



BOARD OF DIRECTORS CORPORATE GOVERNANCE & NOMINATING COMMITTEE CHARTER

ESTABLISHMENT AND PURPOSE

The Board of Directors ("**Board**") of Heritage Commerce Corp ("**Company**") has charged the Corporate Governance & Nominating Committee ("**Committee**") with:

- developing governance standards and policies for consideration and adoption by the Board, including the Company's policies relating to ethical conduct of the Company's business by Directors and senior management;
- identifying, evaluating and selecting qualified candidates for nomination and election to the Board
- conducting periodic evaluations of the operations and performance of Board, its committees, and individual Directors;
- working with the Chief Executive Officer to review and approve management's recommendations regarding the management succession policy. .

This Charter governs the roles, authority and composition of the Committee and establishes certain procedures relating to the exercise of such authority.

COMMITTEE MEMBERSHIP

The members of the Committee (and its Chair) are appointed by the Board to discharge the Board's responsibilities for the matters described in this Charter. Committee members shall serve at the pleasure of the Board.

The Committee shall consist of no fewer than three members, each of whom is a director of the Company. Each member shall have been determined by the Board to be free of any relationship that, in the opinion of the Board, would interfere with the member's exercise of independent judgment on behalf of the Company, which, at a minimum, shall include the independence standards applicable under applicable laws and regulations, including Rules 5605(a)(2) and 5605(e)(1)(B) of the Nasdaq Stock Market.

MEETINGS AND PROCEDURES

The Committee shall meet at least three times a year. Additional meetings may occur as the Committee or its chair deems advisable. The Committee will cause to be kept minutes of all its proceedings, and will report its actions at the next meeting of the Board.

The Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Company's Bylaws, or (c) the laws of the State of California.

RELIANCE ON EXPERTS

The Committee shall have the authority to select and rely upon the advice of consultants, legal counsel and other advisors whom the Committee determines to be reliable and competent as to the matters under deliberation. The Committee shall, in its reasonable discretion, assess the independence of any advisor upon whom it relies, and to give appropriate deference to factors that may be considered to impair that advisor's judgment. The Committee shall exercise its independent judgment in determining whether and to what extent to rely upon the advice of such experts, and the Committee's determination in such regard shall be final and conclusive.

The Committee shall have the authority to bind the Company with respect to the terms of engagement and compensation of any and all consultants, legal counsel and other advisors selected by the Committee. The Company shall promptly pay as incurred the fees of any such advisors in accordance with the Company's standard practices for vendor management.

COMMITTEE RESPONSIBILITIES

In order to satisfy the duties set forth under "Establishment and Purpose" above, the Committee shall have the following responsibilities in addition to any other duties delegated from time to time by the Board.

- **Governance Standards.** The Committee shall establish, monitor, oversee the operation of, and propose revisions or amendments to the Company's policies regarding matters of corporate ethics and business conduct, including in each instance waivers or exceptions thereto, with a focus on the Company's goal of exerting a positive influence on our customers, our communities and our employees. The Committee also shall assess the presence of conflicts of interest involving directors and executive management and shall consider and address any and all director conflicting interest transactions in accordance with Section 310(b) of the California Corporations Code, as well as any and all relationships that may be deemed to give rise to an impairment of a director's independent judgment in matters subject to Nasdaq Rule 5605(a)(2) and IM-5605.
- **Nominations.** The Committee shall serve as the primary determinative authority as delegated by the Board for assessing both Board nominees and shareholder nominees. In pursuit of these objectives the Committee shall:
 - Establish the standards for service as a director, including the desired business experience, educational background, diversity characteristics (in all aspects of that term, but only after taking into account Sections 301.3 and 301.4 of the California Corporations Code and Nasdaq Rule 5605(f)) and other traits as the Committee may determine are in the best interests of the Company.
 - Identify and review candidates for the Board and recommend to the full Board candidates for nomination and election to the Board or for appointment by the Board to fill a vacancy.

- Make recommendations to the Board regarding the composition and leadership of each Board committee.
- Review shareholder nominations and proposed responses. In discharging its duties to evaluate shareholder nominees, the Committee's determinations as to the form, content and timing of notice, and as to the interpretations of the Company's Bylaws, shall be final and binding on the Company and the shareholders in the absence of bad faith or manifest error.
- Review, consider and advise the Board regarding any proposal by a shareholder to amend the Company's Bylaws or which is otherwise subject to Rule 14a-8 of the Securities Exchange Act of 1934, as amended. In discharging such duties, the Committee's determinations shall be final and binding on the Company and the shareholders in the absence of bad faith or manifest error.
- **Evaluations.** The Committee shall, directly or based in part upon the advice of independent advisors to the Committee, conduct an annual evaluation of each Director and of the Board as a whole, and shall report to the Board regarding the substance of such evaluation.
- **Charter Review.** The Committee shall review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.