

# **FIRST BANCSHARES, INC.**

## **COMPENSATION COMMITTEE CHARTER**

### **I. The Committee's Purpose**

The Committee is appointed by the Board of Directors ("Board") for the primary purpose of:

- Overseeing Company compensation policies and their specific application to the Chief Executive Officer and Chief Financial Officer appointed by the Board and to members of the Board; and
- Preparing an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.

### **II. Committee Composition and Meetings**

The Committee shall be comprised of three or more members, all of whom must qualify as independent directors ("Independent Directors") under the listing standards of The Nasdaq Stock Market, Inc.. In addition, each member shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment.

The members shall be appointed annually to one-year terms by the Board. The Committee shall designate one member of the Committee as Chair. The members shall serve until their resignation, retirement, removal by the Board or until their successors shall be appointed. No member of the Compensation Committee shall be removed except by majority vote of the Independent Directors of the Board then in office.

The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter.

The Committee shall meet at least once annually or more frequently as circumstances require.

The Chairperson of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.

A majority of the members of the Committee shall constitute a quorum.

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Committee at the meeting.

The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

### **III. The Committee's Duties and Responsibilities**

The Committee shall:

#### ***A. General.***

- Review from time to time the goals and objectives of the Company's compensation plans, and, if the Committee deems it appropriate, recommend that the Board amend these goals and objectives.
- Review from time to time the Company's director and executive compensation plans in light of the Company's goals and objectives with respect to such plans, and, if the Committee deems it appropriate, recommend to the Board, the adoption of new compensation plans or amendments to existing plans.
- Select a peer group of companies against which to benchmark/compare the Company's compensation systems for the Chief Executive Officer and Chief Financial Officer appointed by the Board.
- Administer and otherwise exercise the various authorities prescribed for the Committee by the Company's Stock Plans.
- Monitor compensation trends and solicit independent advice where appropriate.
- Perform any other activities as the Committee deems appropriate, or as are requested by the Board, consistent with this Charter, the Company's Articles of Incorporation and By-laws and applicable laws and regulations.

#### ***B. Executive Officers.***

- In collaboration with the Board of Directors, review and approve corporate goals and objectives relevant to the Chief Executive Officer's and Chief Financial Officer's compensation.
- Evaluate annually the performance of the Company's Chief Executive Officer and Chief Financial Officer, in light of the goals and objectives of the Company's executive compensation plans and performance goals, and recommend to the Board, the Chief Executive Officer and Chief Financial Officer compensation level based on this evaluation.
- Receive and review the evaluation of the executive management of the Company by the Chief Executive Officer, and review the compensation for the Company's executive officers as recommended by the Chief Executive Officer.

- Recommend to the Board of Directors the base salary and short-term incentive compensation of the Chief Executive Officer and Chief Financial Officer based on the Committee's evaluation of competitive compensation practices and the Chief Executive Officer's and Chief Financial Officer's performance in achieving the corporate goals established for the positions by the Committee.

**C. *Directors.***

- Regularly review and evaluate the compensation program for Directors and, as appropriate, recommend changes to the Board.
- Administer and otherwise exercise the various duties prescribed for the Committee by the Company.

**D. *This Charter.*** To maintain and update, as appropriate, this Charter, which will be made available to shareholders of record upon request to the Corporate Secretary.

**IV. Authority to Retain Experts.** The Committee has the authority to retain any compensation consultant used to assist in the evaluation of Director, Chief Executive Officer, or Chief Financial Officer, compensation, as well as such other experts as the Committee deems necessary in the performance of its duties.

**V. Annual Performance Evaluation of the Committee.** At least annually, the Committee will evaluate how well it has fulfilled its purpose during the previous year, and will report its findings to the entire Board.