

# Nominating & Compensation Committee Charter

<b>Responsible Department</b> Nom & Comp Committee	<b>Policy Owner</b> Paul Carney	<b>Prepared/Revised</b> P. Carney 01/01/2024
<b>Board of Directors</b> <b>Approval Date:</b> 02/28/2024	<b>Primary Approving Entity Approval Date:</b> Nom & Comp Committee 02/28/2024	<b>Page</b> 1 of 6

## PURPOSE

The Nominating and Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Carter Bank & Trust (the “Bank”) to (i) identify individuals qualified to become Board members, and to recommend to the Board the director nominees to fill vacancies or for the next annual meeting of stockholders, (ii) discharge the Bank’s responsibilities relating to the compensation of the Bank’s CEO and other Executive Officers (the Committee has overall responsibility for overseeing the benefit, bonus, incentive compensation, severance, equity-based or other compensation plans, policies and programs of the Bank and its subsidiaries or divisions), and (iii) to exercise and perform the authority, duties and responsibilities of the Committee set forth in this charter.

## MEMBERSHIP

The Committee shall be comprised of at least three Board members appointed by the Board. Committee members shall serve at the pleasure of the Board and for such term as the Board determines. The Committee members will elect a chair by majority vote of the full Committee membership. The members of the Committee shall meet the independence requirements of the NASDAQ Stock Market, as interpreted by the Board in its business judgment. At least two members of the Committee also shall qualify as “non-employee” directors (“Non-Employee Directors”) within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

If at any time the Committee includes a member who is not a Non-Employee Director, then either a subcommittee comprised entirely of two or more Committee members who are Non-Employee Directors or the Board shall approve any grants made to any individual who is subject to liability under Section 16 of the Exchange Act.



## **OPERATIONS**

1. The Committee shall hold regular meetings at least four times per year and report to the Board on a regular basis. Meetings shall include any participants the Committee deems appropriate and shall be of sufficient duration and scheduled at such times as the Committee deems appropriate to properly discharge its responsibilities.
2. To the extent not expressly reserved to the Committee by the Board or by applicable law, rule or regulation, the Committee may form and delegate to one or more subcommittees all or any portion of the Committee's authority, duties and responsibilities, and may establish such rules as it determines necessary or appropriate to conduct the Committee's business.
3. The Committee shall have direct access to, and complete and open communication with, the Bank's management and may obtain advice and assistance from internal legal, accounting or other advisers to assist it.
4. The Committee shall have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any adviser to assist it in the performance of its duties, but, to the extent required by applicable NASDAQ rules, only after taking into consideration factors relevant to the adviser's independence from management specified in NASDAQ Listing Rule 5605(d)(3)(D). 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 Bank must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.
5. The Committee shall review and annually assess its performance and report the results to the Board.
6. The Committee shall review and annually assess the adequacy of this charter and, if appropriate, recommend changes to the charter to the Board for approval.



## **AUTHORITY, DUTIES AND RESPONSIBILITIES**

The Committee shall:

### **COMPENSATION**

1. At least annually, review and evaluate the effectiveness of Board compensation (including the mix of cash compensation and equity compensation) and benefits programs in supporting the Bank's ability to attract, retain and motivate qualified directors, and, if appropriate, recommend any changes in Board compensation to the Board for approval.
2. At least annually, review and approve the annual base salaries and annual incentive opportunities of the Executive Officers, including the CEO, in light of the Bank's corporate goals and objectives relative to the compensation of the Executive Officers, including the CEO. The CEO shall not be present during any Committee deliberations or voting with respect to his or her compensation. The CEO can provide recommendations to the Committee on the compensation of all other Executive Officers; however, it is the Committee's responsibility to approve the compensation package for all Named Executive Officers, as defined under the rules and regulations of the Securities and Exchange Commission (the "SEC").
3. Periodically and as and when appropriate, review and approve the following as they affect the Executive Officers: (a) any employment agreements and severance arrangements; (b) any change-in-control agreements and severance protection plans and change-in-control provisions affecting any elements of compensation and benefits; and (c) any special or supplemental compensation and benefits for the Executive Officers and individuals who formerly served as Executive Officers, including supplemental retirement benefits and the perquisites provided to them during and after employment.
4. Periodically and as and when appropriate, review and approve any new incentive compensation plans, including equity-based plans, and, as may be required, any amendments to existing plans as they affect the Executive Officers.
5. Periodically and as and when appropriate, review and approve cash-based incentive awards and opportunities as they affect the Executive Officers.
6. Act as the Equity Incentive Plan Committee (or similarly-named committee) for the Bank's equity incentive plans and approve awards, including stock options, restricted stock awards, performance stock awards, or other awards as provided in the Bank's 2018 Omnibus Equity Incentive Plan, or any successor plan, to any award recipient, provided, however, that the Committee may delegate to the Bank's CEO, as permitted under the 2018 Omnibus Equity Incentive Plan, the authority to approve certain equity awards to employees who are not subject to Section 16 of the Exchange Act.



7. Review and discuss the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Bank’s proxy statement and annual report on Form 10-K by the rules and regulations of the SEC with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
8. Prepare and issue the annual Compensation Committee Report for inclusion in the Bank’s proxy statement in compliance with the rules and regulations promulgated by the SEC.
9. Monitor the Bank’s compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits.
10. Oversee the Bank’s compliance with SEC rules and regulations regarding stockholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the NASDAQ rules that, with limited exceptions, stockholders approve equity compensation plans. The Committee shall also review the results of advisory votes on executive compensation and consider any implications and make recommendations to the Board.
11. Receive periodic reports on the Bank’s compensation programs as they affect all employees.
12. Review and evaluate, at least annually, the compensation policies and practices for the Bank’s employees as they relate to risk management and to assess whether the overall design and performance of the Bank’s compensation policies and practices are consistent with the Bank’s safety and soundness
13. Make regular reports to the Board.

#### **BOARD SELECTION, COMPOSITION AND EVALUATION**

1. Establish criteria for the selection of new directors to serve on the Board.
2. Identify individuals believed to have the experience, qualifications, attributes and/or skills to serve on the Board and recommend to the Board for selection the candidates for all directorships to be filled by the Board or by the Bank’s stockholders at an annual or special meeting. In identifying candidates for membership on the Board, the Committee shall take into account all factors it considers appropriate and consistent with the Bank’s corporate governance policies, which may include (i) ensuring that the Board, as a whole, is diverse and consists of individuals with various backgrounds, various and relevant career experience, relevant technical skills, industry knowledge and experience, including, as appropriate, cybersecurity and technology expertise, financial expertise (including expertise that could qualify a director as an Audit Committee “financial expert,” as that term is defined by the rules of the SEC), local or community ties and (ii) minimum



individual qualifications, including high level leadership experience in business activities, breadth of knowledge about issues affecting the Bank, time available for meetings and consultation on Bank matters, strength of character, mature judgment, independence of thought and an ability to work collegially. The Committee also may consider the extent to which the candidate would fill a present need on the Board.

3. Review and make recommendations to the Board as to whether members of the Board should stand for re-election. Consider matters relating to the retirement of members of the Board, including term limits or age limits.
4. Evaluate candidates for nomination to the Board, including those recommended by stockholders. In that connection, the Committee shall adopt procedures for the submission of recommendations by stockholders as it deems appropriate.
5. Retain and terminate, in its sole discretion, any search firm used to identify director candidates and any compensation consultant used to assist in the evaluation of director compensation, and to approve the fees and other retention terms for such firms and consultants.
6. Conduct all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates for nomination to the Board.
7. Consider questions of independence and possible conflicts of interest of members of the Board and Executive Officers, and whether a candidate has special interests or a specific agenda that would impair his or her ability to effectively represent the interests of all stockholders.
8. Review and make recommendations to the Board, as the Committee deems appropriate, regarding the composition and size of the Board in order to ensure the Board has the requisite expertise, Board membership consists of persons with sufficiently diverse and independent backgrounds, and the Board always meets applicable independence and other requirements of the NASDAQ Stock Market.
9. Oversee and recommend to the Board (i) director orientation programs and processes for newly-elected or appointed Board members or committee members and (ii) continuing education opportunities for Board members, including committee-specific education opportunities.
10. Oversee evaluation of the Board and its performance.

## **BOARD COMMITTEES**

1. Recommend to the Board director nominees for each Board committee, taking into consideration the skills, attributes, experience and tenure of each committee member, including proposed committee members to fill vacancies as needed. In recommending a director for a committee membership, the Committee shall take into consideration the factors set forth in that committee's charter, if any, and the rotation of committee assignments as set forth in the Bank's corporate governance policies, and other factors it



deems appropriate, including without limitation the interplay of the candidate's experience with the experience of other committee members.

2. Recommend to the Board changes that the Committee believes desirable to the size of any committee of the Board or to the Board's committee structure.

#### **BOARD PERFORMANCE**

1. Oversee and approve the process and guidelines for the annual evaluation of the performance and effectiveness of the Chairman of the Board (or lead independent director if there is one), the Board, and its committees, including the communication of the results of such evaluations to the full Board.

#### **SUCCESSION PLANNING**

1. Oversee succession planning for the Board and Board leadership appointments, including the Chairman of the Board (or lead independent director if there is one) and committee chairs, in accordance with the Bank's corporate governance policies.
2. Oversee evaluation of the Bank's management and, in consultation with the independent directors and the CEO, review succession planning and management development activities and strategies regarding the CEO and other members of senior management, and discuss the Bank's overall management resources.
3. Review and approve the appointment of any officer of the Bank at a level of Executive Vice President or above.

#### **OTHER AUTHORITY**

1. Review and approve or ratify related person transactions for compensation matters in accordance with the Bank's Related Party Transactions Policy. Report approved related party transactions for compensation matters to the Board.
2. Have such other authority, duties or responsibilities as may be delegated to the Committee by the Board.