

## **ACNB CORPORATION & SUBSIDIARIES COMPENSATION COMMITTEE CHARTER**

### **Purpose & Oversight**

The Compensation Committee (the “Committee”) shall discharge the responsibilities assigned to it by the Board of Directors of ACNB Corporation relating primarily to the compensation and benefits awarded to Directors, “Named Executive Officers” as designated in the annual Proxy Statement for ACNB Corporation, and other selected Executive Officers of ACNB Corporation & Subsidiaries (collectively the “Company”) including, but not limited to, Executive Vice Presidents (EVPs) and Officers covered by Rule 16a-1(f) under the Securities Exchange Act of 1934. The Committee shall also be responsible for the administration of the ACNB Bank Variable Compensation Plan and oversight of various Company employment-related plans and programs.

In discharging its duties, the Committee seeks to balance the interests of the Company and its shareholders with those of the Company’s Directors and “Executive Officers”, which collectively include the Named Executive Officers and selected Executive Officers as defined above. The Committee shall develop, implement and maintain compensation plans and programs that help the Company to attract, motivate, reward and retain competent and productive Executive Officers and Directors, in support of fulfilling the Company’s business purpose and meeting shareholder needs.

The Committee is responsible for producing an annual report on executive compensation for inclusion in the Company’s Proxy Statement, as required.

### **Membership**

- A. The Committee shall be comprised of no fewer than three (3) independent Directors. Members of the Committee shall meet the independence requirements of any applicable federal securities laws and regulations of the Securities and Exchange Commission (the “SEC”) and The NASDAQ Stock Market, including, but not limited to, NASDAQ Listing Rules 5605(a)(2) and 5605(d)(2). If a Director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company and such affiliation would impair the Director’s judgment as a member of the Committee, the Director may not serve as a member of the Committee.
- B. Individuals shall be appointed to be members of the Committee by the Board of Directors, and all members shall be appointed annually or as deemed appropriate.

### **Authority & Responsibilities**

- A. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel, or other adviser. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel, or other adviser retained by the Compensation Committee. The Company 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.

Further, 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 factors:

- (1) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel, or other adviser;
- (2) the amount of fees received from the Company 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 conflicts 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 Company 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 is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to (a) consulting on any broad-based plan that does not discriminate in scope, terms or operation, in favor of Executive Officers or Directors of the Company, and that is available generally to all salaried employees, and/or (b) providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

The Committee may select, or receive advice from, any compensation adviser it prefers, including one that is not independent after considering the independence factors outlined above. The Committee must also determine whether the engagement of any consultant or adviser creates any potential conflict of interest and, if so, how the conflict was resolved.

- B. Based upon the Company's corporate goals and objectives as approved by the full Board of Directors, the Committee shall annually review and approve corporate and individual goals and objectives pertaining to ACNB Corporation President & Chief Executive Officer (CEO) compensation, assess the President & CEO's performance in reference to these goals and objectives, and recommend to the Board the level of President & CEO compensation based on this assessment. The elements of President & CEO compensation to be considered may include base salary, supplemental benefits, perquisites, and incentive/at-risk compensation (cash and/or equity awards). In performing this assessment, the Committee may consider the Company's performance and relative shareholder return, President & CEO compensation at comparable companies, market considerations, results of shareholder say-on-pay votes, and such additional information as the Committee deems pertinent. The President & CEO may not be present during voting or deliberations on his/her compensation.
- C. The Committee shall annually review and recommend to the Board the compensation levels of the Executive Officers, as defined above. The elements of compensation to be considered may include base salary, supplemental benefits, perquisites, and incentive/at-risk compensation (cash and/or equity awards).

- D. The Committee shall oversee and annually review all compensation and benefit plans for Executive Officers, including supplemental benefit plans, incentive/at-risk compensation plans, stock plans, and others that may be implemented, then report to the Board on its review. The Committee shall also be responsible for the evaluation, development and recommendation to the Board of new compensation and benefit plans for Executive Officers, as well as employment and severance agreements for Executive Officers.
- E. The Committee shall administer the ACNB Bank Variable Compensation Plan, as well as evaluate and make recommendations to the Board regarding the following employment-related plans or programs of the banking subsidiary of the Company --- management continuity or change in control agreements, incentive/at-risk compensation plans, performance-based discretionary bonus distributions, and any other supplemental agreements or benefits, such as Bank-Owned Life Insurance (BOLI) or Long-Term Care Insurance.
- F. The Committee shall annually review and recommend to the Board the compensation levels and elements of compensation for Directors. The elements of compensation to be considered may include retainer fees, Board meeting fees, committee fees, fees for chairing the Board or committees, equity awards, and other supplemental director benefits.
- G. The Committee shall ensure that effective controls are in place and periodically discuss the risk attributes of the Company's incentive compensation programs that apply to Executive Officers and Directors so that such programs do not encourage excessive risk taking, threaten the safety and soundness of the Company, or have the possibility of leading to a material financial loss to the Company.
- H. The Committee shall fulfill the Committee's duties and responsibilities related to the compensation of Executive Officers and Directors under applicable legal authority or regulatory guidance.
- I. The Committee shall routinely review market comparisons of Executive Officer and Director compensation every two (2) years, or more frequently as circumstances dictate.
- J. The Committee, at its discretion, may meet with the President & CEO and/or other Executive Officers as is deemed necessary to review information, receive recommendations, and obtain other input as appropriate. However, the President & CEO and other Executive Officers shall not be voting members of the Committee, nor shall they have any authority in the decision making process of the Committee.
- K. As applicable and required pursuant to SEC rules, the Committee shall review and discuss with Management the Compensation Discussion and Analysis to be included in the Company's Annual Report on Form 10-K and Proxy Statement and, based on this review and discussion, determine whether to recommend to the Company's Board of Directors that the Compensation Discussion and Analysis be included in the Form 10-K and Proxy Statement.
- L. The Committee shall annually review the Company's progress in meeting diversity goals with respect to the employee population through the annual report to the Committee based upon ACNB Bank's Affirmative Action Plan, as mandated by federal government executive orders and regulations.

- M. The Committee shall meet at least annually or more frequently as responsibilities and issues dictate. The Committee shall document and submit the minutes of all meetings of the Committee to the Board of Directors.
- N. The Committee may form and delegate authority to subcommittees or delegate authority to Management when appropriate.
- O. The Committee shall obtain the Board's approval of this Charter and, no less than annually, review and reassess the Charter. Further, the Committee shall review the performance of the Committee and the Committee's roles and responsibilities as appropriate.
- P. The Committee shall perform such other duties and responsibilities as may be assigned to the Committee from time to time by the Board of Directors.