

**OPERATING PROCEDURES  
OF THE  
FIRST SOUTH FARM CREDIT COMPENSATION COMMITTEE**

---

**ARTICLE I – NAME**

**Section 1.01**     **Name.** The name of this committee is the First South Farm Credit (the “Association”) Board of Directors Compensation Committee (the “Committee”).

**ARTICLE II – PURPOSE**

**Section 2.01**     **Purpose.** The purpose of the Committee is to establish, review and approve the Association’s total compensation philosophy, including the benefit programs; oversee the development and utilization of appropriate polices and programs to attract, retain, incent and reward high performing individuals; review and adopt strategies and actions to strive for diversity and inclusion within the workforce and management; monitor executive development practices in order to ensure succession alternatives for the organization; evaluate the performance of the chief executive officer; and report to the First South Farm Credit Board of Directors (the “Board”) its recommendations and observations with respect to the foregoing, and with respect to its specific duties as detailed in the Committee Charter.

**ARTICLE III – MEMBERSHIP**

**Section 3.01**     **Composition.** The Committee shall consist of minimum of (5) Board members.

**Section 3.02**     **Officers of the Committee.** The following shall be officers of the Committee:

- (1)     **Chair.** The Chair shall be responsible for running both regular and special meetings held by the Committee and shall set the agenda for such meetings. The Chair of the First South Farm Credit Board shall select one of its members to serve as its Chair. The Committee chair shall serve until a successor is duly appointed by the Chair of the First South Farm Credit Board. The duties of the Chair shall include being the key contact between the Committee and the Board and the Committee and senior management. In addition, the Committee Chair will have the discretion to brief the Board Chairman and advise him or her of any key decisions in advance so the Board is prepared to deal with the issues when the Committee and Board meet.
- (2)     **Vice Chair.** If the Chair is absent or unavailable, the Vice Chair shall be responsible for running both regular and special meetings held by the Committee and shall set the agenda for such meetings. The Committee shall elect one of its members to serve as its Vice Chair by a majority vote. The Vice Chair shall serve until a successor is duly elected by the Committee.
- (3)     **Secretary.** The Association Chief Financial Officer shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Committee. For Executive Session, the Chair shall appoint a member of the Committee to provide the minutes.

**Section 3.03**     **Term of Service.** Members shall serve terms pursuant to the Compensation Committee Charter as approved by the First South Farm Credit Board of Directors.

## ARTICLE IV – MEETINGS OF THE MEMBERSHIP

**Section 4.01**      **Regular Meetings.** The Committee shall meet at least two times per year.

**Section 4.02**      **Special Meetings.** Special meetings of the members may be called by the Chair, Vice Chair, or a majority of the members for any purpose or purposes.

**Section 4.03**      **Notice.** Not less than five (5) days before every regular or special meeting of the Committee which is to be held in-person, notice shall be served upon, mailed, faxed, or sent by electronic mail to each member of the Committee stating the time and place of the meeting and, if it is a special meeting, the purpose or purposes for which such meeting is called. If the regular or special meeting is to be held by telephone, videoconferencing or similar communication equipment, notice must be served not less than two (2) business days prior to such meeting. Each member of the Committee must provide his or her contact information, including the postal address, fax or electronic address where such notice may be received

**Section 4.04**      **Waiver of Notice.** Whenever written notice is required to be given to the members of the Committee, a written waiver thereof by all members entitled to such notice (whether, in the case of notice of a meeting, the written waiver thereof is signed before or after the meeting) shall in all respects be considered notice.

**Section 4.06**      **Conduct of Committee Meetings.** Meetings of the Committee shall be presided over by the Chair or, in his or her absence, by the Vice Chair. If neither the Chair nor the Vice Chair is present, then the meetings shall be presided over by a person designated by the Chair. If such person is absent, the members shall elect a member *pro tem*.

**Section 4.07**      **Quorum and Voting.** A simple majority of the total number of members of the Committee shall constitute a quorum for the transaction of business at such meeting. If a quorum is present, the affirmative vote of a simple majority of the members shall decide any questions brought before the meeting unless a different vote is required by the law.

**Section 4.08**      **Method of Voting.** The Chair, acting in his/her sole discretion, shall determine the method by which any vote at a meeting of the Committee is conducted. Permissible methods of voting shall include, but are not limited to, voting by voice vote, by show of hands, by roll call, or by written ballot.

**Section 4.09**      **Presumption of Assent.** A member of the Committee who is present at a meeting at which action on a matter is taken, shall be presumed to have assented to the action taken unless his/her dissent is entered in the minutes of the meeting or unless he/she files his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by certified mail to the secretary of the Committee immediately after adjournment of the meeting.

**Section 4.10**      **Minutes.** For each meeting, a set of minutes including executive session minutes shall be filed with the records of the Committee. The minutes shall be maintained for three years.

**Section 4.11**      **Adjournment.** Any meeting of the Committee may be adjourned at any time, whether or not there is a quorum, by the Chair or Vice Chair of the Committee. When the meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Committee may transact any business which might have been transacted at the original meeting.

## ARTICLE V – CONTRACTING WITH ADVISERS/CONSULTANTS

**Section 5.01** **Contracting with Advisers/Consultants.** The Committee shall have the ability to hire, retain and terminate independent advisers and/or consultants to assist the Committee in carrying out its duties as outlined in the Committee’s Charter.

## ARTICLE VI – Carrying Out the Duties of the Committee

**Section 6.01** **Committee Calendar.** The Committee shall review the Committee Calendar prior to the beginning of each Board year and determine when each duty assigned to the Committee shall be addressed.

**Section 6.02** **Process.** The process for carrying out the duties of the Committee shall include the following steps:

- (1) **Plan the process for carrying out the duty.** The Committee shall agree to the method in advance to carry out each duty to include materials and analysis required and use of either staff’s assistance or an external consultant.
- (2) **Review by Members.** Each member shall review and agree to the method to be used.
- (3) **Adoption of Actions Taken.** The Committee shall provide to the Board a clear and concise presentation of the actions taken and provide for approval of the Board of all matters that are recommended actions from the Committee to the Board.
- (4) **Follow-Up on Actions Taken.** The Committee shall delegate to staff or members of the Committee adoption of the action and determine any steps needed to monitor the completion of the action.

## ARTICLE VII – MISCELLANEOUS

**Section 7.01** **Execution of Contracts.** All contracts for consulting or other services on behalf of the Committee shall be brought before the Committee for approval. If a contract is approved, the Chair or the Vice Chair (or their authorized designees) shall authorize the Chief Financial Officer to execute any instrument in the name of and on behalf of the Committee.

**Section 7.03** **Conflict with Committee Charter.** In the event of a conflict between the Committee Charter and these Operating Procedures, the terms of the Committee Charter shall control.