



## PEOPLES FINANCIAL SERVICES CORP.

82 FRANKLIN AVENUE . HALLSTEAD, PA 18822

### NOMINATING AND GOVERNANCE COMMITTEE CHARTER

#### I. Purpose

The purpose of the Nominating and Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Peoples National Bank (“PNB”) is:

1. To identify individuals qualified to become Board members, consistent with criteria approved by the Board;
2. To oversee the organization of the Board to discharge the Board’s duties and responsibilities properly and effectively;
3. To ensure that proper attention is given, and effective responses are made, to shareowner concerns regarding corporate governance; and
4. To perform such other duties and responsibilities as are enumerated in and consistent with this charter.

#### II. Membership and Procedures

1. **Membership and Appointment.** The Committee shall consist of such members of the Board as shall be determined from time to time by the Board based on recommendations from the Committee, if any. The members of the Committee shall be appointed by the Board upon the recommendation of the Committee.
2. **Removal.** The entire Committee or any individual Committee member may be removed from office with or without cause by the affirmative vote of a majority of the Board. Any Committee member may resign upon giving oral or written notice to the Chairman of the Board or the Corporate Secretary of the Board, which resignation shall be effective at the time such notice is given (unless the notice specifies a later time for the effectiveness of such resignation). If the resignation of a Committee member is effective at a future time, the Board may elect a successor to take office when the resignation becomes effective.
3. **Chairperson.** A chairperson of the Committee (the “Chairperson”) may be designated by the Board based upon recommendations by the Committee, if any. In the absence of such designation, the members of the Committee may designate the Chairperson by majority vote of the full Committee membership. The Chairperson shall determine the agenda, the frequency and the length of meetings and shall have unlimited access to management and information. Such Chairperson shall establish such other rules as may from time to time be necessary and proper for the conduct of the business of the Committee. The Chairperson shall preside over any executive sessions of non-management or independent directors.
4. **Secretary.** The Committee may appoint a Secretary whose duties and responsibilities shall be to keep full and complete records of the proceedings of the Committee for the purposes of reporting Committee activities to the Board and to perform all other duties as may from time to time be assigned to him or her by the Committee, or otherwise at the direction of a Committee member. The Secretary need not be a director.
5. **Independence.** Each member shall be independent within the meaning of any applicable law or stock exchange listing standard or rule, as determined by the Board.
6. **Authority to Retain Advisers.** In the course of its duties, the Committee shall have sole authority, at PNB’s expense, to engage and terminate consultants or search firms, as the Committee deems advisable, to identify Director candidates, including the sole authority to approve the consultant or search firm’s fees and other retention terms.
7. **Evaluation.** The Committee shall undertake an annual evaluation assessing its performance with respect to its purpose and its duties and tasks set forth in the charter, which evaluation shall be reported to the Board. In addition, the Committee shall lead the Board in an annual self-evaluation

process, including the self-evaluation of each Board committee, and report its conclusions and any further recommendations to the Board.

### **III. Meetings and Procedures**

The Committee shall convene at least one time each year. A majority of the Committee members shall be present to constitute a quorum for the transaction of the Committee's business. The Committee shall report regularly to the full Board with respect to its activities.

### **IV. Roles and Responsibilities**

The following shall be the common recurring duties and responsibilities of the Committee in carrying out its oversight functions. These duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Committee may alter or supplement them as appropriate under the circumstances to the extent permitted by applicable law or stock exchange listing standard.

1. Board of Directors and Board Committee Composition
  - a) Annually, the Committee shall assess the size and composition of the Board in light of the operating requirements of PNB and existing attitudes and trends.
  - b) The Committee shall develop membership qualifications for the Board of Directors and all Board committees.
  - c) The Committee shall monitor compliance with Board and Board committee membership criteria.
  - d) Annually, the Committee shall review and recommend Directors for continued service as required based on evolving needs of PNB and existing attitudes and trends.
  - e) The Committee shall coordinate and assist management and the Board of Directors in recruiting new members to the Board.
  - f) Annually, the Committee and the Board shall evaluate the performance of the Chairman of the Board and CEO. To conduct this review, the chairpersons of this Committee and of the HR and Compensation Committee shall gather and consolidate input from all Directors in executive session and then, based on the factors set forth in PNB's Corporate Governance Guidelines, as well as such other factors as are deemed appropriate, such chairpersons shall present the results of the review to the Board and to the Chairman and CEO in a private feedback session.
  - g) The Committee shall investigate suggestions for candidates for membership on the Board, including shareowner nomination, and shall recommend prospective directors, as required, to provide an appropriate balance of knowledge, experience and capability on the Board.
2. The Committee shall identify best practices and develop and recommend corporate governance principles applicable to PNB.
3. The Committee shall review proposed changes to PNB's charter or by-laws, or Board committee charters, and make recommendation to the Board.
4. The Committee shall assess periodically and recommend action with respect to shareowner rights, plans, or other shareowner protections.
5. The Committee shall recommend Board committee assignments.
6. The Committee shall review and approve any employee director standing for election for outside for-profit boards of directors.
7. The Committee shall review governance-related shareowner proposals and recommend Board responses.
8. The Chairperson of the Committee shall receive communications directed to non-management directors.
9. The Committee shall oversee the evaluation of the Board and management.

The Committee shall conduct a preliminary review of director independence and the financial literacy and expertise of Audit Committee members in order to assist the Board in its determinations relating to such matters.