

Organizational Functional Area:	Operations
Policy For:	Board Human Resource Committee
Approved By:	Board of Directors
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Responsible for Updating Policy:	SVP Chief Operating Officer



**Farmers  
National  
Bank**

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**Board Human Resources Committee Charter**

**October 18, 2017**

**EMCLAIRE FINANCIAL CORP.  
FARMERS NATIONAL BANK OF EMLENTON  
HUMAN RESOURCE COMMITTEE CHARTER  
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**1. Purpose**

The purpose of the Committee shall be to make recommendations to the Board relating to compensation of the Corporation's executives; to oversee and advise the Board on the adoption of policies that govern the Corporation's annual compensation and stock ownership plans; to review and discuss with management the compensation discussion and analysis (CD&A) for inclusion in the Corporation's proxy statement, and to produce the report of the Committee to accompany the CD&A in such proxy statement

**2. Membership**

The Human Resources Committee (the "Committee") of Emclair Financial Corp. and Farmers National Bank of Emlenton (together, the "Corporation") shall consist of at least three independent directors, including a chair and such other independent directors as the board of directors of the Corporation (the "Board") shall appoint upon recommendation by the Nominating and Corporate Governance Committee. An "independent director" is a director who meets The NASDAQ Stock Market definition of "independence," as determined by the Board. Additionally, members of the Committee must qualify as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 and "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.

**3. Philosophy**

The Committee's compensation philosophy is intended to assist the Corporation in competing with similar businesses (including publicly held financial institutions) for the personnel that the Corporation needs. The core of the Corporation's compensation philosophy shall be to pay for performance and to pay in a manner that is comparable and consistent with other similar financial services companies. The Corporation's compensation philosophy shall also consider risk management, operational stability, and legal and regulatory compliance.

**4. Responsibilities and Duties**

The Committee's duties and responsibilities shall include:

1. Discuss, evaluate, and review compensation program and HR Committee Charter annually:
  - i. The Senior Executive Office ("SEO") compensation plans to ensure the SEO compensation plans do not encourage SEO's to take unnecessary and excessive risks that threaten the value of the Corporation;
  - ii. The employee compensation plans considering the risks posed to the Corporation by such plans and how to limit such risks;
  - iii. The employee compensation plans to identify and eliminate any features in the plans that could encourage the manipulation of reported earnings of the Corporation to enhance employee compensation.
2. Overseeing compensation policies and plans for executive officers and other management employees and general compensation plans applicable to all employees.
3. Making recommendations to the Board with respect to the Corporation's incentive-compensation plans and stock-based plans that are subject to Board approval. The Corporation's use of stock-based compensation shall align the interests of employees and directors to those of the Corporation stockholders.
4. Consulted on the hiring, retention, and evaluation of senior officers with appropriate qualifications and expertise to operate the Corporation's business as needed.
5. Reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance considering those goals and objectives, and recommending to the independent

members of the Board the CEO's compensation level based on this evaluation, consistent with the Corporation's compensation philosophy.

6. Approving the compensation of executive vice presidents, consistent with the Corporation's compensation philosophy, including any senior vice presidents who are deemed to be "executive officers" as defined in Rule 3b-7 under the Exchange Act.
7. Reviewing the peer group against which the Corporation compares its compensation and reviewing the compensation ranges for the Corporation officers and other management group employees against the compensation of the companies in this peer group.
8. Performing the functions assigned to it under the Corporation's various compensation and benefit plans and arrangements or by the Board with respect to those plans and arrangements.
9. Reviewing periodic reports from management on matters relating to the Corporation's personnel appointments and practices.
10. Periodically reviewing the Corporation's employee benefits and retirement programs.
11. Providing annually, over the names of the Committee's members, the required report of the Committee for the Corporation's proxy statement for its annual meeting of stockholders.
12. Annually evaluating the adequacy of this Charter.

**5. Outside Advisors**

The Committee shall have the sole discretion to retain such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisor retained by the Committee.

The committee may select or receive advice from an outside advisor only after taking into consideration the following six factors:

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

**6. Meetings**

The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, but not less than one time per year, either in person or telephonically, and at such time and place as the Committee shall determine. The Committee shall make regular reports to the Board on its activities. These reports will generally occur after each Committee meeting or at such other times as the Committee deems appropriate.

**7. Subcommittees**

In its discretion, the Committee may establish subcommittees consisting of one or more members, who shall report on their activities to the Committee.