



BOARD OF DIRECTORS PERSONNEL AND COMPENSATION COMMITTEE CHARTER

ESTABLISHMENT AND PURPOSE

The Board of Directors ("**Board**") of Heritage Commerce Corp ("**Company**") has charged the Personnel and Compensation Committee ("**Committee**") with:

- overseeing the development, implementation, and effectiveness of the Company's strategies and policies regarding its human capital management function, including but not limited to talent management and succession planning;
- overseeing the implementation, interpretation and operation of the Company's executive compensation programs, including both cash and equity-based plans and programs;
- subject to such financial and other limitations as may be imposed from time to time by the Board, the review and approval of executive employment agreements and compensation levels;
- overseeing the application and interpretation of the Company's Incentive Compensation Recovery Plan; and
- making recommendations to the Board regarding the amount and form of compensation to be paid to the Company's directors for services on the Board and its various committees.

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 and to meet the independence standards applicable under applicable laws and regulations, including Rule 5605(a)(2) of the Nasdaq Stock Market. Members also shall qualify as "non-employee directors" within the meaning of Securities Exchange Act Rule 16b-3(b)(3) and as an "outside director" within the meaning of Treasury Regulations Section 1.162-27(e)(3).

MEETINGS AND PROCEDURES

The Committee shall meet at least four times a year, including at least once per year in discussing matters relating to the compensation of the Chief Executive Officer. 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 Bylaws of Heritage Commerce Corp, 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 compensation 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 compensation 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.

1. **Compensation Philosophy.** The Committee shall establish and periodically review the Company's compensation philosophy, based in part upon industry compensation practices and our relative compensation positioning.
2. **Executive Compensation.** Based upon the annual budget approved by the Board, and subject to any specific directives and limitations prescribed by the Board, the Committee shall evaluate, review, and determine the types and amounts of compensation for executives, and shall oversee a periodic risk assessment of the Company's compensation programs to determine whether such programs are reasonably likely to encourage the taking of unusual or imprudent risk involving the Company's assets. With respect to executives other than the Chief Executive Officer, the Committee shall give due consideration to the recommendations of the Chief Executive Officer in determining the amounts and types of compensation to be awarded. In discharging this function the Committee shall:
 - a. review the performance of the Company's executive officers and, based upon such reviews, shall establish the annual compensation, including salary, bonus and other compensation of such officers;

- b. establish and measure compliance with Company goals and objectives relevant to executive officer compensation;
 - c. provide a report to the Board no less frequently than annually regarding the Committee's activities and goals; and
 - d. establish, review and, as appropriate, revise the Company's employee compensation philosophy and strategy as they pertain to employee benefits and equity programs.
3. **Director Compensation.** The Committee shall annually review and recommend to the Board for approval (i) the annual director's compensation, including the Chair and Vice Chair of the Board, (ii) any additional compensation for service on committees of the Board, meeting fees or any other benefit payable by virtue of the director's positions as a member of the Board, and (iii) the allocation of director compensation between cash and equity-based compensation.
 4. **Compensation and Benefit Plans.** The Committee shall serve as the primary overseer of the Company's broad-based employee benefit plans and programs, including without limitation the cash and equity compensation programs applicable to executives and directors. In this capacity the Committee shall oversee and administer the Company's equity compensation plans, management incentive plans, and retirement plans for executives and the Board; *provided, however*, that the Board shall retain the authority to approve director compensation as set forth above in the section captioned "Director Compensation."
 5. **Incentive Compensation Recovery Policy.** The Committee serves as the administrator and final arbiter of disputes arising under the Company's Incentive Compensation Recovery Policy ("**Clawback Policy**"), including all determinations regarding the events giving rise to the interpretation of the Clawback Policy, a determination as to the amount, if any, of excessive compensation to be recovered, and the timing and method of recovery under the Clawback Policy. In implementing the Clawback Policy, the Committee shall consider and, as appropriate, seek advice regarding the adoption and modification of laws and regulations of the Securities Exchange Commission, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the California Department of Financial Protection and Innovation, and of the interpretations of such laws and regulations by the courts and agencies charged with interpreting such matters.
 6. **Talent Management and Succession Planning.** The Committee shall assist the Board in overseeing the development, implementation, and effectiveness of the Company's strategies and policies regarding its human capital management function. The Committee also oversees the process for succession planning for executive management other than the Chief Executive Officer, including, but not limited to, talent management and diversity, equity, inclusion and belonging practices. In connection with this objective, the Company will periodically review the Human Capital disclosure set forth in or incorporated by reference into the Annual Report on Form 10-K.
 7. **Chief Executive Officer.** The Committee shall review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those goals and objectives and, determine and recommend for approval by the Board, the Chief Executive Officer's compensation on the basis of its evaluation. The Committee may undertake these responsibilities in coordination with other committees of the Board.

8. **Annual Proxy Statement.** The Committee shall review and discuss with the Company's management the Compensation Discussion and Analysis (CD&A) and Pay-for-Performance disclosures to be included in the Company's annual proxy statement and determine whether to recommend to the Board of Directors that such disclosures be included in the proxy statement and to provide the Compensation Committee Report for inclusion in the Company's proxy statement that complies with the rules and regulations of the Securities and Exchange Commission.
9. **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.