.