



**TRANS-CLOUD  
INNOVATIONS, INC.**

**Compensation  
Committee  
Charter**

## I. Statement of Purpose

The Compensation Committee's (the "Committee") role is to discharge the Board of Directors' (the "Board") responsibilities relating to compensation of the Company's executive officers, the adoption of policies that govern Trans-Cloud Innovations, Inc. (the "Company") compensation and benefit programs, oversight of plans for executive officer development and succession, to ensure compliance with legal and listing requirements where applicable, and to fulfill the responsibilities set forth in this Charter.

## II. Organization

1. **Charter** At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board of Directors for approval.
2. **Members** The members of the Committee shall be appointed by the Board of Directors and shall meet the independence requirements of applicable law, the listing standards of NASDAQ, and the requirements of a “non-employee director” for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, and applicable policies of the Board of Directors. No member of the Committee may (except in his or her capacity as a member of the Committee, the Board, or any other Board committee) receive, directly or indirectly, any consulting, advisory, or other compensatory fee from the Company, other than fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company. Each member of the Committee shall be free of any relationship that the Board, in its sole discretion, believes may interfere with the exercise by a member of the member’s independent judgment in carrying out the responsibilities of a director of the Company. The Committee shall be comprised of at least three members.

Committee members may be removed by the Board of Directors. The Board of Directors shall also designate a Committee Chairperson.

## II. Organization (Continued)

3. **Meetings** In order to discharge its responsibilities, the Committee shall meet at least once each year to establish a schedule of meetings. Additional meetings may be scheduled as required.
  
4. **Agenda, Minutes and Reports** The Chairperson of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members to ensure an accurate final record, shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the full Board of Directors. The Committee shall make regular reports to the Board of Directors.
  
5. **Attendance by Others** The Committee may have in attendance at its meetings such members of management, consultants, other directors or others as the Committee may deem necessary or desirable to provide the information the Committee needs to carry out its duties and responsibilities.

### III. Responsibilities

The Committee shall have the authority to undertake the specific responsibilities outlined in this Charter and to undertake such other responsibilities as the Board may determine from time to time.

1. **Board Compensation** Periodically review the compensation paid to employee directors and non-employee directors, including, but not limited to retainers and meeting fees, and make recommendations to the Board for any adjustments. No member of the Committee will act to fix his or her own compensation except for uniform compensation to directors for their services as a director.

### III. Responsibilities (Continued)

#### 2. **Chief Executive Officer Compensation**

- a. Assist the Board in establishing CEO annual goals and objectives.
- b. Recommend the CEO's annual compensation including salary, bonus, incentive and equity compensation, as applicable, to the other independent members of the Board for approval.
  - i. In making this recommendation, the Committee shall consider the results of the annual CEO evaluation led by the Chairman of the Governance and Nominating Committee.
  - ii. Review the structure and competitiveness of the Company's CEO compensation programs, including compensation level (including salary and awards of long-term incentive compensation, pursuant to both cash incentive plans and stock-based plans) considering the following factors: (i) the Company's ability to attract and retain the CEO; (ii) the motivation of the CEO to achieve the Company's business objectives; and (iii) the alignment of the interests of the CEO with the long-term interests of the Company's shareholders.

The CEO may not be present during deliberations or voting concerning the CEO's compensation.

## III. Responsibilities (Continued)

### 3. Other Executive Officer Compensation

- a. Oversee an evaluation of the performance of the Company's other Executive Management (*e.g.*, Chief Operating Officer, Chief Financial Officer and Chief Lending Officer) and approve the annual compensation, including salary, bonus, incentive and equity compensation, for such Executive Management.
- b. Review the structure and competitiveness of the Company's Executive Management compensation programs considering the following factors: (i) the attraction and retention of Executive Management; (ii) the motivation of Executive Management to achieve the Company's business objectives; and (iii) the alignment of the interests of Executive Management with the long-term interests of the Company's shareholders.
- c. Review and approve compensation packages for new members of Executive Management and termination packages for members of Executive Management.

### III. Responsibilities (Continued)

4. **Development and Succession Planning** Review and discuss with the CEO and report to the Board plans for Executive Management development and corporate succession plans for the CEO and other members of Executive Management and, to the extent applicable, other officers.
  
5. **General Compensation Oversight** Monitor and evaluate matters relating to the compensation and benefits structure of the Company as the Committee deems appropriate, including:
  - a. Provide guidance to management on significant issues affecting the Compensation Philosophy.
  - b. Provide input to management on whether compensation arrangements for Company executives incentivize unnecessary and excessive risk taking.
  - c. Receives updates as to the annual incentive compensation goals and administrative practices for each of the employee groups or business unit incentive plans.



### III. Responsibilities (Continued)

#### 6. Equity and Other Benefit Plan Oversight

- a. Serve as the "Committee" established to administer the Company's equity-based plans, and perform the duties of the Committee under those plans. The Compensation Committee may delegate those responsibilities to the Compensation and Benefits Committee comprised of senior management personnel as it deems appropriate.
- b. Appoint and remove plan administrators and investment advisors for the Company's retirement plans for the Company's employees and perform other duties that the Board may have with respect to the Company's retirement plans. The Compensation Committee may delegate those responsibilities to the Compensation and Benefits Committee comprised of senior management personnel as it deems appropriate.

7. Compensation Consultant Oversight Retain and terminate compensation and legal consultants that advise the Committee, as it deems appropriate, including approval of the consultants' fees, appraisal of the consultants' independence and other retention terms. Review annually, as applicable, (i) the fees paid by Cortland Bancorp to compensation consultants retained by the Compensation Committee in the prior fiscal year, (ii) the estimated fees to be paid by Cortland Bancorp to compensation consultants retained by the Compensation Committee in the current fiscal year, and (iii) a general description of the services provided by each of the compensation consultants retained by the Compensation Committee;

### III. Responsibilities (Continued)

8. **Disclosure** Produce an annual report of the Compensation Committee on executive compensation for the Company's annual proxy statement in compliance with and to the extent required by applicable Securities and Exchange Commission rules and regulations and relevant listing authority.

9. **Other Responsibilities**

- a. Regularly review and make recommendations to the Board about changes to the charter of the Committee.
- b. Obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations.
- c. Maintain oversight regarding SEC/NASDAQ/*etc.* compliance

## IV. Resources and Authority of the Committee

The Compensation Committee shall have resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of legal counsel or other experts or consultants (collectively, “Advisers”), as the Compensation Committee deems appropriate without seeking approval of the Board or management. With respect to Advisers retained to assist in the evaluation of CEO or executive compensation, this authority shall be vested solely in the Compensation Committee. The Committee may only select an Adviser after taking into account the following independence factors set forth in Nasdaq Listing Rule 5605(d)(3), as such Rule may be amended or superseded from time to time: (i) the rendering of nonexecutive compensation services to Cortland Bancorp by the Adviser; (ii) the amount of fees received from Cortland Bancorp by the Adviser, as a percentage of the Adviser’s total revenue; (iii) the policies and procedures of the Adviser that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the Adviser with a member of the Committee; (v) any Cortland Bancorp stock owned by the Adviser; and (vi) any business or personal relationship of the Adviser or the person employing the Adviser with an executive officer of Cortland Bancorp. However, nothing in this Compensation Committee Charter requires an Advisor to be independent, only that the Compensation Committee consider the required independence factors, before selecting, or receiving advice from an Adviser. The Compensation Committee may select or receive advice from any Adviser it may select, including an Adviser that is not independent, after duly considering the required factors. The Compensation Committee is not required to implement or act consistently with the advice or recommendations of any retained Advisers.