

## **ORRSTOWN FINANCIAL SERVICES, INC.**

### **NOMINATING & GOVERNANCE COMMITTEE CHARTER**

The Nominating & Governance Committee (the “Committee”) of Orrstown Financial Services, Inc. (the “Company”) exercises general oversight with respect to the governance of the Company’s Board of Directors (the “Board”).

#### Membership

The Committee shall be composed solely of directors, who are independent as defined in NASDAQ Stock Market Rule 5605(a)(2).

#### Authorities and Responsibilities

The Committee exercises general oversight with respect to the governance of the Board. It reviews the qualifications of and recommends to the Board proposed nominees for election to the Board. It is also responsible for evaluating and recommending to the Board corporate governance practices applicable to the Company and for leading the Board in its annual review of the Board’s performance.

In furtherance of its mission, the Committee:

- makes recommendations to the Board regarding the Board’s size and composition and the tenure of the directors.
- identifies individuals qualified to become Board members; recommends to the Board nominees to fill vacancies on the Board and nominees to stand for election as directors at the next annual meeting of shareholders (or, if applicable, a special meeting of shareholders); and has sole authority to retain any search firm to be used to identify director candidates, including sole authority to approve the search firm’s fees and other retention terms.
- reviews the duties and composition of committees of the Board and identifies and recommends to the Board directors qualified to become members of each Board committee, taking into account such listing and regulatory criteria (if applicable) as well as such other factors as the Committee deems appropriate.

- reviews shareholder proposals and proposed responses.
- reviews and recommends to the Board principles for the governance of the Board and any proposed changes to such principles.
- Periodically appraises Board performance and leads Board self-evaluation discussions.

### Nomination/Appointment Policy

The Committee believes that it is in the best interest of the Company and its shareholders to obtain highly qualified persons to serve as members of the Board. The Committee will seek nominees with excellent decision-making ability, business experience, personal integrity and reputation that are knowledgeable about the business activities and market areas in which the Company and its subsidiaries conduct business.

The process for identifying and evaluating potential Board nominees includes soliciting recommendations from directors and officers of the Company and its wholly-owned subsidiary, Orrstown Bank. Additionally, the Board will consider persons recommended by shareholders of the Company in selecting the Board's nominees for election. There is no difference in the manner in which persons recommended by directors or officers versus persons recommended by shareholders are evaluated for purposes of selecting Board nominees.

In accordance with Article II, Section 2-3 of the Company's bylaws, to be considered in the selection of Board nominees, recommendations from shareholders must be delivered to, or mailed and received at, the principal executive offices of the Company not less than 120 days prior to the anniversary date of the immediately preceding annual meeting of shareholders of the Company. Recommendations should set forth (a) as to each person a shareholder proposes to nominate and as to the shareholder giving a notification of intent to nominate: (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Company's common stock which are beneficially owned (as such beneficial ownership is determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) by such person on the date of such shareholder notice, and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies with respect to nominees for election as directors pursuant to Regulation 14A under the Exchange Act; and (b) as to the shareholder giving the notice (i) the name and address, as they appear on the Company's books, of such shareholder and any other shareholders known by such shareholder to be supporting such nominees and (ii) the class and number of shares of Company stock which are beneficially owned by such shareholder on the date of such shareholder notice

and, to the extent known, by any other shareholders known by such shareholder to be supporting such nominees on the date of such shareholder notice. At the request of the Board, any person nominated by, or at the direction of, the Board for election as a director at an annual meeting shall furnish to the Secretary of the Company that information required to be set forth in a shareholder's notice of nomination which pertains to the nominee. Deficiencies in shareholder nominations will be subject to the provisions of Article II, Section 2-3(c) of the Company's bylaws.

Persons recommended for consideration as Board nominees should meet the director qualification requirements set forth in Article III, Sections 3-12 to 3-14 of the Company's bylaws, which require that all directors hold at least 3,500 shares of the Company's common stock, that no one may be nominated to serve as a director of the Company that: (a) is under indictment or has been convicted of a crime involving a breach of trust with a penalty of imprisonment for more than one year; (b) has been issued within the past 10 years a non-appealable cease and desist order by a federal or state bank regulatory agency related to conduct involving dishonesty or breach of trust; (c) has been found guilty in a final decision, either by any federal or state regulatory agency of: (i) committing a willful violation of any law governing banking, securities, commodities or insurance, or any final cease and desist order issued by a banking, securities, commodities or insurance regulatory agency, or (ii) breaching a fiduciary duty involving personal profit; or (d) has been nominated by someone who is ineligible to serve as a director of the Company under requirements (a)-(c) listed above. In addition, the age of members of the Board is limited to 75 years, provided that any director who reaches such age during his or her term of office may continue to serve on the Board until the expiration of their term.

#### Meetings and Minutes

The Committee will meet at least once annually to evaluate potential nominees and make a recommendation to the Board of individuals for selection as the Board's nominees for election at the annual meeting of shareholders and to address the Committee's other areas of responsibility. Additional meetings may occur as the Committee or its Chairman deem advisable. The Committee shall keep regular minutes of the transactions of its meetings and shall cause them to be recorded in books kept for that purpose in the office of the Company.

The Chairman of the Committee, in consultation with the appropriate members of management and staff, may establish the agenda for each Committee meeting. Each Committee member is free to suggest the inclusion of item(s) on the agenda. Management will be responsible for assuring that, as a general rule, information and data that are important to the Committee's understanding of the matters within the Committee's authority and the matters to be considered and acted upon by the Committee are distributed in writing to each member of the Committee sufficiently in advance of each such meeting or action taken by written consent to provide a reasonable time for review and evaluation of such information and

data. Management will make every attempt to see that this material is as concise as feasible, while still providing sufficient information to permit the Committee to be appropriately informed of material matters to be considered at each Committee meeting or other Committee action.

It is recognized that circumstances will arise when it is not feasible to provide information relating to certain agenda items in advance (or at least not very much in advance) of a Committee meeting or an action to be taken by written consent. In such event, reasonable steps shall be taken (which may include extending the length of the Committee meeting to allow more discussion, adjourning the meeting for a brief period to allow directors time to review such information, deferring a vote until a follow-up telephonic meeting, or other measures as appropriate) to permit the Committee members to become reasonably informed as to the matter before voting on it.

### Resources

The Committee, to the extent authorized by the Board, may use reasonable amounts of time of the Company's internal and independent accountants, internal and outside legal counsel and other internal staff and also shall have the authority to hire independent accounting experts, legal counsel and other consultants to assist and advise the Committee in connection with its responsibilities. The Committee shall keep the Accounting Department of the Company advised as to the general range of anticipated expenses for outside consultants hired by the Committee.

The Committee will review, at least annually, the Committee's charter and recommend any proposed changes to the Board for approval.

*Adopted on 5-3-16*