

# Berkshire Hills Bancorp, Inc. Corporate Governance Policy

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## Policy Statement

This policy is to ensure that the Board of Directors exercises their powers and authority in the best interests of the Company and its Stockholders.

## Policy Purpose

This policy describes the duties, responsibilities, composition and operation of the Board of Directors.

## Policy Committee Approval Date

3/7/2018

## Corporate Governance Committee Approval Date

3/22/2018

## BHLB Board of Directors Approval Date

3/22/2018

## Duties and Responsibilities of the Board of Directors and Each Director

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### Area Statement

The Board of Directors (the "Board") of Berkshire Hills Bancorp, Inc. (the "Company") is responsible for promoting and acting in the best interests of all stockholders of the Company. The Board is the ultimate decision-making body of the Company except with respect to those matters reserved to stockholders. The business and affairs of the Company are managed by its officers under the direction of the Board.

Each director owes fiduciary duties of loyalty and care to the Company. The duty of loyalty requires directors to exercise their powers in the interests of the Company and not in the directors' own interest or in the interest of another person (including a family member) or organization. The duty of care requires that directors exercise the care that a person in a like position would exercise under the circumstances.

## Composition of the Board; Board Operation

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### Area Statement

The Board believes that ten to fifteen is currently an appropriate number of directors, but that a smaller or larger Board may be appropriate at any given time, depending on the ability of the Board to successfully carry out its responsibilities for oversight of the Company in an efficient and productive manner in light of the Company's current business circumstances. The Board will periodically review the size and composition of the Board and the diversity of the skill sets and experience of its members.

### Board Membership Criteria and Nomination

Membership criteria shall be provided by the Corporate Governance/Nominating Committee, after consultation with the Board. The criteria should take into consideration the restrictions set forth in the Bylaws, which include a requirement that the candidate shall not have been subject to certain criminal or regulatory actions, as well as the judgment, integrity, diversity, skills, experience and independence of all potential nominees and other relevant factors.

The Corporate Governance/Nominating Committee, in conjunction with the Chairman of the Board of Directors or Lead Independent Director, as applicable, is also responsible for assessing all director candidates and will recommend to the Board individuals to fill a vacancy or to be nominated to stand for election at the Company's next annual meeting. The Corporate Governance/Nominating Committee will consider candidates proposed or suggested by Board members, management and shareholders pursuant to prescribed policies. The Committee minutes of the meeting in which the recommended candidate is first discussed will reflect the source of the recommendation. In the nominee evaluation process, the Committee and the Board shall take into account such factors as they deem relevant, including, without limitation, the diversity of the skill sets and experience of all potential nominees and other attributes outlined in the policies and membership criteria the Board may adopt from time to time.

### **Invitation to Join Board**

The invitation to join the Board should be extended by the Chairman of the Board, on behalf of the entire Board.

### **Mix of Inside and Outside Directors**

In no event will the Board consist of less than a majority of independent directors. The definition of "independent director" shall conform to the definition contained in the qualitative listing requirements for The New York Stock Exchange issuers and in any applicable Securities and Exchange Commission rules and regulations.

### **Term Limits**

The Board does not believe it should establish term limits.

### **Retirement Age**

The Board does not believe it should establish a retirement age.

### **Resignation**

Any director may resign at any time by providing written notice of such resignation to the home office of the Corporation addressed to the Chairman of the Board. Unless otherwise specified in the letter of resignation, such resignation shall take effect upon receipt by the Chairman of the Board and acceptance by the Board of Directors following the review and recommendation of acceptance by the Corporate Governance and Nominating Committee.

Solely in the case of an uncontested election of directors, if a director is elected by a plurality but not a majority of the votes cast for such director, such director must submit their resignation to the Board of Directors, which will then be subject to review by the Corporate Governance and Nominating Committee of the Board of Directors. The Corporate Governance and Nominating Committee will then make a recommendation to the Board of Directors as to whether to accept or reject the director's resignation. All of the members of the Corporate Governance and Nominating Committee that participate in the review of the director's resignation letter must satisfy the requirements of The New York Stock Exchange and the Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, pertaining to independence for such Committee. In the event that the director submitting their resignation is a member of the Corporate Governance and Nominating Committee, that director shall not participate in the Committee's review of the proposed resignation and, furthermore, that director shall recuse himself or herself from all discussions and determinations of the Board of Directors regarding the matter. For the purposes of this section, an "uncontested election" shall mean that the nominees for election were selected by the Corporate Governance and Nominating Committee and not by any stockholder or outside party.

Each Board member shall sign a written acknowledgement of this policy regarding the submission of a resignation letter where the director has been elected by a plurality but not by a majority of the votes cast in an uncontested election of directors.

In a contested election of directors, directors will be elected by a plurality of the votes cast. A director standing for election in a contested election is not be required to submit a resignation letter to the Board of Directors in the event that a majority of the votes cast is not obtained.

### **Board Agenda**

The Chief Executive Officer, in consultation with the Chairman of the Board and/or the Lead Independent Director, if applicable, sets the agenda for Board meetings with the understanding that certain items necessary for appropriate Board oversight, such as annual budgets and long range plans, must appear periodically on the agenda. Board members may suggest that particular items be placed on the agenda.

### **Board Minutes**

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.

### **Frequency of Meetings**

The Board shall have seven or more regularly scheduled meetings per year. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the directors to attend meetings

### **Corporate Strategy**

From time to time, the Board shall devote an extended portion of a meeting to a review of the Company's long-term strategic and business plans.

## Selection of President and Chief Executive Officer

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### Area Statement

The Board is free to make the selections of the President and Chief Executive Officer of the Company in the manner and upon the criteria that the Board deems appropriate at the time of the selection in accordance with the provisions of the Company's Bylaws.

## Selection of Chairman of the Board of Directors

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### Area Statement

The Board is free to make the selection of the Chairman of the Board of Directors of the Company in the manner and upon the criteria that the Board deems appropriate at the time of the selection. Where the Board of Directors elects a Chairman of the Board who is currently serving as an executive officer of the Company or would not otherwise qualify as an independent director under NYSE listing rules, the Board shall also elect a Lead Independent Director to preside over executive sessions of the independent directors and serve as a liaison between the independent directors of the Board and the Chairman of the Board. Where the Board of Directors elects a Chairman of the Board who is not currently serving as an executive officer of the Company and would qualify as an independent director under NYSE listing rules, the Board of Directors is not required to also elect a Lead Independent Director and the Chairman of the Board or the Chairman's designees shall preside over executive sessions of the independent directors.

## Selection of Lead Independent Director

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### Area Statement

Where the Board has elected an executive officer of the Company or a non-independent director to serve as Chairman, the Board shall also elect a Lead Independent Director to chair executive sessions of the Board and to serve as a liaison between the independent directors of the Board and the Chairman of the Board.

## Committees

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### Area Statement

#### ***Number and Structure.***

The Board has five standing committees: Audit; Compensation; Compliance and Regulatory; Corporate Governance/Nominating; and Risk Management and Capital, each of which, except Compliance and Regulatory and Risk Management and Capital, shall consist solely of independent directors. The Company may also utilize committees consisting of Board members and officers for the purpose of advising the Board on various operational matters.

#### ***Charters.***

Each committee will have a charter. The charters will set forth the purposes, goals and responsibilities of the committees.

#### ***Assignment of Committee Members.***

The Corporate Governance/Nominating Committee, along with the Chairman of the Board and/or the Lead Independent Director, if applicable, is responsible for making recommendations from time to time to the Board as to which directors should be members and chairpersons of the standing committees. Members and chairpersons of each standing committee are selected by the Board. The Board does not have a firm policy mandating rotation of committee assignments since special knowledge or experience may mitigate in favor of a particular director serving for an extended period on one committee. However, the members and chairpersons of all standing committees may be rotated from time to time, as the Board may determine in order to promote its ability to successfully carry out its responsibilities for oversight of the Company.

#### ***Frequency and Length of Committee Meetings.***

The Chairman of each committee, in consultation with committee members, will determine the frequency and length of committee meetings.

#### ***Committee Agenda.***

The Chairman of the committee, in consultation with appropriate members of management, will develop the committee's agenda. Each Board member may recommend agenda items for any committee meeting.

## Executive Sessions of Independent Directors

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### Area Statement

The independent directors will meet in executive session at least four times a year and shall be presided over by the Chairman or the Chairman's designee. In the event the Chairman is an executive officer of the Company or otherwise a non-independent director, the executive session shall be presided over by the Lead Independent Director or the Independent Director's designee. Issues to be discussed in executive session may include the evaluation of the Chief Executive Officer, management succession planning and such other matters as they may deem appropriate.

## Succession Planning

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### Area Statement

The Board plans for the succession to the position of Chief Executive Officer. To assist the Board, the Chief Executive Officer annually provides the Board with an assessment of senior managers and their potential to succeed him or her. He or she also provides the Board with an assessment of persons considered potential successors to certain senior management positions, including a review of any development plans recommended for such individuals. The results of these reviews are reported to and discussed with the Board

## Board Access to Management

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### Area Statement

#### *General.*

Board members have complete access to management. Board members will use judgment to assure that this contact is not distracting to the business operation of the Company, and that such contact, if in writing, be copied to the Chief Executive Officer.

#### *Attendance of Non-Directors at Board Meetings.*

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to:

- a. provide management insight into items being discussed by the Board which involve the officer;
- b. make presentations to the Board on matters which involve the officer; and
- c. bring officers with high potential into contact with the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

## Board Materials Distributed in Advance

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### Area Statement

Information and data are important to the Board's understanding of the business and are essential to prepare Board members for productive meetings. Presentation materials relevant to each meeting will be distributed in writing to the Board in advance of the meeting, unless doing so would compromise the confidentiality of competitive information. Under normal circumstances, materials should be delivered at least five days in advance of the meeting. In the event of a pressing need for the Board to meet on short notice, it is recognized that written materials may not be available in advance of the meeting. Management will make every effort to provide presentation materials that are brief and to the point, but yet communicate the essential information.

## Evaluation

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### Area Statement

#### *Annual Self-Assessment.*

The Corporate Governance/Nominating Committee should periodically sponsor a self-assessment of the Board's performance, the results of which will be discussed with the full Board. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company. The purpose of the review will be to improve the performance of the Board as a unit, and not to target the performance of an individual Board member. The Corporate Governance/Nominating Committee

will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

***Annual Evaluation of CEO.***

The independent directors, in conjunction with the Chairman of the Board of Directors or Lead Independent Director, as applicable, should perform an annual evaluation of the Chief Executive Officer. The evaluation should be based on objective criteria, including performance of the business, accomplishment of long-term strategic objectives and development of management succession.

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## **Share Ownership of Directors**

### **Area Statement**

It is the policy of the Board that directors should be stockholders of the Company.

## **Director Compensation Review**

### **Area Statement**

The Corporate Governance/Nominating Committee shall have the responsibility for periodically reporting to the Board on the status of the Company's director compensation practices in relation to other companies of comparable size and the Company's competitors.

The Corporate Governance/Nominating Committee may refer the investigation of director compensation trends and practices to the Compensation Committee, and the Compensation Committee, working with management, may retain an outside consultant or consultants to provide research and guidance on both director and executive officer compensation practices at companies of comparable size and the Company's competitors. Changes in director compensation, if any, should come upon the recommendation of the Corporate Governance/Nominating Committee, in consultation with both the Compensation Committee and senior management, but with full discussion and concurrence by the Board and be consistent with the compensation practices of the Company's competition.

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## **Board Interaction with Third Persons**

### **Area Statement**

The Board believes management speaks for the Company. Individual Board members may, from time to time, communicate with various constituencies that are involved with the Company, such as the press, investors and customers. However, it is expected that this communication would be made with the concurrence of management.

### **Periodic Review**

### **Area Statement**

The Board is responsible for periodically reviewing these principles, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.

## **Orientation of New Directors and Continuing Education**

### **Area Statement**

New directors, upon election to the Board, will be provided with a comprehensive set of materials concerning the operations, finances and business plan of the Company, as well as significant policies of the Company that may pertain to their service on the Board, and will meet informally with as many members of senior management as practical.

The Board of Directors shall conduct annual director education sessions, which may include presentations by industry experts based on input from directors regarding topics of interest. Directors shall also receive an annual update on trending compliance and regulatory matters and new developments in these areas from the Bank's outside compliance advisory firm.