

## **3PEA INTERNATIONAL, INC.**

### **COMPENSATION COMMITTEE CHARTER**

#### **I. PURPOSE**

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of 3PEA International, Inc. (the “Company”) shall review and manage the compensation structure of the Company, administer stock incentive plans, and oversee and review various benefit plans of the Company. The Committee shall discharge the Board’s responsibilities to the shareholders, potential shareholders and investment community relating to the compensation of the Company’s executive officers.

#### **II. COMPOSITION AND QUALIFICATIONS**

The Committee shall be comprised of two or more members of the Board. At least two members of the Committee shall be determined by the Board to be “independent” under the rules of The NASDAQ Stock Market LLC (“NASDAQ”).

In the event the Committee has more than two members, at least one member of the Committee may be a Board member who is not “independent” under the rules of NASDAQ, provided that such member is not an Executive Officer or employee or a Family Member of an Executive Officer of the Company, and provided the Board determines that such individual's membership on the Committee is required by the best interests of the Company and its shareholders. In the event the Committee contains a member who is not “independent,” the Company shall disclose either on or through the Company's website or in the proxy statement for the next annual meeting subsequent to such determination (or, if the Company does not file a proxy, in its Form 10-K), the nature of the relationship and the reasons for the determination. In addition, the Company must provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S-K regarding its reliance on this exception. A member appointed under this exception may not serve longer than two years. The terms “Executive Officer” and “Family Member” shall have the same meaning that they are defined to have in the NASDAQ rules.

In addition, each member of the Committee shall be a “non-employee” director within the meaning of the rules under Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder.

#### **III. DUTIES AND RESPONSIBILITIES**

The Committee shall:

- A. Review and approve the factors and criteria, including corporate goals and objectives, applicable to the compensation of the Chief Executive Officer (the “CEO”) and other executive officers.

- B. Review and evaluate the performance of the CEO and other executive officers and other employees identified by the Committee as key employees of the Company (“Key Employees”) in light of the goals and objectives of the Company, including consideration of the Company’s performance and relative stockholder return.
- C. Determine and recommend for to the full board the annual compensation packages for the CEO, other executive officers, and Key Employees, including their base salaries, stock options and other stock-based incentives, variable pay amounts and variable pay metrics, based on the Committee’s evaluations and, in accordance with the Company’s incentive compensation plans, including the Company’s stock option plan(s) as in effect from time to time. In evaluating and determining executive compensation, the Committee will consider the results of the most recent stockholder advisory vote on executive compensation. The CEO may not be present during voting or deliberations concerning his or her compensation.
- D. Review and approve, or make recommendations to the Board regarding, incentive compensation plans and equity-based plans in which executive officers and directors are eligible to participate, as well as any amendments or modifications to such plans.
- E. Supervise and oversee the administration of the Company’s incentive compensation and equity-based plans, variable pay and stock programs, and approve equity grants under the Company’s stock option and stock incentive plans.
- F. Review and act upon management proposals to (i) designate Key Employees to incentive compensation programs; and (ii) approve new benefit plans.
- G. Monitor the effectiveness of benefit plan offerings and approve changes where appropriate.
- H. Review, and make recommendations to the Board regarding, any employment agreements and any severance arrangements, including any benefits to be provided in connection with a change of control, for the CEO and other executive officers, as well as any amendments or modifications to such agreements or arrangements.
- I. Review, evaluate and manage the potential risks posed to the Company by its incentive compensation arrangements and compensation program and policies.
- J. Develop and recommend to the Board the annual retainer fee as well as other compensation for the non-employee directors.
- K. Prepare and approve the Committee report to be included as part of the Company’s annual proxy statement and Annual Report on Form 10-K.
- L. Oversee the Company’s submissions to shareholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and assess the results of the Company’s most recent advisory vote on executive compensation.

- M. Review and evaluate, at least annually, the performance of the Committee and its members, including a review of the Committee's compliance with this Charter.
- N. Review and reassess, at least annually, the adequacy of this Charter and recommend changes to the Board.

#### **IV. PROCESS**

- A. The Committee members shall be appointed by the Board upon the nomination of the Nominating and Corporate Governance Committee, and shall serve until such member's successor is duly elected and qualified, or until such member's earlier resignation or removal. The Board may remove any Committee member at any time, with or without cause. Unless a Chairperson is appointed by the Board, the members of the Committee may designate a Chairperson by unanimous vote if the Committee is comprised of two members, and by majority vote if comprised of three or more members.
- B. Committee meetings shall be led by the Chairperson. In the absence of the Chairperson, at any meeting at which a quorum is present, a majority of the Committee members may elect an acting chairperson of the meeting. A majority of the members of the Committee shall constitute a quorum for the transaction of business, unless the Committee is comprised of two members, in which case both members must be present to constitute a quorum for the transaction of business. The Committee may act by a majority of those present at any meeting, by agreement of both members at any meeting if the Committee is comprised of only two members, or by the unanimous written consent of all of members.
- C. The Committee may, in its sole discretion, select and retain a compensation consultant or other advisor that will assist the Committee in the evaluation of compensation decisions related to the non-employee directors, the CEO, and other executive officers and Key Employees of the Company. The Committee shall have the authority to determine the terms of engagement and compensation of and terminate any such compensation consultant or advisor. The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest.
- D. The Committee shall have authority to delegate any decisions it is entitled to take under this Charter to a subcommittee of the Committee, provided that a full report of any action is promptly made to the full Committee.
- E. The Committee shall report regularly to the Board, and all Committee actions and recommendations shall be promptly reported to the Board.
- F. Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee, each member of the Board who is not a member of the Committee and the Secretary of the Company. The Chairperson shall report to the Board from time to time or whenever so requested by the Board