

# **VALLEY NATIONAL BANCORP and VALLEY NATIONAL BANK**

## **Compensation and Human Resources Committee Charter**

Approved October 23, 2018

### **Purpose/Objectives**

The Committee is appointed by the Board to discharge the Board's responsibilities relating to compensation of the Company's non-employee directors and executive officers. The Committee has overall responsibility for approving and evaluating non-employee director and executive officer compensation plans, policies and programs and any equity incentive plans of the Company.

The Committee's goals are to ensure that the Company's compensation plans, policies and programs are designed to provide a competitive level of compensation to attract and retain talented directors and executive officers, reward and encourage corporate and individual performance, promote accountability and seek alignment of executive officer and director interests with the interests of the Company's shareholders.

The Board also delegates to the Committee oversight authority for the Company's compensation, benefit and welfare plans with respect to the Company's employees if board approval is required by law or the plan.

### **Membership**

The Committee shall consist of no fewer than three members. The members of the Committee shall meet the independence requirements of the national securities exchange on which the Company's common stock is listed (the "Exchange"), the definition of a "Non-Employee Director" in Rule 16b-3 under the Securities Exchange Act of 1934 and any other applicable regulatory requirements.

The members of the Committee shall be appointed by the Board on the recommendation of the Nominating & Governance Committee. The Board shall designate one person as chairman. Committee members may be removed or replaced by the Board.

The Committee may form and delegate authority to subcommittees and, except with respect to executive officer and director compensation, may delegate authority to management when appropriate.

### **Committee Authority and Responsibilities**

1. The Committee shall annually review and approve corporate goals and objectives relevant to Chief Executive Officer ("CEO") compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation based on this evaluation. In determining the long-term incentive

component of CEO compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years. The CEO may not be present during voting or deliberations by the Committee relating to the CEO's performance or compensation.

2. Taking into account the recommendations of the CEO on other executive officers, administer the Company's compensation for such executive officers, to include:
  - a. Determine base salary for executive officers.
  - b. In its discretion, establish incentive compensation programs for executive officers.
  - c. Determine the participants, target bonus levels and forms of incentive compensation payments under any Company incentive compensation plan established for executive officers.
  - d. After reviewing operating results and individual performance, make incentive compensation awards in cash and/or equity-based awards under any Company incentive compensation plan established for executive officers.
3. Review and approve hiring, retention, severance and termination arrangements, including all employment agreements and severance agreements, for executive officers.
4. Review and approve executive officer perquisite programs.
5. Annually review with its independent outside compensation consultant the compensation arrangements of non-employee directors and, if warranted, make recommendations to the Board on changes. Any changes will not be effective until after directors are elected by the shareholders at the next annual meeting of shareholders.
6. Provide oversight of management's administration of compensation programs and plans for non-executive officers.
7. Grant equity awards under any equity incentive plan of the Company as may then be in effect and establish procedures for administering any such plan.
8. Review and approve changes in broad based employee benefits plans, including group health and other insurance plans, profit sharing and pension plans, and other employee benefit plans which by law or their terms of the plan must be approved by the Board of Directors. To effectuate the foregoing, the Committee may delegate authority to management when appropriate. Matters within the authority of the Pension/Savings and Investment Committee or other Board appointed Committees shall not require the review or approval of this Committee.

9. Review and discuss the Compensation Discussion & Analysis (CD&A) provided by management and determine whether to recommend to the Board that the CD&A be included in the Proxy Statement and Form 10-K.
10. Review and recommend to the Board, the Company's submissions to shareholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes. Review and consider the results of the most recent shareholder advisory vote on executive compensation.
11. Review, approve and recommend to the Board for adoption and, when appropriate or required, recommend to the shareholders of the Company approval of all equity-based plans, including the adoption, amendment and termination of such plans.
12. Oversee and review the evaluation of the risks arising from the Company's incentive compensation plans, policies and practices for its employees.
13. Recommend to the Board for approval, and oversee, stock ownership levels and anti-hedging and anti-pledging policies applicable to directors and executive officers.
14. Establish and oversee any clawback policy allowing the Company to recoup compensation in accordance with the terms of such policy.
15. Assess the independence of Advisors (as defined below) in accordance with the section entitled "Advisors" below and determine whether any proxy disclosure is required.
16. Review and reassess the adequacy of this charter annually and recommend any proposed changes for approval by the Board.
17. The Committee shall annually review its own performance.

### **Advisors**

The Committee shall, without the approval of the Board or management, have the sole authority to retain, compensate, and obtain the advice of any outside compensation consultant, legal counsel, or financial, accounting or other advisor, including Company officers or employees ("Advisor"), as it determines necessary to carry out its duties. The Committee shall be directly responsible for the appointment, compensation and oversight of any Advisor that it retains. The Committee shall receive appropriate funding, as determined by the Committee, from the Company for payment of: (a) reasonable compensation to any outside Advisor employed by the Committee; and (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Prior to retaining an outside Advisor or seeking advice from any Advisor (whether retained by the Committee or Company management) and again on an annual basis, or more frequently if appropriate, the Committee must consider the independence of the Advisor, taking into

consideration all factors relevant to such Advisor's independence from Company management, including the following:

- a. the provision of other services to the Company or any subsidiaries by the entity that employs the Advisor;
- b. the amount of fees received from the Company by the entity that employs the Advisor, as a percentage of the total revenue of such entity;
- c. the policies and procedures of the entity that employs the Advisor that are designed to prevent conflicts of interest;
- d. any business or personal relationship of the Advisor with a member of the Committee;
- e. any stock of the Company owned by the Advisor; and
- f. any business or personal relationship of the Advisor or the entity employing the Advisor with an executive officer of the Company.

The Committee may retain, or receive advice from any Advisor it prefers, including ones that are not independent, after considering the specified factors. The Committee is not required to assess the independence of in-house legal counsel or any Advisor that acts in a role limited to (i) consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors of the Company and that is generally available to all salaried employees and/or (ii) providing information that is not customized for the Company or that is customized based on parameters that are not developed by the Advisor and about which such Advisor does not provide advice. The Committee is not required to implement or act consistently with the advice or recommendations of any Advisor, and the authority granted in this charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

### **Meetings**

The Committee shall meet at least four times per year.

### **Quorum and Voting**

A meeting may only be held when a quorum is present. A quorum is met when at least a majority of the voting members are present. Members may be present by conference call.

Each Committee member shall have one vote. Any action of the Committee shall be approved by a majority of directors present at the meeting (when a quorum is present) or, without a meeting, by unanimous written consent of the Committee members.

**Minutes**

The Committee shall take and keep minutes and make regular reports to the Board on the Committee's actions and activities since the last report, or if the minutes are not yet available, then orally.

**Charter Administration**

This charter is effective and any subsequent changes are effective when approved by the Committee and by the Board of Directors.