

# OCEANFIRST FINANCIAL CORP. CORPORATE GOVERNANCE POLICY

## I. DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND EACH DIRECTOR

The Board of Directors (the “Board”) of OceanFirst Financial Corp. (the “Company”) is responsible for promoting and acting in the best interests of all stockholders of the Company. The Board is the ultimate decision-making body of the Company except with respect to those matters reserved to stockholders. The business and affairs of the Company are managed by its officers under the direction of the Board.

Directors owe fiduciary duties of loyalty and care to the Company. The duty of loyalty requires directors to exercise their powers in the interests of the Company and not in the directors’ own interest or in the interest of another person (including a family member) or organization. The duty of care requires that directors exercise the care that a reasonable person in a like position would exercise under the circumstances.

## II. COMPOSITION OF THE BOARD; BOARD OPERATION

- **Size.** The Board believes that nine is the right number of directors, but that a smaller or larger Board may be appropriate at any given time, depending on the circumstances.
- **Board Membership Criteria.** Membership criteria shall be provided by the Corporate Governance/Nominating Committee, after consultation with the Board. The criteria should take into consideration diversity, age, skills, experience and other relevant factors.
- **Invitation to Join Board.** The invitation to join the Board should be extended by the Chairman of the Board, on behalf of the entire Board.
- **Mix of Inside and Outside Directors.** The Board believes that there should be a substantial majority of independent outside directors, and in no event will the Board consist of less than a majority of independent directors. The definition of “independent director” shall conform to the definition contained in the qualitative listing requirements for Nasdaq Stock Market, Inc. issuers and any other regulatory requirements.
- **Change of Responsibility of Director.** The Board believes that an individual director who retires from his or her employment should volunteer to resign from the Board. It is not the intention of the Board to mandate the resignation of a director whose responsibility has changed, but rather to provide an opportunity for

the Board to review the continued appropriateness of Board membership under the changed circumstance.

- **Term limits.** The Board does not believe it should establish term limits.
- **Retirement Age.** The Board believes that no individual director should stand for re-election following his or her 72nd birthday. The Board has adopted a bylaw providing for an Emeritus Director designation for those directors facing mandatory retirement, after providing 12 years of service on the Board, which recognizes the director's contribution and confers certain benefits to the Emeritus Director.
- **Board Agenda.** The Chairman of the Board sets the agenda for Board meetings with the understanding that certain items necessary for appropriate Board oversight, such as annual budgets and long range plans, must appear periodically on the agenda. Board members may suggest that particular items be placed on the agenda.
- **Frequency of Meetings.** The Board has at least five regularly scheduled meetings per year and may schedule additional meetings from time to time as determined by the needs of the business. It is the responsibility of the directors to attend meetings.
- **Corporate Strategy.** From time to time, the Board devotes an extended meeting to a review of the Company's long-term strategic and business plans.

### III. SELECTION OF CHAIRMAN AND CEO

The Board is free to make the selection in the manner and upon the criteria that the Board deems appropriate at the time of the selection. The Board has no policy with respect to the separation of the role of Chairman of the Board and Chief Executive Officer.

### IV. LEAD DIRECTOR CONCEPT

The Board believes that designating a lead independent director may or may not serve the best interests of the Company and its stockholders at any given time, depending upon circumstances at that time. It is expected that the Chairperson of the Corporate Governance/Nominating Committee shall function as a lead independent director. In addition to duties as Corporate Governance/Nominating Committee Chair, his or her duties would include: assisting the Board in assuring compliance with and implementation of the Company's Corporate Governance Policy; coordinating the agenda for and moderating sessions of the Board's independent directors; and acting as principal liaison on sensitive issues between the independent and inside directors, including the Chairman of the Board (as applicable).

## V. COMMITTEES

- **Number and Structure.** The Board has 3 standing committees: Audit, Corporate Governance/Nominating and Human Resources/Compensation. These committees shall consist solely of independent directors as provided by their respective charters.
- **Assignment of Committee Members.** The Board does not have a firm policy mandating rotation of committee assignments since special knowledge or experience may mitigate in favor of a particular director serving for an extended period on one committee.
- **Frequency and Length of Committee Meetings.** The Chairperson of each committee, in consultation with committee members, will determine the frequency and length of committee meetings.
- **Committee Agenda.** The Chairperson of the committee, in consultation with appropriate members of management, will develop the committee's agenda. Each Board member may recommend agenda items for any committee meeting.

## VI. EXECUTIVE SESSIONS OF INDEPENDENT DIRECTORS

The independent directors will meet in executive session at least twice a year with such sessions to be chaired by the Chairperson of the Corporate Governance/Nominating Committee in the event the Chairman of the Board is not an independent director. Issues to be discussed in executive session may include the evaluation of the Chief Executive Officer, management succession planning and such other matters as the independent directors may deem appropriate.

## VII. SUCCESSION PLANNING

The Board plans for the succession to the position of Chief Executive Officer. To assist the Board, the Chief Executive Officer annually provides the Human Resources/Compensation Committee with an assessment of senior managers and their potential to succeed him or her. The CEO also provides the Committee with an assessment of persons considered potential successors to certain senior management positions, including a review of any individual development plans in place.

## VIII. BOARD ACCESS TO MANAGEMENT

- **General.** Board members have complete access to management. Board members will use judgment to assure that this contact is not distracting to the business operation of the Company, and that such contact, if in writing, be copied to the Chief Executive Officer.

- **Attendance of Non-Directors at Board Meetings.** The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to:
  - a. provide management insight into items being discussed by the Board which involve the manager;
  - b. make presentations to the Board on matters which involve the manager; and
  - c. bring managers with high potential into contact with the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

## **IX. BOARD MATERIALS DISTRIBUTED IN ADVANCE**

Information and data are important to the Board's understanding of the business and are essential to prepare Board members for productive meetings. Presentation materials relevant to each meeting will be distributed in writing to the Board in advance of the meeting, unless doing so could compromise the confidentiality of sensitive information. Under normal circumstances, materials should be sent at least five days in advance of the meeting. In the event of a pressing need for the Board to meet on short notice, it is recognized that written materials may not be available in advance of the meeting. Management will make every effort to provide presentation materials that are brief and to the point, yet communicate the essential information.

## **X. EVALUATION**

- **Annual Assessments.** The Corporate Governance/Nominating Committee will sponsor an annual compliance evaluation and self-assessment of the performance of the Board, the Board Committees and individual Board members. In addition, the Corporate Governance/Nominating Committee will ensure the Board conducts an annual assessment of the performance and effectiveness of the Audit Committee regarding its oversight of the Company's external financial reporting and internal controls over financial reporting. The results of the assessments will be discussed with the full Board. The assessments should include a review of any areas in which the Board or management believes the Board, its Committees and its members can make a better contribution to the governance of the Company. The purpose of the review will be to improve the performance of the Board as a unit. The Corporate Governance/Nominating Committee will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.
- **Annual Evaluation of CEO.** The independent directors should perform an annual evaluation of the Chief Executive Officer. The evaluation should be based on objective criteria, including at a minimum: performance of the business;

accomplishment of long-term strategic objectives; and development of management succession. The evaluation will be conducted through the Human Resources/Compensation Committee.

#### **XI. DIRECTOR COMPENSATION REVIEW**

Senior management of the Company should report periodically to the Board, through the Human Resources/Compensation Committee, on the status of the Company's director compensation practices in relation to other companies of comparable size and the Company's competitors. Changes in director compensation, if any, should come with full discussion and concurrence by the Board and be consistent with the compensation practices of the Company's competition.

#### **XII. BOARD INTERACTION WITH THIRD PERSONS**

The Board believes management speaks for the Company. Individual Board members may from time to time communicate with various constituencies that are involved with the Company, such as the press, investors and customers. However, it is expected that this communication would be made with the concurrence of management and in compliance with Policies approved by the Board of Directors.

#### **XIII. PERIODIC REVIEW**

The Board is responsible for reviewing these principles on an annual basis, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.

#### **XIV. ORIENTATION OF NEW DIRECTORS AND CONTINUING EDUCATION**

New directors, upon election to the Board, will be provided with a comprehensive set of materials on the operations, finances and business plan of the Company in a formal orientation program and meet informally with as many members of senior management as practical.

Adopted \_\_\_\_\_, 2003.