

# **NBT Bancorp Inc.**

## **Corporate Governance Guidelines**

The Board of Directors has adopted the Corporate Governance Guidelines (“Guidelines”) set forth below to assist it in fulfilling its collective responsibilities to the stockholders of the Company, to ensure that there is a common understanding among the directors regarding the expectations of the Board with respect to the matters set forth in these Guidelines and to communicate these Guidelines to the Company stockholders, officers, employees and others. These Guidelines include, among other items, the following:

- Director qualification standards
- Director responsibilities
- Directors; access to Management and independent advisors
- Director compensation
- Director orientation and continuing education
- Management succession
- Annual performance evaluation of the Board of Directors

The term “Company” shall mean NBT Bancorp Inc. and any of its subsidiaries. These Guidelines (along with the charters of the Board Committees and the Code of Business Conduct and Ethics) are published on NBT Bancorp’s website ([www.nbtbancorp.com](http://www.nbtbancorp.com)) and are available in print to any stockholder that requests them.

These Guidelines shall govern the Company’s conduct with respect to corporate governance matters they cover to the extent that they are not inconsistent with any applicable laws, rules (including those of any national securities exchange on which the Company’s stock is listed) and regulations, the Company’s Certificate of Incorporation or its Bylaws.

### **Board Composition and Director Qualification Standards**

The majority of the members of the Board will meet the independence requirements of the Nasdaq Stock Market, Inc. and applicable law and regulations. The Board will also consider all other relevant facts and circumstances bearing on independence.

Pursuant to the Bylaws of the Company, the number of directors shall be no less than five nor more than twenty-five. The Nominating and Corporate Governance Committee, in consultation with the Chairman of the Board and the Chief Executive Officer, considers and makes recommendations to the Board concerning the appropriate size and needs of the Board and the frequency of meetings.

The Company’s stockholders elect Board members annually, except for Board action to fill vacancies. The Nominating and Corporate Governance Committee is responsible for identifying director candidates, reviewing the qualifications and experience of each person considered as a nominee for election or reelection as a director, and making

recommendations of director nominees for approval by the Board and the stockholders. The Nominating and Corporate Governance Committee will also consider candidates recommended by stockholders, and shall evaluate such candidates in the same manner as the other candidates identified by the Nominating and Corporate Governance Committee. A stockholder wishing to formally nominate a candidate must do so by following the procedures described in the Bylaws.

The Nominating and Corporate Governance Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members. Characteristics expected of all directors include integrity, high personal and professional ethics, sound business judgment and the ability and willingness to commit sufficient time to the Board. In addition to the qualifications and experience considered by the Nominating and Corporate Governance Committee:

- Every director must be a citizen of the United States;
- Each director must own \$1,000 aggregate book value of the Company's common stock; and
- No person shall serve as a director beyond the Company's annual meeting following the date upon which he or she shall have attained the age of 72 years.

Members of the Board of Directors are required to disclose any changes in employment or positions on outside boards of directors to the Chairman of the Nominating and Corporate Governance Committee. The Chairman of the Nominating and Corporate Governance Committee will make required disclosures to the Chairman of the Board. An annual review of the directors' outside directorships is performed and consideration of the directors' availability to fulfill his or her responsibilities is made when directors serve on more than three other public company boards.

### **Responsibilities and Duties of Directors**

The business and affairs of the Company shall be managed by or under the direction of the Board of Directors, and all corporate powers shall be exercised by or under the direction of the Board of Directors, except as otherwise expressly required by the Bylaws, by the Certificate of Incorporation or by applicable law. The Board of Directors is the ultimate decision-making body of the Company, except with respect to those matters specifically reserved for the stockholders.

The Board selects the Chief Executive Officer ("CEO") and approves compensation for the CEO based on the recommendations of the Nominating and Corporate Governance Committee and the Compensation and Benefits Committee. The Board acts as an advisor and counselor while overseeing the CEO in the operation of the Company and ultimately monitors the CEO's performance. In addition to making recommendations to the Board for the election and reelection of directors, the Nominating and Corporate Governance Committee also makes recommendations for the election and/or appointment of a Chairman and for the directors to serve on Board Committees.

Other duties and responsibilities of directors include:

- Each director owes a fiduciary duty of loyalty to the Company.
- Each director owes a fiduciary duty of care and diligence to the Company.
- Each director must be familiar and comply with the Company's policy on confidentiality and insider trading.
- Each director shall exercise his or her business judgment to act in what he or she reasonably believes to be in the best interest of the Company and its stockholders. Each director will, as appropriate, take into consideration the interests of other stockholders, as well as the employees, suppliers, creditors, customers and the communities in which the Company operates.
- Each director is required to read all examination reports submitted to the Company by each governing state and federal banking regulatory agency. The directors will monitor all remedial actions necessary to comply with all recommendations and requirements of such examinations.

The Board of Directors shall establish all corporate governance policies in consultation with the Nominating and Corporate Governance Committee.

### **Board Functions**

In addition to its general oversight of Company management and the business affairs of the Company, the Board performs, among other things, the following specific functions:

- Selects, compensates and evaluates the Chief Executive Officer;
- Plans for management succession;
- Oversees compensation for members of the Executive Management Team (which includes the CEO);
- Reviews and approves the Company's strategic plan and the annual operating and capital plans, budgets, and
- corporate performance;
- Reviews and approves significant corporate actions;
- Oversees the process for maintaining the integrity of the Company's financial reporting and disclosure, the ethical conduct of its directors, officers and employees, effective corporate governance and its compliance with all applicable laws, rules and regulations;
- Nominates directors;
- Reviews financial results of the Company as reported to the Board at each regularly scheduled meeting; and
- Reviews the Company's Proxy Statement and Annual Report on Form 10-K.

### **Meetings of the Board**

Directors are expected to attend 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. Directors are expected to spend the time

necessary to prepare for such meetings. Directors are also strongly encouraged to attend the Company's annual meeting of stockholders.

The Chairman of the Board sets the agenda for Board meetings with the understanding that items pertinent to the advisory, monitoring and approval functions of the Board be presented in a timely fashion for review and/or decision. Any member of the Board may request that an item be included on the agenda. Any member of the Board may raise subjects at any Board meeting that are not on the agenda for that meeting.

Pertinent Board materials related to agenda items are delivered to directors sufficiently in advance of the scheduled board meeting to allow the directors to prepare for discussion of the items prior to the scheduled meeting, and directors are expected to review these materials in advance of the meetings. Additional material may be provided at the meeting, when appropriate. The Board recognizes that certain items to be discussed at Board or Committee meetings may be of an extremely sensitive nature and that, as a result, distribution of materials on these matters in advance of the Board or Committee's meeting may not be appropriate.

Members of Management may attend Board meetings or portions thereof on a regular basis for the purpose of making presentations, responding to directors' questions, and participating in discussions. Generally, presentations of matters to be considered by the Board are made by the manager responsible for that area of the Company's operations. The Board encourages presentations from officers, in addition to Executive Management Team members, who have special expertise.

The independent directors of the Board will meet at least twice per year in executive session. The directors present at this executive session shall, among other things, discuss and evaluate decisions with regard to significant policy issues and strategic matters (such as stock offerings and merger and acquisition transactions), long term strategic planning, CEO and other executive officer performance evaluations, succession planning and other decisions that may potentially raise a conflict of interest for non-independent directors. The Chairman of the Board will preside at these meetings unless the Chairman of the Board is not deemed independent. In cases where the Chairman of the Board is not deemed independent or chooses not to preside, the Lead Director of the Board will preside at meetings of the independent directors of the Board. If necessary, the Chairman of the Compensation and Benefits, Risk Management or Nominating and Corporate Governance Committee will preside at these meetings as determined by the independent directors of the Board. The name(s) of the director(s) presiding over the meetings of the independent directors of the Board will be disclosed in the annual proxy statement.

### **Directors Access to Management and Independent Advisors**

Board members shall have complete access to the Executive Management Team and other employees of the Company through the CEO. The Board shall also have complete

access, either at a meeting of the Board or otherwise, to the Company's outside counsels and independent advisors. In exercising these rights, directors must use reasonable efforts to ensure their actions will not be distracting or intrusive to the business operations of the Company.

The Board and each committee shall have the power to hire, at the expense of the Company, independent legal, financial or other advisors, as they may deem necessary or desirable to assist them in the performance of their functions.

### **Committee Structures and Responsibilities**

The Board has established four standing committees. The standing committees are the Audit Committee, Risk Management Committee, the Nominating and Corporate Governance Committee, and the Compensation and Benefits Committee. Each of the standing committees has its own written charter. The full Board reviews and approves the Committee charters. The Nominating and Corporate Governance Committee annually reviews the charters of each of the committees and makes recommendations to the Board with respect to the roles and responsibilities of the Committees of the Board and the appointment of committee chairs and members. The Compensation and Benefits Committee recommends the performance criteria and compensation for the CEO, directors and the Executive Management Team. The Board may, from time to time, establish, maintain or dissolve additional committees as it deems appropriate or desirable.

Committees shall report their activities to the Board at the next regularly scheduled meeting of the Board of Directors following the committee meeting.

All of the members of the Audit, Risk Management, Nominating and Corporate Governance, and Compensation and Benefits Committees will be independent directors under the specific criteria established by various laws and regulations, including all rules and regulations of the Nasdaq Stock Market, Inc. and the SEC. All members of these committees will meet the definition of a 'non-employee' director within the meaning of Rule 16b-3 under the Securities and Exchange Act of 1934, as amended.

The Chair of each committee, with the assistance of appropriate management members, develops the Committee's agenda. Each Committee meets periodically for an appropriate length of time based on the specific meeting agenda.

Pertinent materials related to agenda items are provided to committee members sufficiently in advance of the scheduled committee meeting to allow the members to prepare for discussion of the items at the meeting. Additional material may be provided at the meeting, when appropriate.

## **Director Compensation**

The Compensation and Benefits Committee annually reviews the compensation for directors and makes recommendations to the Board. Directors may receive compensation as fixed by resolution of the Board of Directors, including annual fees for services as directors, and a fixed fee and expenses of attendance, if any, for attendance at each meeting of the Board. The compensation may be in the form of cash, stock or stock units representing stock of the Company, options to purchase stock of the Company, or a combination of the foregoing, as the Board in its discretion shall determine. Nothing in this section shall be construed to preclude a director, except for those directors serving on the Audit Committee or Risk Management Committee, from serving the Company in any other capacity and receiving compensation therefor.

## **Director Orientation and Continuing Education**

The Chairman, Chief Executive Officer, and the Corporate Secretary, under the guidance and direction of the Nominating and Corporate Governance Committee, shall conduct orientation sessions with new directors. These orientations will include, at a minimum, a review of the role of the Board of Directors, of the current business plan, pertinent sections of regulatory guidelines on oversight of the Board, the Code of Business Conduct and Ethics, the Corporate Governance Guidelines, Bylaws of the Company and the Bank, the charters adopted for each Committee and the Company's Insider Trading Policy. Also reviewed are the Company's annual report, Form 10-K, and most recent proxy statement.

The Company shall endeavor to make available to the directors educational opportunities pertinent to their service as directors, to enable them to better perform their duties and responsibilities and recognize and deal with the varied issues that might arise during their tenure as directors.

## **Annual Performance Evaluation of the Board of Directors**

The Board will annually assess Board and Committee effectiveness. The Board's annual assessment will be based on the criteria established by the Nominating and Corporate Governance Committee and approved by the Board. The assessment will focus on maximizing the Board's contribution to the overall success of the Company. The ability of each individual director to contribute to the Board is assessed in connection with the nomination process. Each of the Board's Committees shall conduct annual self-assessments as well and report the results of the evaluation to the full Board.

The Nominating and Corporate Governance Committee, on an annual basis, shall review these Guidelines, and such Committee shall make recommendations to the Board with respect to any amendments to the Guidelines.