# PEOPLES BANCORP BUDGET/COMPENSATION COMMITTEE CHARTER January 23, 2013

## **Purpose**

The Budget/Compensation Committee is appointed by the Board to discharge the Board's responsibilities relating to compensation of the Company's Chief Executive Officer (the "CEO") and the Company's other Executive Officers (collectively, and including the CEO, the "Executive Officers"). The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Company as they affect the Executive Officers. The Committee shall also be responsible for the construction, monitoring and recommendation of the Company's annual operating budget to the Board.

## **Committee Membership**

The Budget/Compensation Committee shall consist of no fewer than three Members. The Members of the Compensation Committee shall meet the independence requirements of the NASDAQ Marketplace Rules.

At least two Members of the Budget/Compensation Committee shall also qualify as "outside" Directors within the meaning of Internal Revenue Code 162 (m) and as "non-employee" Directors within the meaning of Rule 16b-3 of the Securities and Exchange Act of 1934.

The Members of the Budget/Compensation Committee shall be appointed by the Board on the recommendation of the Nominating & Governance Committee. One Member of the Budget/Compensation Committee shall be appointed as its Chairman by the Board.

#### **Meetings**

The Budget/Compensation Committee shall meet as often as necessary to carry out its responsibilities. The Chairman shall preside at each Meeting. In the event the Chairman is not present at a Meeting, the Budget/Compensation Committee Members present at that Meeting shall designate one of its Members as the acting Chair of such Meeting.

## **Committee Responsibilities and Authority**

1. The Budget/Compensation Committee shall, at least annually, review and approve the annual base salaries and annual incentive opportunities of the Executive Officers. The CEO shall not be present during any Committee deliberations or voting respecting his or her compensation.

- 2. The Budget/Compensation Committee shall, periodically and as and when appropriate, review and approve the following as they affect the Executive Officers: (a) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; (b) any employment agreements and severance arrangement; (c) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits; and (d) any special or supplemental compensation and benefits for the Executive Officers, including supplemental retirement benefits and the perquisites provided to them during and after employment.
- 3. The Budget/Compensation Committee shall review and discuss the Compensation Discussion and Analysis (the "CD&A") required to be included in the Company's Proxy Statement and Annual Report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (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.
- 4. The Budget/Compensation Committee shall produce the annual Budget/Compensation Committee Report for inclusion in the Company's Proxy Statement in compliance with the rules and regulations promulgated by the SEC.
- 5. The Budget/Compensation Committee shall monitor the Company's compliance with 401(k) plans and loans to Directors and Officers and with all other applicable laws affecting employee compensation and benefits.
- 6. The Committee shall oversee the Company's compliance with the approval of equity compensation plans for directors and officers.
- 7. The Budget/Compensation Committee shall receive periodic reports on the Company's Compensation programs as they affect all employees.
- 8. The Budget/Compensation Committee shall make regular reports to the Board.
- 9. The Budget/Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist it in the evaluation of Executive Officer compensation and shall have the sole authority to approve the consultant's fees and the other terms and conditions of the consultant's retention.
- 10. The Budget/Compensation Committee shall meet at least quarterly to monitor and review the Company's progress as it pertains to the annual operating budget approved by the Board.
- 11. The Budget/Compensation Committee may form and delegate authority to subcommittees as it deems appropriate.