



*Approved by the Board of Directors May 1, 2020*

## **COMPENSATION COMMITTEE CHARTER**

### **I. PURPOSE**

The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of First Interstate BancSystem (the "Company") is to assist in discharging the Board's responsibilities relative to compensation for directors, executive officers, and key management of the Company. The Committee shall have the authority and responsibilities described in this Compensation Committee Charter ("Charter").

### **II. MEMBERSHIP AND STRUCTURE**

**Minimum Number:** The size of the Committee is set from annually by the Board of Directors, but shall always consist of at least three (3) directors of the Company.

**Independence & Qualifications:** The Committee shall consist of at least two (2) members of the Board, each of whom qualifies as (1) a "non-employee director" as that term is defined for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (2) an "independent" director under the NASDAQ Stock Market rules. The Committee members who meet the foregoing qualifications are referred to in this Charter as "Outside Members."

**Designation of Committee Chair:** The Committee Chair shall be appointed by the Chair of the Board of Directors in consultation with the Chair of the Governance and Nominating Committee.

**Selection and Removal of Members:** Members of the Committee shall be members of the Board and shall be appointed by the Board, following a recommendation from the Governance and Nominating Committee. The Board Chair, Chair of Governance and Nominating Committee will provide their collective input to the Governance and Nominating Committee. The Board may remove any member from the Committee at any time with or without cause.

### **III. AUTHORITY & RESPONSIBILITIES**

The authority of the Committee shall be subject to oversight by the Board. The Committee shall exercise all authority necessary to fulfill its responsibilities which includes, but is not limited to, the following:

## Compliance & Reporting Responsibilities

**Committee Report:** The Committee shall produce reports as required by the SEC to be included in the Company's annual proxy statement, and to review and discuss with management the Company's disclosures under the "Compensation Discussion and Analysis ("CD&A"), and based on such review and discussion, make recommendations to the Board as to whether the CD&A should be included in the Company's annual report and annual proxy statement.

**Risk Mitigation:** The Committee shall review and oversee compensation policies and plans that balance risk and financial results in a manner that does not encourage employees to take excessive risks, and does not encourage risk taking beyond the Company's ability to identify and manage risk.

The Committee shall oversee risks associated with matters pertaining to employee programs, diversity, and pay equity.

Policies related to the Compensation Committee will be reviewed on an annual basis. The most recent list of policies is listed in Exhibit A.

Annually the Committee shall discuss with management, including the Chief Risk Officer, its risk assessment of the Company's compensation plans and programs.

**Performance Review:** The Committee shall review its performance annually. This performance review will include an evaluation of how well the Committee satisfied all of its responsibilities under this Charter.

**Human Resources, People, and Culture Policies and Programs:** The Committee has the authority to review and, when appropriate, recommend to the Board for approval, the Human Resources policies and programs of the Company, including policies, procedures and actions relating to compensation, benefits, recruitment, organizational development, engagement, culture, and training of the Company's employees. The Committee may evaluate and consider the benefits provided by the "ERISA Plans" and the "Other Benefit Programs" (the "Plans") in connection with its role in setting the compensation of the executive officers of the Company. For Plans which designate the Committee as the plan fiduciary, the Committee may delegate administrative authority to an officer of the Company with respect to oversight of the plans, with the expectation that the Committee will receive periodic updates regarding the plans.

**Succession Planning for CEO and Executives:** The committee shall oversee the CEO and Executive Officer succession planning process and monitor the succession planning practices and strategies of the Company to ensure a continuous development of talent for executive officers and key roles, as directed by the Board.

## Compensation Programs

**Chief Executive Officer Compensation:** The Committee shall review and recommend annually the Chief Executive Officer's (the "CEO's") compensation, including base salary short and long term incentive, and retirement benefits including the setting of performance goals and objectives for these programs for board approval. The Committee shall also be responsible for oversight and approval of any executive employment contract entered with the CEO on behalf of the Company. The CEO shall not be present when the Committee is deliberating or acting on his compensation.

**Non-CEO Compensation:** The Committee has the authority to review and provide input to with respect to non-CEO compensation for the direct reports of the CEO, including base salary and short and long term incentive, including the setting of performance goals and objectives for these

programs, and the non-binding recommendations from the CEO. The Committee shall be responsible for oversight and approval of executive employment contracts entered with any Non-CEO Executive on behalf of the Company.

**Short Term and Long-Term Incentive Programs:** The Committee will annually approve the structure, metrics, and payouts for the Company's Short Term and Long-Term Incentive programs. This shall include approval of grants for the CEO and Non-CEO Executives, as well as approval of a pool of shares to be awarded to eligible employees under the plan. The Committee has authority to apply discretion to adjust the payouts for unintended consequences which effect causes a shortfall or windfall to the resulting payout.

**Equity and Incentive Plan:** The Committee has responsibility for the Company's Equity Incentive Plan which governs stock and performance compensation awards. When necessary, the Committee will recommend amendments to the plan for shareholder vote, including requests for additional shares to be authorized to the Company's Equity Incentive Plan.

**Board Compensation:** The Committee shall recommend to the Board the compensation for the Company's Board members, including retainer, committee chair fees, and other similar items as appropriate, and pursuant to the Company's corporate governance guidelines.

**Stock Ownership Guidelines:** Annually, the Committee will review the stock ownership guidelines established for the CEO, non-CEO executives and Directors. In evaluating individual compliance with the guidelines, the Committee has authority to enforce actions intended to support stock ownership requirements as set forth in the guidelines.

**Say on Pay Proposals:** The Committee has the responsibility to review and, when appropriate, recommend to the Board for approval shareholder Say on Pay proposals required by Section 14A of the Exchange Act to be included in the Company's proxy statement, including 1) the Say on Pay votes, and 2) the frequency with which the Company will conduct Say on Pay votes. The Committee's review and recommendations will consider the results of the most recent shareholder advisory vote on the respective proposal. In evaluating and determining CEO and Non-CEO Executives' compensation, the Committee shall consider the results of the most recent shareholder advisory vote on executive compensation.

**Independent Advisors:** The Committee shall have authority to retain or obtain advice and assistance from any (internal or external) compensation consultant, legal counsel or other advisor it deems appropriate or necessary in order to carry out its duties hereunder, but only after considering such factors as may be required by the rules of the NASDAQ Stock Market or applicable rules of the Securities and Exchange Commission with respect to the independence of advisors. The Committee shall be directly responsible for the appointment, retention, compensation, and oversight of any compensation consultant, legal counsel or other advisor, and shall have sole authority to approve the terms and conditions of the engagement of such consultant, legal counsel or advisor. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any compensation consultant, legal counsel or other advisor retained by the Committee.

#### **IV. PROCEDURES & ADMINISTRATION**

##### **Meetings**

**Meetings:** The committee shall meet as often as deemed necessary to fulfill its responsibilities but no fewer than five (5) times annually. Meetings of the Committee may be held in person or by conference call.

**Meeting Agenda:** The Committee Chair shall establish the agenda for each meeting. If the Committee Chair is unavailable, the Chair of the Board shall designate a member of the Committee to establish the agenda.

**Meeting Minutes:** The Committee will appoint a Secretary who shall keep regular minutes of its meetings.

**Meeting Quorum:** The majority of members, but not fewer than two (2) Outside Members, of the Committee shall constitute a quorum.

**Meeting Attendance:** Members of the Committee are required to attend each Committee meeting unless excused by the Committee Chair.

**Executive Sessions:** Only members of the Committee and those specifically invited by the Committee Chair may attend executive sessions of the Committee.

**Subcommittees:** The Committee Chair may appoint subcommittees from time to time as warranted.

**Third Party Attendance at Meetings:** Any member of the Board of Directors may attend Committee meetings as guests. Board Observers may attend Committee meetings if their attendance is approved by the Committee Chair. Board guests or observers may not attend executive sessions unless invited to do so by the Committee Chair. Other third parties may attend Committee meetings at the invitation of the Committee Chair.

**Reporting to the Board:** The Committee Chair (or his or her designee) shall report to the Board regarding all Committee meetings held since the last meeting of the Board.

**Charter Review:** The Committee shall review this Charter annually.

**Exhibit A**

The following Policies will be reviewed on an annual basis: Compensation Committee Charter, Compensation Policy, Stock Ownership Policy, Clawback Policy, CEO Succession Policy, CEO Performance Review Policy