

**CODORUS VALLEY BANCORP, INC.**

**COMPENSATION COMMITTEE CHARTER**

**AMENDED**

**DECEMBER 12, 2017**

**Purpose**

The Compensation Committee of Codorus Valley Bancorp, Inc. and its subsidiaries (collectively or individually referred to as the "Corporation" as the context requires) is appointed by the Corporation's Board of Directors to discharge the Board's responsibilities relating to compensation of the Corporation's executive officers and other key employees ("executive officers"). The Committee has overall responsibility for evaluating and approving the compensation plans, policies and programs of the Corporation applicable to its executive officers. The Committee is also responsible for producing a Compensation Discussion and Analysis on executive compensation and a Compensation Committee Report for inclusion in the Corporation's proxy statement, in accordance with applicable rules and regulations.

It is the intent of the Board to comply with the Bylaws of the Corporation and all applicable laws, rules and regulations, including rules promulgated by The NASDAQ Stock Market, Inc. (collectively, the "**Requirements**") and the Securities and Exchange Commission applicable to this Committee and this charter. To the extent any Requirements are added or amended, this charter shall be deemed to incorporate such additions or amendments.

**Committee Membership**

The Committee shall be comprised of three (3) or more directors. All members of the Committee shall be, in the opinion of the Board, independent under the independence requirements of the NASDAQ Stock Market ("NASDAQ"), qualify as "outside" directors within the meaning of Internal Revenue Code (the "Code") Section 162(m) and as "non-employee" directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and the foregoing requirements, rules and regulations as amended shall hereby govern the Committee members and their actions. No member of the Committee may accept, directly or indirectly, any consulting, advisory or other compensatory fees from the Corporation, other than fees received for Board or committee service or fixed amounts of compensation received under a retirement or deferred compensation plan for prior service with the Corporation that are not contingent on continued service.

The Board shall appoint members of the Committee and Committee members are subject to removal at any time by a majority of the Board. The Board may fill any vacancy on the Committee. The Board shall designate one member of the Committee to serve as Chair. Committee members shall be appointed at the Corporation's annual organizational meeting and shall continue to serve until the Corporation's next organizational meeting or until the

appointment of new members. Committee members may be removed and the vacancies shall be filled by a majority vote of the independent directors of the Board.

### **Meetings**

The Committee shall meet as often as may be deemed necessary or appropriate in the respective judgments of its members, but not less frequently than two (2) times per year, either in person or telephonically, and at such times and places as they shall determine. The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or compensation consultant to attend meetings. The Committee may meet in executive session at its discretion. In all cases, the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined by the Committee.

Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be distributed to the full Board of Directors. The Committee shall make regular reports to the Board of Directors.

### **Committee Authority and Responsibilities**

The Committee shall have the following authority and responsibility:

1. The Committee shall establish the Corporation's executive compensation philosophy, and oversee the development and implementation of executive compensation programs and related policies, including any guidelines or requirements as to Corporation stock ownership by officers of the Corporation. In undertaking these responsibilities, the Committee shall take into account factors it deems appropriate from time to time, including the Corporation's business strategy and risks to the Corporation and its business implied by such programs. The Committee shall review on a periodic basis the Corporation's executive compensation programs and any peer group which may be used in connection therewith and make any modifications that the Committee may deem necessary or advisable, in its sole discretion.
2. Based upon corporate goals and objectives approved by the full Board of Directors, the Committee shall annually review and approve corporate goals and objectives that are specifically relevant to CEO compensation and evaluate the CEO's performance in light of those goals and objectives. Based on such evaluation, the Committee shall have the sole authority to set the compensation (including base salary, incentive compensation, employment terms (such as severance agreements, employment agreements and change in control agreements, if and when appropriate) and equity-based awards or special or supplemental benefits)) of the CEO. In determining compensation, the Committee may consider, among other factors, the Corporation's performance and relative shareholder return, the nature, extent and acceptability of risks that the CEO may be encouraged to take by such compensation, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.

3. The Committee shall also annually review and recommend to the Board for approval the compensation (including base salary, incentive compensation, employment terms (such as severance agreements, employment agreements and change in control agreements, if and when appropriate) and equity-based awards or special or supplemental benefits)) of executive officers other than the CEO. The Committee also reviews and approves the selection of new executive officers, including terms of the new hire package upon the recommendation of the CEO.
4. The Committee shall review and shall have the authority to amend the Corporation's incentive compensation plans, equity-based plans, retirement plans, deferred compensation plans and welfare benefit plans, as the Committee may deem necessary or advisable in its sole discretion, unless otherwise provided by applicable law. Unless their administration is otherwise delegated in accordance with the provisions of such plans or this Charter, the Committee shall administer such plans, including determining any incentive or equity-based awards to be granted to executive officers under any such plan.
5. The Committee shall, when required by applicable law, review and discuss the Compensation Discussion and Analysis section proposed for inclusion or incorporation by reference in the Corporation's Annual Report on Form 10-K and annual proxy statement with management and recommend to the Board whether such section should be so included or incorporated. In that connection, the Committee shall also review the related tabular and other disclosures about executive compensation proposed by management for inclusion or incorporation in such Annual Report and proxy statement.
6. The Committee shall annually prepare and issue the Compensation Committee Report in accordance with the rules and regulations of the Securities and Exchange Commission for inclusion in the Corporation's annual proxy statement.
7. With respect to any funded employee benefit plan covering employees of the Corporation subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, the Committee shall monitor, and shall have the authority to appoint or terminate, the named fiduciary or named fiduciaries of such plan, unless constituent plan documents specify an alternative procedure for monitoring or appointment.
8. The Committee shall periodically review and make recommendations to the Board of Directors with respect to Director compensation.
9. 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.
10. The Committee shall have the power to appoint subcommittees. When appropriate, as permitted under applicable law and the listing standards of the primary exchange on which the Corporation's shares are listed, the Committee may delegate any of its responsibilities to a subcommittee comprised of three or more outside directors, as defined in Section 162(m) of the Internal Revenue Code.

11. The Committee shall have the authority, in its sole discretion, to retain oversee and terminate (or obtain the advice of) any adviser to assist it in the performance of its duties, but only after taking into consideration factors relevant to the adviser's independence from management specified in NASDAQ Listing Rule 5605(d)(3). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.
12. The Committee shall review and reassess the adequacy of this Charter annually (with the review process overseen by the Nominating and Governance Committee) and recommend any proposed changes to the Board for approval.
13. The Committee shall annually review its own performance relative to its purpose, duties and responsibilities outlined by this Charter and report such results to the Board.
14. In consultation with the Board and the CEO, either the Committee as a whole or a subcommittee thereof, shall, as part of its executive succession planning process, evaluate and nominate potential successors to the CEO. The Committee will also provide an annual report to the Board on CEO succession.

Adoption of Charter:

This revised Charter was amended and adopted by the Board of Directors of the Corporation on December 12, 2017.