

**3PEA INTERNATIONAL, INC.**

**NOMINATING AND CORPORATE  
GOVERNANCE COMMITTEE CHARTER**

**I. PURPOSE**

The Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of 3PEA International, Inc. (the “Company”) shall (1) identify individuals qualified to become members of the Board and recommend director candidates to the Board for election or re-election; and (2) develop, recommend to the Board, and review the Company’s corporate governance policies and practices, taking in consideration the rules of The NASDAQ Stock Market LLC (“NASDAQ”), the Securities and Exchange Commission (“SEC”), as well as other applicable laws, rules and regulations. Corporate governance is a structure within which directors and management can pursue effectively the objectives of the Company for the benefit of all its stakeholders.

**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 “independent” in accordance with NASDAQ rules.

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.

**III. DUTIES AND RESPONSIBILITIES**

The Committee shall:

- A. Identify, evaluate and recommend to the Board, consistent with criteria approved by the Board, nominees for election as directors at each annual meeting of stockholders of the Company, and as otherwise required, whose experience and expertise will provide added value to the Board’s oversight responsibilities.
- B. Develop, and recommend to the Board for its approval, criteria to be considered in selecting director nominees, including matters related to professional skills and

experience, board composition, and potential conflicts of interest.

- C. Establish procedures for consideration of candidates for recommendation to the Board, including candidates put forward by stockholders, and consider individuals whose names are submitted by management or by stockholders as candidates for election to the Board.
- D. Coordinate and oversee meetings and other actions requiring the consideration of the non-employee directors of the Board.
- E. Develop and recommend to the Board a set of corporate governance principles applicable to the Company, review these principles periodically and recommend any changes to the Board.
- F. Periodically review and recommend to the Board changes to the Company's Code of Conduct and Ethics (the "Code"), and monitor overall compliance with the Code.
- G. Review all potential conflicts of interest under and violations of the Company's Code of Conduct and Ethics (the "Code"), and consider all waivers of compliance with the Code, and make recommendations to the Board regarding whether to grant a waiver of compliance with the Code.
- H. Review and make recommendations to the full Board regarding:
  - 1. The organization and effectiveness of the Board, including its size, composition, operation, practices, processes and tenure policies;
  - 2. The size, composition, membership, qualifications, scope of authority, responsibilities, and charters of each committee of the Board;
  - 3. The selection of committee members and chairpersons;
  - 4. The Company's Articles of Incorporation and Bylaws; and
  - 5. The Committee's Charter.
- I. Annually evaluate the performance of the Committee and its members.
- J. Annually evaluate the performance of the Board and its members.

#### **IV. PROCESS**

- A. The Committee members shall be appointed by the Board 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 members at any time, with or without cause. Unless a Chairperson is elected 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 shall have the sole authority to select, retain and terminate any search firm used to identify director candidates and to approve the search firm's fees and other retention terms.
- D. The Committee shall report regularly to the full Board, and all Committee actions and recommendations shall be promptly reported to the full Board.