



PEAPACK-GLADSTONE FINANCIAL CORPORATION

COMPENSATION COMMITTEE CHARTER

Compensation Committee Purpose

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Peapack-Gladstone Financial Corporation (together with its affiliates, the “Corporation”) to discharge the Board’s responsibilities as to the compensation of the Corporation’s directors and executive officers, and to review and oversee compensation and incentive plans for executive officers, incentive plans for other employees, and director compensation.

Committee Membership

The Committee shall consist of not less than three (3) directors:

1. All of whom shall meet the independence requirements of the Nasdaq Stock Market, the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and such other requirements as may be established by applicable regulatory bodies or under applicable law;
2. None of whom shall receive any compensation from the Corporation other than director fees and fixed amounts under the Board’s retirement plan(s); and
3. At least two (2) members of which also shall qualify as “non-employee” directors within the meaning of Rule 16b-3 under the Exchange Act.

The Committee members shall be appointed and can be replaced by the Board at any time.

Operations

The Committee shall be governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee shall meet at least annually, or more frequently at the discretion of the Committee, the Board of Directors, or as circumstances dictate reasonably require.

Committee Authority and Responsibilities

1. Advisers. With respect to advisers, the Committee shall:
 - a. Have the authority to retain and terminate any compensation, legal, accounting or other adviser with respect to the Committee’s discharge of its proper duties hereunder;



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- b. Be responsible for the appointment, compensation and oversight of such adviser's work;
- c. Be provided with adequate funding for the above by the Corporation;
- d. Determine, in its judgment, that all advisers (not including in-house counsel) are considered independent in consideration of each of the following criteria:
 1. Other services provided by the adviser's firm to the Corporation;
 2. Fees paid by the Corporation to the adviser's firm as a percentage of the advisory firm's total revenue;
 3. Policies and procedures maintained by the adviser's firm to prevent a conflict of interest;
 4. Any business or personal relationship between the adviser and a Committee member or other director or any executive officer of the Corporation;
 5. Any Corporation stock owned by the adviser; and
 6. Any other factor or circumstance the Committee feels is relevant to a determination of independence.
- e. Consider, but not be required to implement or to act consistently with any adviser's advice or recommendations and retain the ability and obligation to exercise its own judgment in fulfillment of its duties hereunder.

- 2. **Director Compensation.** Generally, every eighteen (18) months, but no less than once each fiscal year, the Committee shall recommend to the Board the form and amount of director compensation, with appropriate benchmarking against peer companies.
- 3. **Proxy Statement.** Annually, the Committee shall review and discuss the items required to be included in the Corporation's proxy statement or annual report on Form 10-K, including the Compensation Discussion and Analysis ("CD&A"), the CEO Pay Ratio disclosure and the Securities and Exchange Commission's (the "SEC") rules regarding disclosure of executive pay versus performance, and the Corporation shall issue the Compensation Committee Report in accordance with SEC rules.
- 4. **Say-on-Pay.** The Committee shall review the results of the most recent say on pay vote and consider whether to make or recommend adjustments to the Corporation's executive compensation policies and practices in response to such vote. The Committee shall recommend to the Board the frequency the Corporation will solicit shareholders to vote on the Say-on-Pay proposal.
- 5. **Administration of Equity-Based Compensation.** The Committee shall administer the Corporation's equity incentive plans (including the Corporation's phantom stock plan) by selecting the individuals to receive grants of equity awards and by providing the amounts, types of awards, and the terms and conditions of each award. The Committee may delegate authority for administering the equity incentive plan, provided that the Committee approves each award prior to the grant of the award.
- 6. **Incentive Compensation Review.** Annually, the Committee shall consider the Corporation's incentive compensation arrangements, and determine that the same are optimized for employees to achieve sustained growth in earnings and shareholder value, and do not encourage imprudent risk-taking. The Committee shall ensure that the



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Corporation's incentive compensation arrangements are consistent with the Guidance on Sound Incentive Compensation Policies as promulgated by the Board of Governors of the Federal Reserve System in June 2010.

7. **CEO Compensation Review and Recommendation.** Annually, the Committee shall:
 - a. Review and approve the corporate goals and objectives relevant to the compensation of the Chief Executive Officer (the "CEO");
 - b. Evaluate the CEO's performance in light of these goals and objectives;
 - c. Determine whether the CEO is providing effective leadership to achieve the Corporation's long-term and short-term goals; and
 - d. Based on the above, recommend to the independent members of the Board, for a vote without the participation or presence of the CEO, the CEO's compensation. In determining the CEO's long-term incentive compensation, the Committee will consider, among other things, the Corporation's performance, relative shareholder return, peer comparisons and the awards granted to the CEO in past years.
- The CEO may not be present during voting or deliberations on his or her compensation.
8. **Executive Officer Compensation Review and Report.** Annually, the Committee shall:
 - a. Review the compensation of other executive or key officers, as appropriate, including base salaries, incentive compensation, equity awards and special or supplemental benefits and whether such officers have (or should have) employment agreements, severance arrangements, change-in-control agreements, deferred compensation or supplemental retirement arrangements; and
 - b. Report to the independent members of the Board regarding the above.
- The Committee may consult with and seek the recommendation of the CEO with regard to the compensation and performance of executive officers (other than the CEO).
9. **Broad Compensation Oversight and Authority.** The Committee shall oversee the Corporation's compensation and incentive plans, policies and programs that are generally available to the Corporation's executive or key officers and also oversee incentive plans for other employees. As appropriate, the Committee shall take actions, or make recommendations to the Board, with respect to the foregoing.
10. **Review of Agreements.** Review, evaluate and recommend to the Board, (a) the terms of employment and change in control agreements/arrangements and deferred compensation or supplemental retirement arrangements for executive management, including any change of control and indemnification provisions, and other compensatory arrangements and (b) the renewal of such agreements as necessary.
11. **Clawback Policy.** The Committee shall maintain a clawback policy in accordance with the Exchange Act and applicable listing standards and oversee the application of the Corporation's clawback policy and process.
12. **Charter Review.** Annually, the Committee shall review this Charter and, if appropriate,



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recommend to the Board any changes hereto.

13. Board Report. At least annually, the Committee shall report to the Board.

Authority to Delegate. The Committee may, when appropriate, delegate authority to one or more members or to one or more subcommittees established by the Committee. **Policy Changes**

This policy must be submitted to the Board of Directors for approval annually.

Interim policy changes may be enacted with the approval of any Policy Making Officer of the Bank without the immediate approval of the Board of Directors. Interim policy changes may include:

- changes made in accordance with regulatory, organizational, procedural and technological changes;
- policy recommendations and comments made by the Bank's regulators, auditors and consultants; and
- correction of typographical and grammatical errors.

All interim policy changes will be recorded on the policy cover page. All revisions will be submitted to the Board of Directors in conjunction with the annual approval.

Any policy that is completely or substantially rewritten, beyond an interim policy change, must be submitted to the Board of Directors for approval.

The policies that must be submitted to the Board of Directors for approval are defined in the Policy on Policies.