

**BLUE HILLS BANCORP, INC.  
CORPORATE GOVERNANCE  
GUIDELINES**

The following Corporate Governance Guidelines have been approved by the Board of Directors ("Board") of Blue Hills Bancorp, Inc., to promote the effective operation of the Board and to provide a framework for the conduct of business by Blue Hills Bancorp, Inc. and its subsidiaries (collectively, the "Company"). These guidelines are intended to reflect the Board's commitment to ensuring transparency, integrity and effectiveness of policy and decision making both at the Board and management level. The Board's primary objective is to maximize long term stockholder value and to ensure the vitality of the Company for its owners, customers, employees and others who depend on the Company.

**I. Director Responsibility**

The basic responsibility of the members of the Board is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders and in a manner that they reasonably believe will comply with applicable federal and state laws. In discharging their obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. Although ultimate authority resides in the Board, the Board delegates authority to management to pursue the Company's mission. Management, not the Board, is responsible for managing the Company.

In fulfilling its responsibilities, the Board performs the following principal functions:

- a) Ensuring legal and ethical conduct;
- b) Selecting, evaluating and compensating the Chief Executive Officer ("CEO");
- c) Approving corporate strategy;
- d) Reviewing and approving policies for the operation of the Company;
- e) Providing general oversight of the business of the Company;
- f) Monitoring Board-established risk limits and the overall risk profile of the Company;
- g) Evaluating Board processes and performance;
- h) Selecting directors; and
- i) Compensating directors.

## II. Operations of Board

*Board Composition.* The Board presently has 11 (eleven) members, and it is the sense of the Board that a range of not less than five and not more than sixteen is the appropriate Board size in order to achieve governance objectives and goals. A majority of the members of the Board must be independent directors under applicable rules of the Nasdaq Stock Market.

The Board does not believe it should establish term limits. Although term limits are designed to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations. As an alternative to term limits, each director will be evaluated every three years for re-nomination on the Board. No person shall be elected as a Director after reaching the age of seventy five years (75) unless the Board determines, by a vote of at least two-thirds of its disinterested members, that such Director possesses skills and experience that (1) materially benefit the Board of Directors in the exercise of its powers and duties, (2) are not possessed to any comparable degree by any other member of the Board of Directors, and (3) are not reasonably replaceable.

No director may serve on the board of another financial institution or its holding company, or any public company's board, unless such service is approved by the Board and does not violate applicable banking regulations. Directors must advise the Chairman of the Board in advance of accepting an invitation to serve on the board of another financial institution, or its holding company, or any public company.

*Board Selection.* The Nominating and Corporate Governance Committee shall be responsible for establishing criteria to be applied by it in selecting nominees for the Board. New directors should be provided the opportunity to participate in a Director Orientation Program organized by the Nominating and Corporate Governance Committee.

*Board Meetings.* Directors are expected to attend Board meetings and meetings of committees on which they serve. Directors are expected to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. The Board expects that information and data distributed in writing to members before meetings should be reviewed in advance of the meeting.

The Chairman of the Board and the CEO set the annual schedule of Board meetings. The CEO, in consultation with the Chairman, will establish the agenda for each Board meeting. Each Board member is free to suggest, in a timely manner, the inclusion of items on the agenda.

The independent directors will meet in regularly scheduled executive sessions at least two times a year.

The Board will review the Company's long-term strategic plans during at least one Board meeting each year. At this meeting, the Board will meet with the Company's executive management team to review the Company's business plans and discuss corporate strategy.

More frequent meetings and discussions as deemed necessary or appropriate may be had with respect to strategic planning and related matters.

*Representing the Company.* The Board believes that it is appropriate that management speak and act on behalf of the Company. Individual Board members do not act on behalf of the Company, absent the written approval of the Board or of the CEO.

*Board Leadership.* The Chairman of the Board will be selected from the Board. The By-Laws do not require that the positions of the Chairman of the Board and the CEO be held by different individuals. However, to ensure a diversity of viewpoints on the Board, including viewpoints that can serve as an appropriate counterbalance to management, the Board believes that if the Chairman is not an independent director, the following provisions should apply:

- a) A majority of the independent directors of the Board should designate one independent director to serve as Lead Independent Director and another independent director as an alternate to serve as Lead Independent Director in the first person's absence.
- b) The Lead Independent Director shall have the following responsibilities and authority: (a) preside at Board and shareholder meetings when the Chairman is not present, (b) preside at executive sessions of the independent directors, (c) facilitate communication between the independent directors and the Chairman or the Board as a whole, (d) call meetings of the non-management or independent directors in executive session, (e) participate in approving meeting agendas, schedules and materials for the Board, and (f) other functions described in these guidelines or as determined by the Board from time to time.
- c) If a Lead Independent Director is designated, the Chairman shall continue to have the duties and responsibilities assigned to him or her under all applicable laws, rules or regulations, under Blue Hills Bancorp's articles and bylaws, and as otherwise determined by the Board from time to time, including (i) presiding at all meetings of the Board, ensuring the proper flow of information to the Board, reviewing the adequacy and timing of documentary material in support of agenda items, (ii) ensuring adequate lead time for effective study and discussion of business under consideration and (iii) carrying out other duties as requested by the Board as a whole.

*Board Selection.* The Nominating and Corporate Governance Committee shall be responsible for establishing criteria to be applied by the Board in selecting nominees for the Board. New directors should be provided the opportunity to participate in a Director Orientation Program organized by the Nominating and Corporate Governance Committee.

### **III. Board Committees**

The Board will have at all times an Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, and may have an Executive or Risk Committee. All of the members of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall be independent, and each committee shall consist of no less than three members. If appointed, the Executive or Risk Committee shall consist of at least three directors, and shall include the CEO and the Chairman of The Board. The Board may, from time to time, establish or maintain additional committees as deemed necessary or appropriate.

At least annually, the Nominating and Corporate Governance Committee, in consultation with the Chairman and the CEO, shall recommend to the Board the members of each Committee. The Committee Charters adopted by the Board will set forth the purposes, goals and responsibilities of the Committees as well as Committee structure and operations and Committee reporting to the Board. Committee meetings will be scheduled by each Committee as appropriate in order to meet its responsibilities.

The Chairman of each Committee shall preside at each Committee meeting and shall report to the Board. In consultation with the appropriate members of the Committee and management, the Committee chairman will develop the Committee's agenda.

The Committees shall periodically report to the Board on their actions and shall prepare written minutes of each Committee meeting, which minutes shall be available to the Board.

The Board may form new or special committees, including ad hoc committees, appoint the members and chairpersons of such committees and delegate to such committees such duties and responsibilities as the Board determines from time to time, other than duties and responsibilities delegated to the standing committees and subject to any limitations imposed by law, rule or regulation. The Board may disband any such committee at any time.

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

Directors have complete and open access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate should be coordinated through the CEO, unless it is inappropriate in the circumstance to do so.

#### **V. Director Compensation**

At least annually, the Compensation Committee will review and consider the appropriateness of the form and amount of compensation paid to Directors with a view toward attracting and retaining qualified Directors. The review will consider the extent to which the Company's common stock should be a component of compensation of Directors. The Nominating and Governance Committee will also make recommendations on stock ownership guidelines for Directors. The Board has also approved an Insider Trading Policy which prohibits margin accounts, pledging of company shares and hedging of company shares including short-selling, options, puts, and calls, as well as derivatives such as swaps, forwards, and futures.

#### **VI. Director Orientation and Continuing Training**

All new Directors should be provided the opportunity to participate in a Director Orientation Program developed by the Nominating and Corporate Governance Committee, which should be conducted as soon as practicable after the meeting at which new a Director is appointed or elected. This orientation will include presentations by senior management, and if considered appropriate, Company counsel, to familiarize a new Director with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics and Business Conduct, its principal officers, and its internal and independent auditors. All other directors are also invited to attend the Orientation Program.

All Directors are encouraged to participate in continuing education programs throughout the year, including programs addressing legal, financial, regulatory and industry specific topics, including programs sponsored by nationally recognized educational organizations not affiliated with the

Company.

## **VII. CEO Evaluation, Executive Compensation and Management Succession**

*Formal Evaluation of the CEO.* For purposes of reporting to the Board, the Compensation Committee will conduct an annual review of the CEO's performance, as set forth in its Charter, and recommend appropriate levels of compensation of the CEO in terms of salary, bonus and other compensation and benefits. The Board of Directors will review the Compensation Committee's analysis and conclusions in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term and that CEO compensation is appropriate. The evaluation should be based on objective criteria, including the financial performance of the Company and the qualitative performance of the CEO.

*Evaluation and Compensation of Executive Management.* At the beginning of each year, the CEO shall review with the Compensation Committee the performance goals of the other members of executive management, and upon conclusion of each year, the CEO shall review with the Compensation Committee the extent to which these officers have accomplished their previously determined goals. In consultation with the CEO, the Compensation Committee shall evaluate the performance of the other members of executive management, and shall recommend to the Board appropriate levels of compensation for such other management in terms of salary, bonus and other benefits.

*Succession Planning and Management Development.* The Board shall coordinate with the CEO to ensure that an emergency successor is designated who could assume the CEO position if the CEO unexpectedly should be unavailable for service, updating this designation as appropriate. There should also be a formalized process governing long-term management development. The Board shall ensure that satisfactory processes are in effect for education, development and orderly succession of senior management throughout the Company.

## **VIII. Annual Performance Evaluation**

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The assessment of the Board's performance will be discussed annually by the Board. The assessment should specifically address any weaknesses in Board structure and propose actions to be taken to correct them.

## **IX. Confidentiality**

It is essential that all Directors maintain absolute confidentiality regarding Board discussions, deliberations and decisions. Violations of this confidentiality obligation may constitute grounds for the removal of a Board member for cause.

**X. Codes of Conduct**

The Company will at all times maintain Code(s) of Conduct/Ethics for its Directors, officers and employees. The Code(s), and all amendments to and waivers, shall be approved by the Board.

**XI. Corporate Secretary**

Minutes of each Board meeting and Committee meeting will be compiled by the Company's Corporate Secretary who shall act as Secretary to the Board and each Committee, or in the absence of the Corporate Secretary, by any other person designated by the Chairman of the Board, or by a Committee, as the case may be.

Adopted as of February 15, 2017