

## **UNITED FINANCIAL BANCORP, INC. CORPORATE GOVERNANCE GUIDELINES**

United Financial Bancorp, Inc. and its subsidiary United Bank (collectively, "the Bank") are committed to developing effective, transparent, and accountable corporate governance practices. These Corporate Governance Guidelines have been approved by our Board of Directors (the "Board") as a set of guiding principles by which we will govern the affairs of the Bank.

### **Responsibilities of the Board of Directors**

It is the director's responsibility to represent the long-term financial interests of the shareholders, set policy, promote regulatory compliance, oversee the conduct of the institution by management while avoiding micro management and look for ways to serve the community's financial needs through fair ethical products and developing new business. This is accomplished generally through hiring and reviewing the Bank's Chief Executive Officer and President ("CEO"); developing new business for the institution; approving Company and Bank policies; shaping the long-term strategic plan; and, holding the CEO and the senior management team accountable for the financial health of the organization. The Board may discharge its responsibilities as a group and by delegation to Board committees, as appropriate in accordance with law, regulations and the Board's discretion.

The Board's specific responsibilities include:

- Establishing and monitoring the Company and Bank's Mission Statement, Vision and Business Strategies.
- Selecting, evaluating, compensating, and when appropriate, replacing the CEO; overseeing CEO and executive succession planning and development.
- Evaluating the CEO's performance at least annually and ensuring that competent senior management is selected and retained. Compensation decisions regarding the CEO and other executive officers are delegated to the Board's Compensation Committee. The Compensation Committee's recommendation is then approved by the full Board of Directors.
- All matters related to executive compensation, including but not limited to considering and adopting Bank incentive compensation plans, both cash and stock based. Decisions regarding incentive compensation plans and the awarding of stock incentives are delegated to the Board's Compensation Committee. The Compensation Committee's stock incentive award recommendation for the CEO, Executive Officers and the full equity award grant value is then approved by the full Board of Directors.
- Establishing, with the CEO and senior management, the Company's and the Bank's long and short term business objectives, and adopting operating policies to achieve these objectives in a legal and sound manner. This is to include approving an annual budget and ongoing monthly monitoring of the Company's financial progress.
- Considering and protecting the interests of the shareholders. In doing so, the Company and the Board will emphasize the long-term interests of shareholders.

- Reviewing and approving major corporate actions or initiatives, including, but not limited to, significant acquisitions or divestitures, material capital expenditures, stock repurchases and dividends. The Board will also establish and revise guidelines for expenditures and other corporate actions requiring Board approval.
- Monitoring Bank operations with the goals of ensuring that risks are assessed and controlled adequately and that operations are in compliance with laws and policies.
- Identifying and assessing major risks affecting the business of the Bank, establishing risk tolerance levels and reviewing options for addressing or mitigating risks.
- Being pro-active in promoting the Bank in the community.
- Overseeing, through delegation to its Audit Committee, an independent review of the Company's financial reporting and reviewing the Company's audit report.
- Appointing directors to fill vacancies and nominating director candidates for election by shareholders, after consideration of recommendations by the Board's Governance Committee.
- Being proactive in establishing the Company's and the Bank's long term goals, strategies and plans for market changes through the strategic planning process. As such, oversee the Company's and the Bank's business performance in relationship to these areas.
- Requiring that the management team provide accurate, informative and timely information on which to base decisions and perform responsibilities.
- Directing that the officers and staff cooperate with regulators and auditors and respond expeditiously to any areas of criticism.
- Being aware of and ensuring that the Bank helps to meet its community's credit needs (Community Reinvestment Act).
- Reviewing and working to improve Board performance and cohesiveness, which includes the directors' continuing education.

### **Responsibilities of the Chairman of the Board**

The specific powers and responsibilities of the Chairman of the Board are as follows:

- Preside at all meetings of the Board of Directors, including executive sessions of the independent Directors.
- Call Meetings of Independent Directors
- Serve as the principal liaison between the CEO and the independent Directors.
- Approve meeting agendas for the Board of Directors.

- Approve all information sent to the Board of Directors for Board meetings, including the quality, quantity, appropriateness and timeliness of such information.
- Approve the frequency of Board of Directors meetings and meeting schedules, assuring there is sufficient time for discussion of all agenda items.
- Be available, when appropriate, for consultation and direct communication with stockholders.

### **Responsibilities of the Vice Chairman of the Board**

A Vice Chairman is chosen to assist the Chairman and to serve as Chairman in the absence of the Chairman, or when a motion involving the Chairman is being discussed. The Vice Chairman may also perform such duties as the Chairman or Board of Directors requests.

The specific powers and responsibilities of the Vice Chairman of the Board are as follows:

- Maintain knowledge of the organization and personal commitment to its goals and objectives.
- Carry out special assignments as requested by the Board Chairman.
- Understand the responsibilities of the Board Chairman and be able to perform these duties in the Chairman's absence.
- Participate as a vital part of the Board leadership.

### **Responsibilities of Individual Directors**

- To attend Board meetings and meetings of Board committees on which they serve;
- To be prepared for all Board and committee meetings, having read and considered the pre-reading materials in advance of the meetings so as to arrive prepared to discuss, question, express a point of view and act on agenda items;
- To participate constructively in Board and committee meetings, drawing upon their individual experience, knowledge and background, as appropriate, to provide perspectives and insights;
- To attend shareholders' meetings;
- To keep current on relevant developments in banking, business, corporate governance, and specific issues pertaining to the Company and the Bank and to the financial services industry;
- To exhibit leadership in modeling the highest standards in integrity and corporate governance, consistent with these Guidelines and the Bank's Code of Conduct for directors;

- To exhibit good behavior at all times, recognizing that others will judge the Bank based on the director's personal conduct. This includes demonstrating respect for all people, in all situations, using good common sense and exhibiting appropriate decorum, particularly in public settings;
- To utilize business expertise to serve on Board related committees;
- To avoid preferential transactions involving insiders or their related interests, including full compliance with Regulation "O";
- To provide mentoring and guidance to the Company and the Bank and its team through the CEO; and
- To become a shareholder and maintain share ownership in the Company, as set by Board policy, at appropriate levels to validate their financial best interests and commitment and to align the Board's financial interests with shareholders'.

### **Director Qualifications**

The Board is responsible for identifying and recruiting director candidates, and may delegate this responsibility to the Governance Committee. Nominees for the Board of Directors are recommended by the Governance Committee to the Board based on their character and track record of accomplishments in leadership roles as well as their professional and corporate experience, skills and expertise; and more specifically based upon their observance of the highest standards of business and personal ethics and integrity and their active support of community activities.

Because the Bank is a financial institution, familiarity with financial matters is an important consideration in reviewing and selecting director candidates. In furtherance of the foregoing, the Board seeks to align Board composition with the Company's and the Bank's strategic direction so that the Board's members bring skills, experience and background that are relevant to the key strategic and operational issues that they will review, oversee and approve. Because being the best community bank in the market is a cornerstone of the Company's and the Bank's strategic direction, community outreach and community leadership on an on-going basis are other important considerations in reviewing and selecting director candidates.

The Company does not have a specific policy regarding diversity on the Board. However, the Company recognizes the potential value of qualified candidates who bring different life and community experiences to their Board duties. Where a candidate's other criteria specified above are assessed by the Governance Committee to be equivalent, consideration may be given to the individual whose membership would provide a new level of diversity to our Board.

Individual Board members will not be permitted to serve on more than three (3) public company boards at the same time.

### **Director Independence**

The majority of the Board of Directors must satisfy the director independence requirements of NASDAQ and the Securities and Exchange Commission ("SEC") (the "independence criteria"). Three of the Board's committees, the Audit Committee, the Compensation Committee and the

Governance Committee, shall be comprised entirely of independent directors as defined under the relevant independence criteria.

The Board, guided by recommendations from the Governance Committee shall review the independence of Board members on an ongoing basis and, at least once a year, make a determination of each director's independence against the independence criteria and report to the Board on this matter. In the event a Board member loses his or her status as an independent director, such Board member shall be automatically deemed to have tendered his or her resignation from the Board in writing to the Chairman of the Board and the matter shall be referred to the Governance Committee. The Governance Committee shall review the director's particular circumstances and the Company's needs, and recommend to the Board whether, in light of these considerations, the Board should accept the director's resignation or request that the director continue to serve. The Board shall then take such action as it deems appropriate.

The Governance Committee also shall be responsible for reviewing and, if appropriate, recommending to the Board of Directors changes to the size and composition of the Audit, Compensation, Governance, Executive and Risk Committees, and additionally will ensure that the Audit, Compensation and Governance Committees remain entirely comprised of independent directors.

### **Director Tenure**

In order to ensure continuity, the Holding Company's Board of Directors is divided into four classes, each serving a four-year term, such that the term of one class of directors expires each year. Directors may be appointed or elected to less than four-year terms in the interest of keeping the four classes to approximately the same size. The Bank's Board of Directors is divided into three classes, each serving a three-year term, such that the term of one class of directors expires each year.

There are no term limits for directors.

The Company's Bylaws provide that no person age 70 or older shall be eligible for election or re-election to the Board.

### **Directors Who Change Present Job Responsibility**

A Board member who experiences a material change in his or her employment or professional position shall be automatically deemed to have tendered his or her resignation from the Board in writing to the Chairman of the Board and the matter shall be referred to the Governance Committee. The Governance Committee shall review the director's particular circumstances and the Company's needs, and recommend to the Board whether, in light of these considerations, the Board should accept the director's resignation or request that the director continue to serve. The Board shall then take such action as it deems appropriate.

## **Director Recruitment, Orientation, and Continuing Education**

### ***Director Recruitment and Re-Nomination***

The Board shall be responsible for identification and recruitment of director candidates. The Governance Committee is delegated the responsibility to review and submit recommendations with respect to the nomination of new Board members for a vote by the independent directors of the Board. In developing recommendations for new Board candidates, the nominating process used by the Governance Committee consists of the following steps:

- The Governance Committee reviews the Board composition to determine particular skills or experience to be added or replaced through the recruitment of new Board members.
- Against these needs the Governance Committee reviews the background and experience of Board candidates proposed by Board members, members of senior management, shareholders and, if appropriate, any executive recruiter(s) retained by the Governance Committee to assist in identification of Board candidates.
- Based on this preliminary review, the Governance Committee will develop a "short list" of leading candidates who will be interviewed by the Governance Committee. Reference checks on leading candidates will also be conducted, including gathering references and perspectives from other members of the Board.
- The Governance Committee then makes recommendations on Board candidates that are submitted to a vote of the independent directors of the Board of the Company. Those approved by a majority of the independent directors shall be nominated for election by the shareholders at the Company's next Annual Meeting (or, if to fill a vacancy, are approved for appointment to fill the unexpired term).

The Governance Committee shall also review in a similar fashion, and submit recommendations with respect to the re-nomination of incumbent directors at the expiration of their terms and for the filling of Board vacancies for a vote by the independent directors of the Board.

### ***Director Orientation***

Upon election to the Board by shareholders, new directors shall participate in an orientation session designed jointly by the Board, CEO and the Bank's senior management to provide a working knowledge of the Bank, its corporate strategy, priorities and performance, the financial services industry, the operation of the Board, and the director's duties and responsibilities. The orientation session may involve presentations by the CEO, senior management and business unit leaders of the Bank, Board members (particularly committee members), and if appropriate, outside legal counsel and the Company's and Bank's auditors. The Governance Committee shall review the orientation program and update or modify the program, as and if appropriate.

### ***Continuing Education***

The Board has delegated to the Governance Committee responsibility for monitoring and suggesting opportunities for Board education. The Governance Committee, advised by

management and others if desired, will be kept current on courses and educational programs for directors offered by various associations, universities, institutes, etc. and will make recommendations to the Board with respect to either in-house or external programs to be offered to Board members. Continuing education topics may range from educational sessions specific to issues relevant to the Company and the Bank and its industry to sessions covering corporate governance trends and issues.

### **Director Compensation**

The Board has delegated to the Compensation Committee responsibility for reviewing directors' compensation levels and practices and making recommendations to the full Board with respect to directors' pay. The Compensation Committee may, in its discretion, request input from the Governance Committee on this issue. In making recommendations to the Board regarding directors' compensation, the Compensation Committee shall consider whether the elements and overall level of director pay are consistent with good governance practices, pay levels at comparable public companies and director independence.

### **Board Access to Management**

Directors shall have full access to members of the Bank's senior management team. As a courtesy, directors will exercise their judgment to ensure that this access does not impede or interfere with the conduct of the Bank's business and is coordinated, wherever possible, through the CEO. Members of the senior management team attend meetings of the Board, where the CEO determines that their presence would be appropriate to deal with agenda items or otherwise, or as requested by the Board. Efforts are made to ensure that regular interaction occurs between the Board members and the senior management team either through participation in Board meetings, Board presentations, or otherwise.

### **Executive Sessions**

At least quarterly, a private executive session of the non-management directors of the Bank should be held. In addition, at least two of such sessions each year shall be limited to "independent directors" as defined by the rules of the NASDAQ, if different from "non-management directors". Private executive sessions are typically scheduled in conjunction with Board meetings. The Chairman of the Board is responsible for developing the agenda for the private executive sessions, chairing such sessions and debriefing with the CEO and non-independent directors on issues arising therefrom.

### **Board Access to Independent Advisors**

The Board, through its Chairman, has the authority to retain legal advisors, financial advisors, executive compensation consultants, search firms, and any other advisor or consultant, as it deems appropriate at the Bank's expense. In the event that the Board determines to retain any such advisor, it has the sole authority to approve and direct the scope of the assignment, fees, and other terms of retention.

### **Executive Succession Planning**

The Board shall review and update management's plan for succession of the CEO, the Chief Financial Officer and other executive officers in the event of an emergency, and make such determinations as is appropriate.

## **Board Assessment**

The Board is committed to continuous improvement in corporate governance which can include a comprehensive periodic self-assessment of the performance of the Board and its committees, led by the Governance Committee. The assessment would be designed to identify areas where the Board is particularly effective and surface opportunities for further enhancement. The Board assessment process may be supplemented by an individual director assessment or review process. The process may be conducted with or without the assistance of outside consultants or legal advisors.

## **Publication of Governance Documents**

These Corporate Governance Guidelines, the Code of Conduct and the charters of all of the Company's major Board committees will be published on the Company's website, as required by NASDAQ and SEC rules. These documents shall be reviewed at least annually by the Governance Committee, which will make recommendations to the Board with respect to any updates or modifications to these documents. Updated versions shall be posted on the website as soon as they become available.

## **Interested Party Access**

Interested parties, including shareholders wishing to communicate directly with the independent Board members should send any such communication to the Chairman of the Board in care of the Executive Office of the Company and Bank at 225 Asylum Street, Hartford, CT 06103. Any such communication will be reviewed by the Chairman and discussed with the Governance Committee, which will determine an appropriate response or course of action. Shareholders wishing to recommend candidates to serve as Board members may do so by sending to the attention of the Corporate Secretary at the above address the candidate's name, a detailed biography outlining the candidate's relevant background, professional and business experience, community leadership and other significant accomplishments, an acknowledgement from the candidate that he or she would be willing to serve on the Board if nominated and elected, a statement by the shareholder outlining the reasons why this candidate's skills, experience, background etc. would make a valuable contribution to the Board and a minimum of two references who have either worked with the candidate, served on a Board with the candidate or can otherwise provide relevant perspective on the candidate's capabilities as a potential Board member. The deadline by which such recommendations must be received by the Corporate Secretary will be published in the Company's Proxy Statement each year. Shareholder recommendations provided to the Corporate Secretary within this timeframe will be reviewed using the nominating process outlined in these Guidelines.