



**CLEARFIELD, INC.**  
**COMPENSATION COMMITTEE CHARTER**

**Purpose**

The primary purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Clearfield, Inc. (the “Company”) is to help the Board discharge its responsibilities with respect to: (i) the compensation of the Company’s Chief Executive Officer (“CEO”) and other executive officers; and (ii) the administration of the Company’s executive compensation and benefits programs, including equity and incentive compensation programs. As used in this charter, the term “compensation” shall include salary, short-term incentives and long-term incentives, bonuses, perquisites, equity incentives, severance arrangements and other related benefits and benefit plans.

**Membership**

The Committee shall be comprised of at least two members of the Board. All members of the Committee shall: (i) meet the independence requirements of the Nasdaq Stock Market and Rule 10C-1(b)(1)(ii) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and (ii) qualify as a “non-employee director” within the meaning of Rule 16b-3 of the Exchange Act. The chairperson and members shall be appointed by the Board upon recommendation of the Nominating and Corporate Governance Committee.

**Meetings**

The Committee will meet at least twice annually, or otherwise as required to carry out its responsibilities. Minutes of such meetings will be prepared and distributed to each member of the Board. The chairperson of the Committee will report to the Board from time to time, or whenever so requested by the Board.

**Responsibilities**

The Committee shall have the following responsibilities:

- 1) Develop the Company’s philosophy and structure for executive compensation, as well as compensation policies.
- 2) Review and approve corporate goals and objectives relevant to the CEO’s compensation, evaluate the performance of the CEO in light of those goals and objectives, and determine and approve the CEO’s compensation based on this

evaluation. The CEO shall not be present during voting or deliberations by the Committee on his or her compensation.

- 3) Review and approve the compensation of the other executive officers.
- 4) Review and approve any employment agreements, any change in control provisions, any severance arrangements, and any special or supplemental benefits for the executive officers.
- 5) Oversee and administer the Company's stock-based compensation plans, including approve grants of options and other equity-based awards under such plans and the terms thereof.
- 6) Monitor compliance with executive officer and director stock ownership guidelines and periodically review such guidelines and recommend changes to the Board.
- 7) Approve and oversee cash incentive and deferred compensation plans for the executive officers (including any modifications to such plans), and annually establish the performance objectives for the incentive plans.
- 8) Oversee and administer the Company's compensation recoupment policy.
- 9) Review and discuss risks arising from the Company's compensation policies and practices for its employees.
- 10) Recommend to the Board the compensation and benefits for non-employee directors.
- 11) Prepare any report of the Compensation Committee required to be included in the Company's proxy statements.
- 12) Oversee and assist in the preparation of, and review, any discussion and analysis of compensation matters required to be included in the Company's proxy statements, including any Compensation Discussion and Analysis under Item 402(b) of Regulation S-K.
- 13) Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- 14) Review and evaluate the performance of the Committee annually.

The Committee may exercise such other rights, duties and obligations as may be ancillary to those specified herein or otherwise delegated to the Committee by the Board.

## **Outside Advisors**

The Committee may retain such independent counsel, consultants or other advisors as it deems necessary, in its sole discretion, to carry out its responsibilities. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other advisor retained by the Committee. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such advisor and such advisor shall be accountable to the Committee.

In determining to retain any compensation consultant, the Committee shall evaluate whether such compensation consultant has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. Further, the Committee may select or receive advice from a compensation consultant, independent counsel or any other advisor only after considering the factors specified in Rule 10C-1(b)(4) of the Exchange Act and any other factors required to be considered by the Nasdaq Stock Market, provided that the Committee may, in its discretion, select or receive advice from any advisor whether or not independent based on such factors.