

**CHARTER OF THE COMPENSATION AND BENEFITS COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
FAUQUIER BANKSHARES, INC. (the “Company”)**

I. Purpose

The Compensation and Benefits Committee of the Board of Directors of Fauquier Bankshares, Inc. (the “Company Committee”) shall aid the Board of Directors of the Company (the “Company Board”) in meeting its overall responsibilities with regard to the oversight and determination of executive compensation including:

- Assisting the Company Board with respect to the Company’s compensation programs and compensation of the Company’s “officers” as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (such officers, the “Executive Officers” and such act, the “Exchange Act”); and
- Assisting the Company Board with establishing director compensation for Company directors and directors of The Fauquier Bank (the “Bank”).

I. Structure and Operations

Composition and Qualifications

The Company Committee shall consist of at least three individuals who are members of the Company Board. All members of the Company Committee shall be independent in accordance with the rules of The NASDAQ Stock Market, Inc. (“NASDAQ”). In addition, all members of the Company Committee must qualify as “non-employee directors” for the purposes of Rule 16b-3 under the Exchange Act and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as amended (the “Internal Revenue Code”). Each member of the Company Committee shall be literate in compensation-related matters. Such literacy shall be determined by the Company Board in its business judgment.

Appointment and Removal

The members of the Company Committee shall be designated by the Company Board annually, upon the recommendation of the Company Board’s Governance Committee, and each member shall serve until such member’s successor is duly designated or until such member’s earlier resignation or removal. Any member of the Company Committee may be removed from the Company Committee, with or without cause, by a majority vote of the Company Board.

A single Chairperson of the Company Committee shall be designated by the Company Board upon the recommendation of the Company Board’s Governance Committee. The Chairperson will chair all sessions of the Company Committee and set the agendas for meetings of the Company Committee.

Delegation to Subcommittees

In fulfilling its responsibilities, the Company Committee may delegate any or all of its responsibilities to a subcommittee of the Company Committee and, to the extent not expressly reserved to the Company Committee by the Company Board, as applicable, or by applicable law, rule or regulation, to any other committee consisting entirely of directors who (i) are independent in accordance with the rules of NASDAQ, and (ii) qualify as “non-employee directors” for the purposes of Rule 16b-3 under the Exchange Act and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code.

III. Meetings

The Company Committee shall ordinarily meet at least two times annually, or more frequently as circumstances dictate. Any member of the Company Committee may call meetings of the Company Committee.

Any director of the Company or the Bank who is not a member of the Company Committee may attend meetings of the Company Committee; provided, however, that any director who is not a member of the Company Committee may not vote on any matter coming before the Company Committee for a vote. The Company Committee also may invite to its meetings any member of management of the Company or the Bank and such other persons as it deems appropriate in order to carry out its responsibilities. The Company Committee may meet in executive session as the Company Committee deems necessary or appropriate.

Meetings may be held jointly with the Compensation and Benefits Committee of the Board of Directors of the Bank (the “Bank Committee”); provided, however, that any member of the Bank Committee who is not a member of the Company Committee may not vote on any matter coming before the Company Committee for a vote.

IV. Responsibilities and Duties

The following functions shall be common recurring activities of the Company Committee in carrying out its purpose set forth in Section I of this Charter. These functions should serve as a guide with the understanding that the Company Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Company Committee shall also carry out any other responsibilities and duties delegated to them by the Company Board from time to time related to the purpose of the Company Committee set forth in Section I of this Charter. As appropriate, the Company Committee may discharge its responsibilities and duties jointly with the Bank Committee’s discharge of its responsibilities and duties.

To fulfill its responsibilities and duties, the Company Committee shall, as appropriate:

Compensation for Directors and Executive Officers

- (1) Establish and review the overall executive compensation philosophy of the Company.
- (2) Recommend each year to the Company Board the compensation and benefits for directors of each of the Company and the Bank, except that directors of the Company or the Bank who are officers or employees of the Company or the Bank shall not receive any additional compensation for their service as directors of either the Company or the Bank.
 - (3) With assistance from the Bank Committee, (i) develop the Company's goals and objectives relevant to the compensation of the Company's Chief Executive Officer ("CEO"), the Company's Chief Financial Officer (the "CFO") and other Executive Officers, including, with input from the CEO, developing annual and long-term performance objectives for the CEO and the CFO for joint approval by the Company Board and the Board of Directors of the Bank (the "Bank Board") meeting in executive session, as long as participation by the Bank Committee or Bank Board is consistent with NASDAQ requirements and Rule 16b-3(d)(1) under the Exchange Act and, and (ii) develop and approve annual and long-term performance objectives for the Executive Officers other than the CEO and the CFO. The Chairperson of the Company Committee shall be responsible for communicating to the CEO and the CFO his or her annual performance objectives.
- (4) Evaluate the performance of the Executive Officers in light of established goals and objectives. With respect to the Executive Officers other than the CEO and CFO, and based on such evaluation, determine and approve the compensation, including annual salary, bonus, stock options, stock awards, and other incentive awards and other benefits, direct and indirect, of such officers. With respect to the CEO and CFO, and based on such evaluation, recommend for joint approval by all independent directors on the Company Board and the Bank Board the compensation, including annual salary, bonus, stock options, stock awards, and other incentive awards and other benefits, direct and indirect, of such officers. With respect to the Executive Officers other than the CEO, the Company Committee shall consider the CEO's recommendations regarding compensation. The CEO may be present during deliberations regarding compensation for the Executive Officers other than the CEO, but may not vote. The CEO may not be present during deliberations or voting concerning the CEO's compensation. The Company Board and the Bank Board shall participate in the review and evaluation of the performance of the CEO and CFO outside of the presence of the CEO and CFO, respectively. The Bank Committee may assist the Company Committee in determining and recommending, as the case may be, the compensation of the Executive Officers, but the ultimate determination concerning the compensation of the Executive Officers other than the CEO and CFO shall be made by the Company Committee.

- (5) Review the competitiveness of the Company's executive compensation programs to ensure (a) the attraction and retention of corporate officers, (b) the motivation of corporate officers to achieve the Company's business objectives, and (c) the alignment of the interests of key leadership with the long-term interests of the Company's shareholders.
- (6) Review trends in compensation and recommend to the full Company Board, or approve as appropriate, revisions to current, or adoption of new, executive compensation plans, incentive compensation plans and equity-based plans and any amendments to or modifications of such plans.
- (7) Establish and periodically review policies in the area of senior management perquisites.
- (8) Evaluate and determine, or recommend to the Company Board for approval, the compensation of the CEO, and in connection therewith consider the results of the most recent shareholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act. The Company Committee shall also, in evaluating and determining, or making recommendations to the Company Board for approval regarding, the compensation of all other Executive Officers and executive compensation in general, consider the results of the most recent Say on Pay Vote.
- (9) Review and recommend to the Company Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent shareholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.

Monitoring Incentive and Equity-Based Compensation Plans

- (1) Perform duties delegated to the Company Committee by the Company Board under various executive compensation plans.
- (2) Review and approve, as appropriate, all awards of stock, stock options and stock-based and other incentive compensation awards pursuant to the Company's executive compensation plans and equity-based compensation plans.
- (3) Monitor compliance by the Executive Officers with the terms and conditions of the Company's executive compensation plans.
- (4) Select, retain, terminate and/or replace, as needed, compensation and benefits consultants and other outside experts to provide independent advice to the Company Committee. In that connection, in the event the Company Committee

retains a compensation consultant or other expert, or if the Company should retain a compensation consultant or other expert to assist in the evaluation of the CEO or senior executive compensation, the Company Committee shall have the sole authority to approve such consultant's or expert's fees and other retention terms.

- (5) Review the Company's incentive compensation arrangements to determine whether they encourage responsible risk-taking, review and discuss at least annually the relationship between risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk.
- (6) In reviewing the Company's incentive and equity-based compensation plans, including whether to adopt, amend or terminate any such plans, consider the results of the most recent Say on Pay Vote.

Reports

- (1) Report regularly to the Company Board (i) following meetings of the Company Committee, (ii) with respect to such other matters as are relevant to the Company Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Company Committee may deem appropriate. The report to the Company Board may take the form of an oral report by the Chairperson or any other member of the Company Committee designated by the Company Committee to make such report.
- (2) Maintain minutes and other records of meetings and activities of the Company Committee, as appropriate under applicable law. Such minutes and records may be made jointly with minutes and records memorializing the meetings and activities of the Bank Committee, as appropriate.

V. Annual Performance Evaluation

The Company Committee shall perform a review and evaluation, at least annually, of the performance of the Company Committee. In addition, the Company Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Independent Directors of the Company's Board any improvements to this Charter that the Company Committee considers necessary or appropriate. The Company Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

As Adopted by the Board of Directors of Fauquier Bankshares, Inc., on November 16, 2017.

Edna T. Brannan

Edna T. Brannan, Secretary