

# INVESTORS BANCORP, INC. CORPORATE GOVERNANCE GUIDELINES

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The Board of Directors (“Board”) of Investors Bancorp Inc. (“Company”) has adopted the following guidelines in furtherance of its continuing efforts to enhance its corporate governance.

## **Mission of the Board**

Investors Bancorp, Inc. is the parent company of Investors Bank, a well-established community banking institution with a long-standing tradition of service excellence. The Company’s goal is to build long-term shareholder value while serving the communities in which it operates with the highest quality deposit, loan and other financial services as authorized by law and regulation.

To enhance long-term shareholder value consistent with its fiduciary responsibilities the Board provides strategic direction, policy approval and management oversight. The majority of eligible shares that are voted at annual meetings elect the Board. The Board oversees management, who is charged with conducting the Company’s business in accordance with the highest legal and ethical standards. The Board serves as the ultimate decision-making body of the Company, except with regard to matters reserved to or shared with the Company’s shareholders.

## **Director Responsibilities**

The core responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging this obligation, the Board may rely on the Company’s senior executives and its outside advisors and auditors. In addition, the Board and its committees shall have the right at any time to retain independent financial, legal or other expert advisors, at the Company’s expense, to help the Board fulfill its responsibilities.

Directors are expected to attend all Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or committee meeting will generally be distributed in writing to the directors before the meeting, and directors are expected to review these materials in advance of the meeting.

The Board believes management should speak for the Company. The Chief Executive Officer is solely responsible for the dissemination of information. Directors should refer all inquiries about the Company from the press or other third parties to the Chief Executive Officer or his designee.

## **Director Qualifications**

The Nominating and Corporate Governance Committee (“Committee”) is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics desirable for members of the Board. A director should remain qualified for Board service throughout his or her term. Hence, a director who experiences a change in his or her employment must give prompt written notice of such change to the Board. This notice must be accompanied by a written letter of resignation which would be accepted by the Board only if it deemed the change in status conflicted with the person’s ability to fulfill the duties of director. Similarly, a director who experiences health issues or other incapacity that would prevent him or her from fulfilling the duties of a director should so notify the Board. The Board shall consider whether a change in status directly or indirectly impacts that person’s ability to fulfill directorship obligations. Following such a change, the Board shall be the sole judge of the director’s continued qualification to serve, and may remove a director it no longer deems qualified.

## **Nominating Procedure**

The majority of eligible votes cast at annual meetings elects board members, except with respect to vacancies, which are filled by the vote of a majority of directors. The Committee is responsible for selecting and recommending to the Board candidates for election as directors. The Committee considers all qualified candidates identified by members of the Committee, by other members of the Board of Directors, by senior management and by shareholders.

## CORPORATE GOVERNANCE GUIDELINES (cont.)

Shareholders recommending a director candidate to the Committee may do so by submitting the candidate's name, résumé and biographical information to the attention of the Chairman of this Committee in accordance with procedures listed in the then most current proxy statement (available on the Company's website). All shareholder recommendations for director candidates the Chairman of the Committee receives in accordance with these procedures will be presented to the Committee for its consideration. The Committee's recommendations to the Board are based on its determination as to the suitability of each individual, and the slate as a whole, to serve as directors of the Company.

### **Criteria for Nomination**

The Company's goal is to have a Board of Directors who have diverse professional backgrounds and have demonstrated professional achievement with the highest personal and professional ethics and integrity and whose values are compatible with those of the Company. Important factors considered in the selection of nominees for director include experience in positions that develop good business judgment, that demonstrate a high degree of responsibility, independence, and that show the individual's ability to commit adequate time and effort to serve as a director.

Nominees should have, among other criteria, some familiarity with the markets and communities in which the company operates, be involved in activities that do not create a conflict with his/her responsibilities to the Company and its stockholders, and have the capacity and desire to represent the balanced, best interests of the shareholders of the Company as a group, and not primarily a special interest group or constituency.

### **Stock Ownership Policy**

The Board believes that in order to align the interests of directors and senior management with shareholders, directors and senior management should have a financial stake in the Company. The Committee recommends to the Board stock ownership guidelines for directors and officers of the Company, as it deems necessary or appropriate. Executive officers and directors shall have reasonable time to meet the recommended guidelines.

The Board may make exceptions to the stock ownership guidelines for gifts to charity, estate-planning transactions, transactions with the Company in connection with exercising employee stock options or paying withholding taxes under equity compensation programs, and certain other circumstances.

### **Anti-Hedging Policy**

In order to avoid even the appearance of impropriety, executive officers and directors are prohibited from engaging in or effecting any transaction designed to hedge or offset the economic risk of owning shares of the Company's common stock (the "Common Stock"). Hedging is highly speculative and also gives the appearance of a lack of confidence in the Company's future prospects and therefore is inappropriate for executive officers and directors. Accordingly, any hedging, derivative or other equivalent transaction that is specifically designed to reduce or limit the extent to which declines in the trading price of the Common Stock would affect the value of the shares of Common Stock owned by an executive officer or director is prohibited. Cashless exercises of employee stock options are not deemed short sales and are not prohibited.

This policy does not prohibit transactions in the stock of other companies.

### **Board Size**

The Committee shall assess the size of the Board from time to time and make recommendations to the Board as the Committee determines necessary. Such recommendations would be consistent with the language in the bylaws.

### **Term Limits**

There is no term limit for membership on the Board. The Company values the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. The Board's annual self-evaluation and the Committee's

## CORPORATE GOVERNANCE GUIDELINES (cont.)

evaluation of directors standing for reelection provide the Board with information and the flexibility to retain valued Board members.

### **Independent Directors**

A majority of the Board shall be Independent Directors. “Independent Director” means a person who meets the criteria for independence established by the rules and regulations of the stock exchange on which the Company’s shares are listed, who meets independence requirements established by the Securities and Exchange Commission, and who does not have a material relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Independent Directors shall meet in executive session at least quarterly. The Independent Directors may meet more frequently as they determine circumstances require. A meeting may be called by a majority of the Independent Directors with adequate notice being given to each of the Independent Directors.

The Independent Directors have the authority to delegate any of their duties to subcommittees, as the Independent Directors deem appropriate.

The Independent Directors may request counsel and assistance from the Company’s senior management and its outside advisors. The Independent Directors shall have the right at any time to retain independent financial, legal or other expert advisors, at the Company’s expense.

### **Lead Independent Director**

When in the judgment of the Nominating and Governance Committee it is appropriate, the Committee shall recommend to the Board the appointment of a Lead Independent Director who shall be an unaffiliated director. Unaffiliated directors are those independent directors who have never been employed by Investors Bank.

If appointed by the Board, the Lead Independent Director shall perform the following duties:

- Preside at all meetings of the unaffiliated directors and independent directors;
- Coordinate as necessary the company related activities of the unaffiliated directors;
- Facilitate communications between the Chairman of the Board, the CEO and the unaffiliated directors;
- Consult as needed with the Chairman of the Board with respect to meeting agendas and schedules, as well as Board materials, prior to Board meetings; and
- Consult with the Chairman of the Board to assure that appropriate topics are being discussed with sufficient time allocated for each.

The Lead Independent Director shall have the authority to call meetings of the unaffiliated directors.

### **Board Committees**

The Board has, at a minimum, an Audit Committee, Compensation and Benefits Committee, and a Nominating and Corporate Governance Committee. All members of these committees must meet the applicable standards of independence. The Board appoints the members and Chair of the Nominating and Governance Committee. The Board appoints the members and Chair of each other committee based on the recommendations of the Nominating and Governance Committee.

Each of the committees has its own charter. Each charter sets forth the purposes, goals and responsibilities of the committee as well as qualifications for committee membership, procedures for committee member appointment, committee structure and operations and committee reports to the Board. Each charter will also provide that the committee will annually evaluate its performance.

The chairman of each committee, in consultation with the committee members, determines the frequency and length

## CORPORATE GOVERNANCE GUIDELINES (cont.)

of the committee meetings, provided such are not inconsistent with any requirements of the committee's charter or the Company's bylaws. The chairman of each committee, in consultation with the appropriate members of the committee and management, develops the committee's agenda.

The Board and each of its committees may hire independent legal, financial or other expert advisors, as they may deem necessary and reasonable, at the Company's expense, without consulting or obtaining the approval of any officer of the Company.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

### **Agenda for Board Meetings**

The Chief Executive Officer and the Chairman and, as required, the Lead Director establish the agenda for each meeting. At the beginning of the year the Chief Executive Officer establishes a schedule of meetings for the year. Each Board member is free to suggest the inclusion of items on the agenda and to raise, at any Board meeting, subjects not on the agenda for that meeting. The Board reviews the Company's long-term strategic plans and the principal issues that the Company anticipates facing in the future during at least one Board meeting each year.

### **Materials for Board Meetings**

All information and data that is relevant to the Board's understanding of matters to be discussed at a Board meeting, when feasible, should be distributed in writing or electronically to all members of the Board in advance of the meeting.

### **Minutes of Board Meetings**

The Secretary to the Board, or another designated person, keeps accurate records and minutes of each meeting of the Board. Board minutes are prepared and distributed to each Board member in advance of the next Board meeting for approval at such meeting.

### **Director Access to Officers and Employees**

Directors have full and free access to all officers and employees of the Company. Directors are encouraged to arrange such access through the Chief Executive Officer.

### **Director Compensation**

A director who is also an officer of the Company shall not receive additional compensation for service as a director. The Compensation and Benefits Committee recommends to the Board, in accordance with the policies and principles set forth in its charter, the form and amount of compensation for non-officer directors. Such review occurs annually.

### **Director Continuing Education**

All new directors participate in an orientation program. The program includes presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics and Business Conduct for Directors, its principal officers, and its internal and independent auditors.

All directors will be given the opportunity to attend educational programs pertinent to their service as directors, with the hope of enabling them to better perform their duties and recognize and deal with various issues that may arise during their tenure as directors.

### **Code of Ethics and Business Conduct for Directors**

The Board has established a Code of Ethics and Business Conduct for Directors. The code is intended to deter wrongdoing and promote: honest and ethical conduct; full, fair, accurate and timely disclosure in communications

## CORPORATE GOVERNANCE GUIDELINES (cont.)

the Company makes; compliance with applicable governmental laws, rules and regulations; prompt internal reporting to designated persons of violation of the code and accountability for adherence to this code.

Directors are expected to adhere to the code and avoid any action or situation that conflicts with the interests of the Company or its customers, or which gives the appearance of such a conflict.

### **Political Contributions**

It is the policy of this corporation that no corporate funds be expended in any individual political campaign, whether to fund individual candidates, political parties or political action committees.

### **CEO Evaluation and Succession**

The Compensation and Benefits Committee will conduct an annual evaluation of the Chief Executive Officer's performance and recommend to the Board the Chief Executive Officer's compensation level based on such evaluation. The Board reviews the Compensation and Benefit Committee's evaluation in determining whether to approve the recommended compensation level.

The Board shall coordinate with the Chief Executive Officer to ensure that a successor for emergencies is designated at all times and that a formalized process governs long-term management development and succession planning.

### **Annual Performance Evaluation**

The Committee shall develop a process for the annual self-evaluation of the Board's performance as well as the performance of each Board committee. The results of such evaluations shall be discussed with the full Board and each committee, as applicable.

### **Adherence to Corporate By-Laws**

The Committee ensures the Company's by-laws are adhered to and recommends changes to the by-laws as necessary.

### **Periodic Review of Guidelines**

The Committee reviews these guidelines at least annually and recommends, when appropriate, amendments to these guidelines to the Board.

### **Oversight of Guidelines**

It is the responsibility of the Committee to oversee the general application of these guidelines to the actions of the Board, individual Directors and officers of the Company.