

## TOMPKINS FINANCIAL Corporate Governance Guidelines

These corporate governance guidelines have been adopted by the Board of Directors (the “**Board**”) of Tompkins Financial Corporation (the “**Corporation**”). These guidelines, together with the Corporation’s Certificate of Incorporation, Bylaws, Committee Charters, Summary and Overview of Board Responsibilities, Code of Conduct and Ethics for Directors, Code of Ethics for Chief Executive Officer and Senior Financial Officer, and Related Party Transactions Policy, are intended to set forth the Corporation’s governance policies and procedures.

### A. **Composition of the Board of Directors**

1. *Board Size.* In accordance with Article (IV)(2) of the Corporation’s Amended and Restated Bylaws, dated January 25, 2011 (the “**Bylaws**”), the number of directors constituting the entire Board is not less than seven (7) nor more than nineteen (19), with the final determination established by resolution of the Board. Traditionally, the Board has provided a sufficient number of seats to allow for, and encourage, representation from each of the Corporation’s market areas. The Board believes that a board size in this range makes the Board large enough to allow for a diversity of perspectives and backgrounds without being so large as to impede effective discussion. The quality of the individuals serving and the overall balance of the Board are more important than the precise number of members. The Nominating and Corporate Governance Committee periodically reviews the size of the Board, and may recommend to the Board, from time to time, either an increase or a decrease in the size of the Board.

2. *Independence.* A majority of the Board shall be independent directors (“**Independent Directors**”) as defined under the listing standards of the NYSE American (the “**NYSE American Rules**”), or under the listing standards of such other exchange upon which the Corporation’s equity securities may trade in the future. No director shall qualify as an Independent Director unless the Board affirmatively determines that the director is “independent” in accordance with the definition and procedures required by the NYSE American Rules. The Corporation will disclose, in its annual proxy statement, the names of those directors that the Board has determined to be independent under the NYSE American Rules, as well as any contractual arrangements pertaining to the appointment of specific Board members which are required to be disclosed by applicable rules and regulations. The Board balances the benefits of independent directors with the industry insight and detailed operational knowledge provided by employee directors, and has historically nominated employee directors to fill a small minority of available Board seats.

3. *Lead Director.* When the Chair is not an Independent Director, the Corporation’s Independent Directors designate annually one of the Independent Directors to serve as the Lead Director (the “**Lead Director**”). The Lead Director’s duties would include: (i) approving meeting agendas for the Board and the nature of information sent to the Board; (ii) the authority to call at any time a special meeting of the Board or a special executive session of the Independent Directors; (iii) the authority to add items to the agenda of any regular or special meeting of the Board; (iv) presiding at all regular and special meetings of the Board at which the Chair is not present; (v) presiding at all regular and any special executive sessions of the Independent Directors; (vi) also serving as a liaison between the Corporation’s Independent Directors and the Chair and the Chief

Executive Officer (“CEO”); and (vii) being available for consultation and direct communication with major stockholders, if they so request.

4. *Retirement.* In accordance with Article (IV)(4) of the Bylaws, no director may stand for election to the Board after their 72<sup>nd</sup> birthday, provided that if a director attains the age of 72 during an elected term, they may serve until the next Annual Meeting of Stockholders.

5. *Director Qualifications.* To be considered for nomination to the Company’s Board, each candidate must possess the following minimum qualifications and attributes: high personal values, judgment and integrity; an ability to understand the regulatory and policy environment in which the Company conducts its business; a demonstrated, significant ongoing engagement in one of the market areas served by the Company, based on one or more of the following within such market area—professional/business relationships, residence, and involvement with civic, cultural or charitable organizations; and experience which demonstrates an ability to deal with the key business, financial and management challenges that face financial service companies. The Committee believes that such connections with one of the Company’s local communities foster ties between the Company and that community, and also allow the Director to better understand the banking and financial services needs of its local stakeholders.

While individual experiences and qualifications serve as a baseline for consideration, the Committee recognizes that the Board of Directors governs as a whole, and not as a collection of individuals. The effectiveness of the Board is not a function of the individual attributes of its members; rather, it depends on the overall chemistry of the Board. Therefore, the Committee assesses whether a particular candidate will be able to function within this broader context by evaluating their: ability to understand, and willingness to engage, the issues presented to the Board; ability to exercise prudence and judgment, but also decisiveness; and ability to effectively communicate their ideas to the other members of the Board. In the case of incumbent Directors, these assessments are made based on past experience with a particular Director and, in the case of first-time nominees, these issues are explored during the interview and vetting process described below.

6. *Identification of Director Candidates & Nomination Process.* At least annually, and typically on a more frequent basis, the Committee engages in a discussion to identify candidates who fulfill the criteria described above, under the heading “Director Qualifications.”

The Committee will evaluate candidates who are identified by shareholders, by other members of the Board, and occasionally by members of the Company’s leadership team, which is comprised of the Company’s executive officers. To be considered, shareholder recommendations of director candidates must be received by the Chair of the Nominating and Corporate Governance Committee no later than December 1st of the year preceding the annual meeting at which such nominee is proposed to be nominated. The recommendations should include the name, address, and supporting information as to why the candidate should be considered by the Committee. The same procedures are used to evaluate all candidates, regardless of the source of the recommendation.

Tompkins values the benefits that diversity can bring to its Board of Directors. A diverse Board reflects a variety of important perspectives in the board room, ultimately resulting in more

informed decision-making. Accordingly, in identifying potential nominees, the Committee also considers whether a particular candidate adds to the overall diversity of the Board. The Committee seeks nominees with a broad diversity of experience, professions, and perspectives, skills, geographic representation and including diversity with respect to race, gender, geography, and areas of expertise.

The Committee ensures that women and minority candidates are included in the candidate pool from which director nominees are selected, and it employs a variety of strategies to help develop a diverse candidate pool. First, the Committee strongly encourages all of our directors to identify qualified women and minority candidates for service on our Board. The Committee also recognizes the importance of recruiting candidates beyond the traditional corporate/banking arena, and thus recruits qualified candidates who work in academic institutions or non-profit organizations, in addition to candidates with traditional “corporate” backgrounds. At least annually, the Committee monitors the composition of the Board to ensure it reflects a broad diversity of experience, professions, and perspectives, including diversity with respect to race, gender, geography, and areas of expertise. While not encapsulated in a written policy, the Committee and the Board stand behind these commitments to diversity practices and monitoring.

7. *Term Limits.* Although the Nominating and Corporate Governance Committee will consider length of service in recommending candidates for re-election, the Board does not believe that adopting a set term limit for directors serves the interests of the Corporation.

8. *Service on Other Boards.* The Corporation’s directors are encouraged to serve on one or more boards of directors of the Company’s subsidiaries in order to foster communication between the Corporation and its subsidiaries, and also to deepen the director’s understanding of the Corporation’s operations. As for board service with unaffiliated entities, the Nominating and Corporate Governance Committee takes into account the competing demands on a person’s time in deciding whether or not to recommend to the Board such person’s nomination or renomination as a director. The Corporation’s Code of Conduct and Ethics for directors establishes guidelines for board service with unaffiliated entities; in particular, the Code of Conduct and Ethics states that a director should provide notice to the Corporation’s Chair of the Board prior to commencing service as a director of another organization, and directors generally may not serve as a director of (nor have any other affiliation with) another depository financial institution.

9. *Leadership.* Presently, the roles of Chief Executive Officer and Chair of the Board are separate, as the Board feels this offers advantages of including additional input and a range of prior experience within the Corporation’s leadership structure. However, the Board recognizes that no single leadership model is right for the Corporation at all times, and the Board does not have a policy that these roles will always be separate. Other leadership models can be appropriate for the Corporation, given different circumstances. The Board is free to configure leadership of the Board and the Corporation in the way that best serves the Corporation’s interests at the time and, accordingly, has no fixed policy with respect to combining or separating the offices of Chair and CEO.

10. *Compensation.* In accordance with its charter, the Nominating and Corporate Governance Committee periodically reviews the fees being paid to directors and the manner in which those fees are paid, and makes recommendations to the Board concerning appropriate

adjustments. The Committee typically recommends compensation levels which fall within the average range for financial services companies of similar size and complexity. While monetary or equity payment is a critical element of director compensation, the Board believes that directors are also motivated by an interest in fostering community banking in the regions where the Corporation's directors live or work.

11. *Ownership of TMP Stock.* All directors are stockholders of the Corporation. The Corporation expects all Board members to own at least 2,000 shares of the Corporation's stock, which shares may be accumulated over a period of three (3) years following a director's initial election to the Board. Shares held in a rabbi trust, and which are deemed deferred stock compensation under the retainer plan for a given director, will be included in this calculation. It is expected that directors receive their Board fees in shares of the Company's common stock until the minimum ownership levels are achieved, either as current compensation or deferred compensation through the rabbi trust. Thereafter, it is expected that directors will continue to build their common stock holding through dividend reinvestment and/or board fees, to the extent reasonably appropriate to each director's individual financial circumstances.

12. *Change of Job Responsibility.* A director who resigns or is terminated from the primary position that such director held when elected to the Board shall tender their resignation as a director to the Nominating and Corporate Governance Committee, effective upon the Board's acceptance of the resignation. The Nominating and Corporate Governance Committee will review the desirability of the director's continued service on the Board under the circumstances and will make a recommendation to the Board as to whether or not the Board should accept the resignation.

## **B. Responsibilities of Directors; Meeting Attendance and Preparation**

1. *General Responsibilities of Directors.* As described in more detail in the Code of Conduct and Ethics for Directors, each director must comply with all applicable laws, rules and regulations of federal, state, and local governments, and other applicable private and public regulatory agencies. Directors must also understand that they are fiduciaries of the Corporation, and as such, owe a duty of loyalty and a duty of care to the Corporation. Additionally, each director is responsible for maintaining high standards of personal integrity, fairness and good judgment in discharging their duties as a director, and to act in the best interests of the Corporation and its shareholders and to engage in and promote honest and ethical conduct.

2. *Indemnification.* Directors shall be entitled to indemnification to the fullest extent permitted by law and by the Corporation's Certificate of Incorporation and Bylaws, and to exculpation as provided by state law and by the Corporation's Certificate of Incorporation. Directors shall also be entitled to have the Corporation purchase reasonable directors' and officers' liability insurance on their behalf.

3. *Agendas.* The Chair of the Board is responsible for setting and circulating in advance an agenda for each Board meeting, which shall be approved by the Lead Director (as applicable). Any other director may suggest items for inclusion on the agenda or may raise, at any Board meeting, subjects that are not on the agenda for that meeting. The Board expects that meeting agendas will typically include: a review of financial performance; a review of the Corporation's business strategies and practices; risk management; an evaluation of management's

progress in executing the Corporation's business and strategic plans; and, an executive session of the independent directors.

4. *Meeting Attendance and Preparation.* Directors are expected to attend Board meetings and to devote sufficient time to their responsibilities as directors. Materials with respect to matters on which action is expected to be taken are circulated to the Board at least several days in advance of the meeting whenever possible, and directors are expected to review these materials in advance of the meeting. As most directors also serve on one or more boards of the Corporation's subsidiaries, which subsidiary boards typically meet more frequently than the Corporation's Board, directors are typically aware of the Corporation's financial results and other material developments between scheduled Board meetings.

5. *Attendance at Annual Meeting of Stockholders.* Directors are expected to attend the annual meeting of the Corporation's stockholders.

6. *Executive Sessions of Independent Directors.* The Independent Directors shall meet, without management, at regularly scheduled executive sessions which may take place before or after a regularly scheduled meeting of the full Board. Such regularly scheduled executive sessions shall be held at least four (4) times per year. The Chair or Lead Director (as applicable) also may call a special executive session of the Independent Directors at any time. Such special executive sessions may take place before or after a regular or special meeting of the Board or at such other time as the Chair or Lead Director (as applicable) deems appropriate. The Chair or Lead Director (as applicable) or, in their absence, another Independent Director designated by the Board, by the affirmative vote of a majority of the Independent Directors, shall preside at the executive sessions.

7. *Communications with Directors.* The Corporation discloses, in its annual proxy statement and/or on its website, one or more methods by which stockholders and other interested parties may communicate directly with the Board of Directors, including the Lead Director (as applicable), who presides over executive sessions of the Independent Directors, and the Independent Directors as a group.

8. *Access to Employees.* The Board expects that senior officers of the Corporation will regularly attend Board and Committee meetings, present proposals and otherwise assist in the work of the Board. Members of the Board have direct access to any of the Corporation's employees.

9. *Authority to Engage Advisors.* The Board and certain Committees have the power to hire independent legal, financial or other advisors as it deems necessary, without consulting or obtaining the approval of any officer of the Corporation in advance, and the Corporation will pay any fees and expenses incurred in connection with the engagement.

### **C. Committees of the Board**

1. *Duties and Composition of Committees.* The Corporation will have at all times an Audit and Risk Committee, a Nominating and Corporate Governance Committee, and a Compensation Committee. The Corporation may also have an Executive Committee. The responsibilities of each committee and any membership requirements are contained in the

Corporation's Bylaws and a charter approved by the Board. The Corporation will comply with all applicable NYSE American Rules and regulatory requirements concerning the membership of Board committees, including those with respect to the independence of the directors who serve on those committees. Employees of the Corporation do not serve on any of the committees other than the Executive Committee, although the staff work needed for each committee is coordinated by a designated officer of the Corporation. The Nominating and Corporate Governance Committee reviews the membership of the various Committees at least annually and makes recommendations for any changes to the Board.

2. *Committee Chairpersons and Membership.* The Board believes that committee assignments should be based on the director's knowledge, interests and areas of expertise. The Chair of the Board will normally chair the Executive Committee. The Chair of other committees should change periodically, and there is a regular rotation in the membership of the committees, balancing in each case the need for fresh perspective and continued development of a director's knowledge base, with the need for experience and continuity, as well as certain required skills or experience for service on the Audit and Risk Committee.

3. *Committee Meeting Procedures.* In consultation with the Committee members, the Committee Chair determines the frequency of committee meetings which, at a minimum, are to be scheduled at such intervals as are required to discharge the committee's duties effectively and to comply with regulatory requirements. Directors are expected to attend meetings of the committees on which they sit and to devote sufficient time to their responsibilities as members of those committees. The agenda and any background materials for committee meetings may be developed in consultation with committee members, management, or the executive officer responsible for supporting the committee and are circulated in advance of a meeting whenever practical to provide adequate time for review. The Committee Chairs report to the Board after each committee meeting, and minutes of the committees are circulated to the Board. Committee Chairs may invite management or other directors to attend committee meetings in order to provide insight or advice on certain matters coming before the committee.

#### **D. Role with Respect to Management**

1. *Evaluation of Senior Officers.* A key responsibility of the Board is to monitor the performance of the CEO and, in consultation with the CEO, the performance of other senior officers. The Compensation Committee annually conducts a management development and succession planning review, the results of which are discussed by the full Board.

2. *Succession Planning.* The Board, in consultation with the CEO, annually reviews and discusses a management development and succession plan, as well as an emergency management succession plan which addresses unexpected death, resignation, or absence of Corporation executives. Following an emergency, the Board will meet as soon as practicable to address ongoing executive management.

3. *Communication.* Management speaks for the Corporation. While directors are expected to be engaged with the communities in which they live and work, and to generally support the Corporation's ongoing operations and initiatives, non-employee directors may not make commitments, particularly credit commitments, on behalf of the Corporation. Inquiries from

institutional investors, the press and others should be referred to the CEO or other appropriate officers of the Corporation.

#### **E. Director Education and Continuing Professional Development.**

Directors are expected to stay apprised of the responsibilities of corporate directors and about financial industry developments and regulations. They are expected to regularly attend board meetings and assigned committee meetings. All directors are provided with trade publications which address developments in the financial services industry. Directors receive briefings and other material concerning corporate governance issues and regulatory requirements, and the Corporation will support directors' attendance at appropriate industry conferences and membership in professional organizations on a case-by-case basis.

A portion of each board meeting may be devoted to director education, and periodic special board meetings are devoted to important topics requiring in depth review. Directors are encouraged to suggest topics of interest to be addressed using both internal and external educational resources.

#### **F. Periodic Evaluation of Guidelines.**

The Nominating and Corporate Governance Committee of the Board reviews and reassesses these Guidelines at least annually and submits any recommended changes to the Board for its approval.

#### **G. Annual Performance Evaluation.**

The Board, each Board committee, and the boards of directors of each of the Corporation's subsidiaries, conduct an annual self-evaluation to determine whether they are functioning effectively and in accordance with their charter and these Guidelines. The Nominating and Corporate Governance Committee also annually assesses the performance of each director, and the full Board (other than the Chair) annually assesses the performance of the Board Chair. In addition, at each Board and committee meeting, directors are asked to raise any issues concerning Board communication and effectiveness, as well as any other areas of concern regarding the discharge of the Board's responsibilities. All directors are encouraged to make suggestions at any time for the improvement of the Board's practices.

Copies of these Guidelines are available on the Corporation's website at [www.tompkinsfinancial.com](http://www.tompkinsfinancial.com).

#### **H. Effect of a Failure to Receive a Majority of the Votes in Director Elections**

1. *Required Resignation.* In an uncontested election of directors (i.e., an election where the only nominees are those recommended by the Board), any incumbent director who fails to receive a majority of the votes cast (excluding broker non-votes and abstentions) will promptly tender their resignation to the Chair of the Board (or such other director designated by the Board if the director failing to receive the majority of votes cast is the Chair of the Board) following certification of the stockholder vote. Such resignation shall be effective only upon its acceptance by the Board.

2. *Consideration of Resignation.* The Nominating and Corporate Governance Committee will promptly consider the resignation submitted by an incumbent director who fails to receive a majority of the votes cast (excluding broker non-votes and abstentions), and the Nominating and Corporate Governance Committee will recommend to the Board whether to accept the tendered resignation or reject it. In considering whether to accept or reject the tendered resignation, the Nominating and Corporate Governance Committee will consider all factors deemed relevant by the members of the Nominating and Corporate Governance Committee including, without limitation, any stated reasons stockholders did not support such director, the length of service and qualifications of the director whose resignation has been tendered, the director's contributions to the Corporation, and these Guidelines.

3. *Board Action.* The Board will act on the Nominating and Corporate Governance Committee's recommendation no later than 90 days following the date of the stockholders' meeting where the election occurred. In considering the Nominating and Corporate Governance Committee's recommendation, the Board will consider the factors considered by the Nominating and Corporate Governance Committee and such additional information and factors the Board believes to be relevant. Following the Board's decision on the Nominating and Corporate Governance Committee's recommendation, the Corporation will promptly publicly disclose the Board's decision whether to accept the resignation as tendered (providing a full explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation) in a Form 8-K filed with the Securities and Exchange Commission.

4. *Vacancies.* To the extent that one or more directors' resignations are accepted by the Board, the Nominating and Corporate Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

5. *Recusal of Certain Directors.* Any director who tenders their resignation pursuant to this provision will not participate in the Nominating and Corporate Governance Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation. If a majority of the members of the Nominating and Corporate Governance Committee failed to receive a majority of the votes at the same election, then the independent directors who are on the Board who did receive a majority of the votes will appoint a Board committee amongst themselves solely for the purpose of considering the tendered resignations and will recommend to the Board whether to accept or reject them. This Board committee may, but need not, consist of all of the Independent Directors who received a majority of the votes.

6. *Inclusion in Proxy Statement.* These Guidelines will be accessible on the Company's website, and will be referenced (or otherwise summarized or included) in each proxy statement relating to an election of directors of the Corporation.

7. *Circumstance when Policy is Inapplicable.* Notwithstanding the foregoing, in the event that no director nominee receives a majority of the votes cast (excluding broker non-votes and abstentions), this Section H shall not apply.

## **I. Pledging/Hedging Policy**

1. Directors and executive officers (including their designees) are prohibited from, directly or indirectly, (1) pledging a significant number of the Company's equity securities, or (2) Hedging (as defined below). This policy shall also apply to any securities which are deemed to be beneficially owned by a director or executive officer and required to be reported as such in the "Beneficial Ownership" table in the Company's annual proxy statement.

2. For these purposes, the following definitions will apply:

i. "Hedging" includes engaging in any transaction, including the purchase of prepaid variable forward contracts, equity swaps, collars, exchange funds, put options and forward-sale contracts, which hedges or offsets, or which is designed to hedge or offset, any decrease in the market value of the Company's equity securities (a) granted to such person as part of their compensation by the Company; or (b) held, directly or indirectly, by such person.

ii. "Pledging" includes the intentional creation of any form of pledge, security interest, deposit, lien or other hypothecation, including the holding of shares in a margin account, that entitles a third-party to foreclose against, or otherwise sell, any equity securities, whether with or without notice, consent, default or otherwise, but does not include either the involuntary imposition of liens, such as tax liens or liens arising from legal proceedings;

iii. "Significant" means the lesser of (a) 1,000 shares, or (b) 20% of the equity securities of the Company beneficially owned by the director or executive officer.

3. "Equity securities" include common stock, voting preferred stock (if applicable in the future) and options and other securities exercisable for, or convertible into, settled in, or measured by reference to, any other equity security determined on an as-exercised and as-converted basis, to the extent they are deemed to be beneficially owned by a director or executive officer and required to be reported as such in the "Beneficial Ownership" table in the Company's annual proxy statement.

4. The equity securities attributable to a director or executive officer for these purposes shall include equity securities attributable to the director or executive officer under either Section 13 or Section 16 of the Securities Exchange Act of 1934.

5. Equity securities that are pledged shall not be counted toward the stock ownership guidelines for directors as described under Section A(10) above.