

**AMENDED AND RESTATED CHARTER OF THE  
NOMINATING AND GOVERNANCE COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
STEWARDSHIP FINANCIAL CORPORATION  
APPROVED AS OF DECEMBER 16, 2014**

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**I. OVERVIEW – THE ROLE OF THE NOMINATING AND GOVERNANCE COMMITTEE**

The purposes of the Nominating and Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Stewardship Financial Corporation (the “Corporation”) shall be to identify and to recommend to the Board individuals qualified to serve as directors of the Corporation and also the size and composition of all committees of the Board; and to advise the Board with respect to Board size and composition and director nominating procedures.

**A. COMPOSITION OF THE COMMITTEE**

1. The Committee shall consist of three or more directors as determined from time to time by the Board; such director nominees shall have first been proposed to the Committee by any Board member. The Committee, after its consideration of the qualifications of each proposed director nominee shall, by majority vote, promptly forward the Committee’s choice of nominee or nominees directly to the Board for any action the Board may wish to take. Each member of the Committee shall be appointed to serve for a one-year term or until a successor has been duly appointed and qualified.
2. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of The Nasdaq Stock Market, Inc. (“NASDAQ”) and any additional requirements that the Board deems appropriate.
3. The chairperson of the Committee shall be designated by the Board, provided that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.
4. Any vacancy on the Committee shall be filled by the Board. No member of the Committee shall be removed except by the Board.

**B. MEETINGS AND PROCEDURES OF THE COMMITTEE**

1. The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than annually. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.
2. The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, that no subcommittee shall consist of fewer than two members; and provided further that the Committee

shall not delegate to a subcommittee any power or authority required by any law, regulation or stock exchange listing standard to be exercised by the Committee as a whole.

3. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.
4. The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

## **C. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

### **Board of Directors Candidates and Nominees**

The Committee shall have the following duties and responsibilities with respect to Board candidates and nominees:

1. To assist in identifying, recruiting and, if appropriate, interviewing candidates to fill positions on the Board, including persons suggested by shareholders or others. The Committee shall establish a policy for the consideration of director candidates nominated by shareholders, including the procedures to be followed by shareholders in submitting their recommendations for Board candidates and whether shareholder nominees will be evaluated differently, such policy to be disclosed in the Corporation's annual proxy statement.
2. To review the background and qualifications of individuals being considered as director candidates. The Committee shall look at the following attributes and criteria of candidates: experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that the Committee considers appropriate in the context of the needs of the Board.
3. To recommend to the Board the director nominees for election by the shareholders or appointment by the Board, as the case may be, pursuant to the Bylaws of the Corporation, which recommendations shall be consistent with the criteria for selecting directors established by the Board from time to time.
4. To review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a change in status, including but not limited to an employment change, and to recommend whether or not the director should be re-nominated.

## **D. BOARD COMPOSITION AND PROCEDURES**

The Committee shall have the following duties and responsibilities with respect to the composition and procedures of the Board as a whole:

1. To review annually with the Board the composition of the Board as a whole and to recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole and contains at least the minimum number of independent directors required by Nasdaq.
2. To review periodically the size of the Board and to recommend to the Board any appropriate changes.
3. To make recommendations concerning any other aspect of the procedures of the Board respecting nominations and governance that the Committee considers warranted, including but not limited to, procedures with respect to the waiver by the Board of any Corporation rule, guideline, procedure or corporate governance principle.

#### **E. AUDIT COMMITTEE**

The Committee shall have duty and responsibility to make recommendations to the Board regarding the size and composition of the Audit Committee, including the identification of individuals qualified to serve as members of the Audit Committee, and to recommend individual directors to fill any vacancy that might occur on the Audit Committee.

#### **F. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Corporation's expense, such independent counsel or other consultants or advisers as it deems necessary. The Committee shall have the sole authority to retain or terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms, such fees to be borne by the Corporation. The Committee shall keep the Corporation's finance department advised as to the general range of expenses anticipated for independent counsel and other consultants and advisors.

### **II. CORPORATE GOVERNANCE GUIDELINES**

The composition of the Committee concerning the corporate governance of the Corporation shall be the same as, and at all times, be the same directors as are identified in Paragraph I.A above.

#### **A. OVERVIEW - THE ROLE OF THE BOARD OF DIRECTORS:**

1. It is the paramount duty of the Board to oversee the Chief Executive Officer (the "CEO") and other executive officers in the competent and ethical operation of the Corporation on a day-to-day basis and to assure that the long-term interests of the shareholders are being served. To satisfy this duty, the directors will take a proactive, focused approach to their position and set standards to ensure that the Corporation is committed to business success through maintenance of the highest standards of responsibility and ethics.

2. Directors bring to the Corporation a wide range of experience, knowledge and judgment, and bring these skills to bear for the Corporation. These varied skills mean that good governance depends on far more than a “check-the-box” approach to standards or procedures. The governance structure in the Corporation is designed to be a working structure for principled actions, effective decision-making and appropriate monitoring of both compliance and performance.

**B. DIRECTOR QUALIFICATIONS:**

1. The board believes that there should be at least a majority of independent directors on the board who meet the criteria for independence established by the NASDAQ. The Committee shall solicit and receive recommendations and review the qualifications of potential director candidates. The consideration of a candidate as a director will be based on the candidate’s skills and abilities, and, if determined to be qualified for service on the Board, the value of the candidate’s contributions to the Board in light of the current needs of the Board. The Committee will monitor the mix of skills and experience of its directors in order to assure that the Board has the necessary tools to perform its oversight function.
2. Serving on the Corporation’s Board requires significant time and attention. Directors must spend the time needed, and be able to meet as often as necessary, to properly discharge their responsibilities. A director who also serves as CEO of the Corporation should not serve on more than two (2) other boards of public companies in addition to the Board. Directors other than the CEO of the Corporation should not serve on more than four (4) boards of public companies in addition to the Board.

**C. ETHICS AND CONFLICTS OF INTERESTS:**

The Board expects its directors, as well as its officers and employees, to act ethically at all times and to acknowledge their adherence to the Corporation’s Code of Ethical Conduct. The Board will not permit the waiver of any ethics policy for any director or executive officer.

**D. SIZE OF BOARD AND DIRECTOR ELECTIONS:**

1. The directors are elected by the shareholders to serve a three (3) year term. Between annual shareholder meetings, the Board may elect directors to serve until the next annual meeting. The By-laws prescribe that shareholders may propose nominees for consideration by the Committee by submitting director nominee names and supporting information to the Corporate Secretary, Atlantic Stewardship Bank/Stewardship Financial Corporation, 630 Godwin Avenue, Midland Park, New Jersey 07432.
2. The Corporation’s By-Laws prescribe that the number of directors will not be less than five (5) nor more than fifteen (15). The Board reviews from time to time the appropriateness of its size.

**E. DIRECTOR ORIENTATION AND CONTINUING EDUCATION:**

The Corporation's management shall provide new directors with materials, briefings and additional education opportunities to permit them to become familiar with the Corporation and to enable them to better perform their duties. Board members are also encouraged to visit the Corporation's offices and the branch offices of its banking subsidiary, Atlantic Stewardship Bank (the "Bank"), and to meet with Corporation employees throughout their tenure on the Board. In addition, Board members are to attend accredited director education programs.

**F. TERM LIMITS AND RETIREMENT POLICY:**

The Board believes that term limits are, on balance, not the best way to maximize the effectiveness of the Board. While term limits would likely introduce fresh perspectives and make new viewpoints available to the Board, they may have the countervailing effect of causing the loss of the benefit gained from the contributions of directors who have developed, over time, increasing insight into the Corporation. As an alternative to term limits, the Committee will review the appropriateness of each Board member's continued service. No person who has attained the age of seventy-two (72) years shall be eligible to thereafter be nominated by the Board or recommended for nomination by the Committee, or to stand for election or re-election to the Board. A director who shall attain the age of seventy-two (72) years while in office need not retire until the expiration of his or her then current full term of office; thereafter, such director shall be ineligible for re-nomination or re-election to the Board; provided, however, the foregoing age restrictions shall not affect, nor in any way, at any time, apply to any member of the Board who was serving as a director of the Bank on December 18, 1989.

**G. DIRECTOR RESPONSIBILITIES:**

1. The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Corporation and its shareholders. In fulfilling that responsibility, the directors should be able to rely on the honesty and integrity of the Corporation's senior management and expert legal, accounting, financial and other advisors.
2. Board members are expected to prepare for, attend and participate in all Board and applicable committee meetings and to spend the time needed to meet as often as necessary to properly discharge their obligations. At the beginning of each year, the Board will, to the extent foreseeable and practicable, set a schedule of agenda items to be discussed during the year. Each Board member is free to suggest the inclusion of items on the agenda and to raise any Board meeting subjects that are not on the agenda for that meeting. The Board shall meet at least twelve (12) times per year.
3. An agenda for each Board meeting, along with information and data that is important to the Board's understanding of the business to be conducted at the Board meeting, should be distributed to the directors in advance of the meeting, so that Board meeting time may be focused on questions that the Board has about

the materials. Certain matters may be discussed at the meeting without advance distribution of written materials, as appropriate.

4. The Board does not have a policy, but strongly recommends, that the roles of CEO and Chairperson of the Board should be separate. The Board may from time to time appoint a lead director or co-lead directors to conduct executive sessions and for such other purposes as the Board finds useful.
5. The board's policy is to periodically hold executive sessions without the presence of management, the CEO, or other non-independent directors. Such meetings should occur at least four times per year. In general, time is reserved following each regularly scheduled Board meeting should the independent directors wish to meet in private executive session. When the independent directors meet without a chairperson of the Board, the lead director shall chair the meeting. The independent directors may also meet at such other times as determined by the lead director.
6. The Board believes that management speaks for the Corporation. Individual Board members may occasionally meet or otherwise communicate with various constituencies of the Corporation, but it is expected that the Board members would do this with the knowledge of management and, in most instances, absent unusual circumstances or as contemplated by the committee charters, at the request of management.

#### **H. BOARD COMMITTEES:**

It shall be the goal and responsibility of the Committee, with respect to the committee structure of the Board:

1. To make recommendations to the Board regarding the size and composition of each standing committee (including the Committee), and
2. To engage in the periodic review, oversight and updating of all Board committee charters, with the exception of that of the Audit Committee.

#### **I. DIRECTOR ACCESS TO OFFICERS AND EMPLOYEES:**

The Board has complete access to all Corporation officers and employees.

The Board encourages management to schedule managers to be present at Board meetings who: (a) can provide additional insight into items being discussed because of personal involvement in these areas or (b) have future potential that management believes should be given exposure to the Board.

#### **J. DIRECTOR AND SENIOR MANAGEMENT COMPENSATION:**

The form and amount of director and senior management compensation will be determined by the Board after review of the recommendations of the Compensation Committee. It is appropriate for the staff of the Corporation to report from time to time

to the Compensation Committee on the status of compensation in relation to other comparable U.S. companies.

**K. BOARD EVALUATION:**

The Committee is responsible for coordination and overseeing an annual Board evaluation process. It may engage any such experts and consultants as it deems advisable to the proper conduct of the Board evaluation process.

**III. MANAGEMENT REVIEW AND SUCCESSION PLANNING:**

The Compensation Committee shall conduct and review with the Board an annual evaluation of the performance of all executive officers of the Corporation. This review shall be used by the Compensation Committee in the course of its deliberations when considering the compensation of the CEO and each other executive officer of the Corporation. The CEO performance evaluation is to be reviewed by the Board to ensure that the CEO is providing effective leadership for the Corporation. As part of the annual CEO evaluation, the Board and the CEO shall conduct an annual review of management development and succession planning for senior management, including the CEO.

**A. SENIOR MANAGEMENT SUCCESSION PLANNING:**

The Board shall plan for the succession to the position of CEO. To assist the Board, the CEO shall prepare and distribute to the Board an annual report on succession planning regarding all senior officers of the Corporation with an assessment of senior managers and their potential to succeed the CEO and other senior management positions. In addition, the CEO shall prepare, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Corporation, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, if and when necessary.