

**FIRST BUSINESS FINANCIAL SERVICES, INC.  
FIRST BUSINESS BANK  
CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

**Approved: January 24, 2020**

**COMMITTEE PURPOSE**

The Corporate Governance and Nominating Committee (the “Committee”) is appointed by the First Business Financial Services, Inc. and First Business Bank (the “Company”) Boards of Directors (the “Board”) to assist the Board in causing the Board and its committees to be appropriately constituted so that the Board and Directors may effectively meet their fiduciary obligations to shareholders and the Company. The Committee is responsible for performing duties relating to: (1) identifying prospective directors not only for their individual strengths but also for their contribution to the Board as a group and to the diversity of the Board, (2) considering the Criteria for Director nominees as outlined in the Corporate Governance Guidelines, (3) recommending nominees to fill vacancies on the Board and committees, (4) recommending the slate of nominees for election at the annual shareholders meeting, and (5) leading the Board in its review of its performance.

**COMMITTEE AUTHORITY**

The Committee shall have the power and authority to conduct or authorize studies and investigations into any matter of interest or concern within the scope of its duties that the Committee deems appropriate, and shall have the sole authority to retain independent legal, financial or other advisors to assist in the conduct of any such study or investigation, including the authority to approve fees payable to such advisors and any other terms of retention. It is empowered to:

- Monitor key risks including risks relating to corporate governance structure, director independence, and succession.

**COMMITTEE COMPOSITION AND MEETINGS**

The Committee shall consist of members of the Company’s Board of Directors, each of whom shall meet the independence requirements of the Securities Exchange Commission (“SEC”), the Nasdaq Stock Market (“Nasdaq”) Listing Rule 5605(e)(1), and any other regulatory entity with relevant jurisdiction over the Company.

The Chair and the members of the Committee shall be appointed by the Board annually or as necessary to fill vacancies on the recommendation of the Company’s Corporate Governance and Nominating Committee. Each member shall serve until his or her successor is duly elected and qualified or until such member’s earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

The Committee shall meet as frequently as circumstances dictate. The Committee Chair will chair all meetings and will prepare and/or approve an agenda in advance of each meeting. The Committee may invite to its meetings any officer, employee or Director of the Company and such other persons as it deems appropriate in order to carry out its duties. The Committee shall maintain minutes of meetings and report regularly to the Board: (1) following meetings of the Committee, (2) with respect to such other matters as are relevant to the Committee’s discharge of its duties and (3) with respect to such

recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Committee's Chair or any other member of the Committee designated by the Committee to make such report.

## **COMMITTEE RESPONSIBILITIES AND DUTIES**

### Size, Composition, Organization, Operational and Leadership Structure of the Board

1. Review, at least annually, the structure of the Board to assure that the proper skills, attributes, and experience are represented and the best leadership structure for the Company is in place. This review should include consideration of the number of Directors and the criteria for a Director, including the skills, attributes and experience not only necessary but also desirable.
2. Review and make recommendations regarding the responsibilities of Board committees and the composition of Board committees in light of those responsibilities, including the qualifications, appointment and removal of committee members.
3. Consider and make recommendations to the Board on matters relating to the retirement of Board members, including term limits or age caps.

### Nominees for Election as Directors

1. The Committee shall recommend to the Board the Director nominees for the next annual meeting of shareholders and persons to fill vacancies on the Board that occur between meetings of shareholders. In carrying out this responsibility, the Committee shall:
  - a. Determine the desired Board skills, attributes, and experience and, when appropriate, conduct searches for prospective Board members whose skills, attributes, and experience reflect those desired, which shall include the Criteria for Director Nominees set forth in the Company's Corporate Governance Guidelines;
  - b. Consider nominees submitted to the Board by shareholders; and
  - c. Prior to recommending a nominee for election, determine that the election of the nominee as a Director would effectively further the policies set forth in the FBFS Corporate Philosophy and FBFS Mission Statement.
2. In the foregoing capacity, the Committee shall have sole authority to retain and to terminate any search firm to be used to assist it in identifying candidates to serve as Directors of the Company, including sole authority to approve the fees payable to such search firm and any other terms of retention.

### Appointments to Board Committees

The Committee shall annually recommend to the Board the Director nominees to be appointed to the various committees of the Board. The Committee shall consider the desired qualifications for membership on each committee, the availability of the Director to meet the time commitment required for membership on the particular committee and the extent to which there should be a policy of periodic rotation of committee members.

### Monitor and Evaluate the Corporate Governance Guidelines

1. The Committee shall annually review the Corporate Governance Guidelines for the purposes of:
  - a. Determining whether the Corporate Governance Guidelines are being effectively implemented and followed;
  - b. Ensuring that the Corporate Governance Guidelines are appropriate for the Company and comply with applicable laws, regulations and listing standards; and
  - c. Recommending any desirable changes in the Corporate Governance Guidelines to the Board.
2. In addition, the Committee shall consider any other corporate governance issues that may arise from time to time, and develop appropriate recommendations to the Board.

### Board and Committee Orientation and Continuing Education

1. The Committee shall be responsible for the development and ongoing review and implementation of an orientation program for new Directors and new committee members. The program should include background material, meetings with senior management and visits to Company facilities.
2. The Committee shall annually report to the Board on continuing education of Directors with respect to the Company's business and financial statements, corporate governance, and other appropriate subjects.

### Performance Evaluation

The Committee shall oversee the annual or biennial Board, committees and individual director evaluation process and report findings and recommendations to the Board.

### Independent Director Determinations

The Committee shall annually review and determine whether each director is "independent" within the meaning of the appropriate Nasdaq Listing rules or the rules of any exchange or automated quotation system then applicable to the Company

### Corporate Policies

Approve corporate policies as designated by the Board from time to time including, but not limited to, the Governance Decision Matrix Guidelines, Contract Policy, Director & Section 16 Officer Status Change Policy, Insider Trading Policy, Section 16 Compliance Policy, Managing Disclosure Policy, Director Retirement Policy and Director & Executive Officer Stock Ownership Guidelines.

### Risk Management

1. The Board, acting as a whole and through its committees, is responsible for oversight of the Company's enterprise wide risk management. The Board has expressly delegated to the Operational Risk Committee responsibility for assuring the Company's overall risk management program is operating effectively. Board committees, which meet regularly and report back to the Board, provide oversight of the monitoring of certain key risks as delegated by the Board and oversee effective risk remediation when and as appropriate.
2. The Committee shall oversee management of key risks as delegated by the Board from time to time including risk relating to corporate governance structures and policies and director independence.

### Succession Planning

The Committee shall be responsible for the establishment and review of a succession plan for the Company's CEO and shall report to the Board on succession planning and work with the Board to evaluate potential successors. The Committee shall review the succession plan for the other Executive Officers.

### Charters

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall also review the Charters of all other committees annually and submit recommendations for approval to the Board.

### Other Duties

1. The Committee shall serve in an advisory capacity to the Board regarding organization and governance issues and assume responsibility for governance related projects assigned by the Board from time to time.