COMMUNITY FINANCIAL SYSTEM, INC.

CORPORATE GOVERNANCE GUIDELINES

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the "Board") of Community Financial System, Inc. (the "Company") to assist the Board in the exercise of its responsibilities to the Company and its shareholders. These Guidelines should be interpreted in the context of all applicable laws and the Company's Certificate of Incorporation, Bylaws and other corporate governance documents, and are intended to serve as a flexible framework within which the Board may conduct its business. These Guidelines are subject to modification and the Board shall be able, in the exercise of its discretion, to deviate from these Guidelines from time to time, as the Board may deem appropriate or as required by applicable laws and regulations. These Guidelines will be reviewed annually by the Governance Committee, and will be amended or supplemented from time to time as necessary or appropriate in the judgment of the Governance Committee and the Board.

1. Director Qualifications

The Board will have at least a majority of directors who meet the criteria for independence required by the New York Stock Exchange ("NYSE"). The Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics that the Board seeks in Board members as well as the composition of the Board as a whole, including an annual evaluation of whether members qualify as independent under applicable standards. During the course of a year, directors are expected to inform the Board of any material changes in their circumstances or relationships that may impact their status or designation by the Board as independent.

Nominees for director will be selected on the basis of outstanding achievement in their personal careers; broad experience; wisdom; integrity; ability to make independent, analytical inquiries; enhancing gender and ethnicity diversity; understanding of the business environment; and willingness to devote adequate time to Board duties. With respect to diversity, the Governance Committee considers diversity in the context of the Board as a whole including gender, race, ethnicity, personal characteristics, experience and background of directors and nominees to facilitate Board deliberations that reflect a broad range of perspectives. The Board believes that each director should have a basic understanding of (i) the principal operational and financial objectives and plans and strategies of the Company, (ii) the results of operations and financial condition of the Company and of any significant subsidiaries or business segments, and (iii) the relative standing of the Company and its business segments in relation to its competitors.

Nominees for directorship will be recommended by the Governance Committee to the full Board in accordance with its Committee Charter. In general, the number of directors on the Board shall range between 9 to 15 directors.

It is the position of the Board that directors who significantly change responsibilities or job positions should volunteer to resign from the Board. It is not the belief of the Board that in every instance directors who retire or have a change in status should necessarily leave the Board. Such changes should, however, be an opportunity for the Board, through the Governance Committee, to review the continued appropriateness of Board membership under the circumstances.

Directors shall advise the Chair of the Board and the Chair of the Governance Committee in advance of accepting an invitation to serve on another public company board. Prior to the director accepting an invitation to serve on another public company board, there shall be an opportunity for the Board through the Governance Committee to review the director's continuing ability to fulfill his or her responsibilities as a director, to determine whether the appointment would give rise to material conflicts of interest and to confirm compliance with regulatory and corporate governance standards applicable to service on multiple boards.

Consistent with the mandatory retirement provision in the Company's Bylaws, directors shall retire at the next annual shareholders meeting following the end of the calendar year in which the director attains age 70.

2. Director Responsibilities; Board Leadership

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders, and to perform their duties of care and loyalty. In discharging that obligation, directors are entitled to rely on the reports, advice, and information provided by the Company's management and its outside advisors and auditors, as permitted by law.

The specific duties and responsibilities of the Board will include, among other things, overseeing the management of the business and affairs of the Company; selecting and recommending to shareholders appropriate candidates for election to the Board; reviewing and, where appropriate, approving the business plans, major strategies and financial objectives of the Company; evaluating Board processes and performance and the overall effectiveness of the Board; evaluating the performance of the Company and of senior management; requiring, approving and overseeing the implementation of the Company's succession plans; reviewing compliance with applicable laws and regulations and adopting policies of corporate conduct to assure compliance with applicable laws and regulations and to assure maintenance of necessary accounting, financial, and other controls; and showing, through its actions, its awareness that the Company's long-term success depends upon its strong relationship with its customers, employees, shareholders and the communities in which it operates.

Directors are expected to serve on Board committees. To the extent possible, directors will be appointed to the committee(s) in which he or she is best suited to serve given the overall make up of the Board.

Directors are expected to regularly attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to discharge properly their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting generally should be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting. The Board will meet on a regular basis, typically on a monthly basis (except for April and August), and will hold additional meetings as the Board deems necessary. The independent directors will meet in executive session at least quarterly, without the Company's management. Directors are also expected to attend all annual meetings of shareholders of the Company.

The Board has a policy of separating the positions of Chair of the Board and Chief Executive Officer ("CEO"). In addition, the Company maintains a Lead Director structure to provide an additional source of independent leadership for the Board in the event the Chair of the Board is not deemed to be independent due to certain circumstances. In the event the Chair is deemed not to be independent at any time, the Lead Director will preside at meetings and executive sessions of the Board. The duties of the Lead Director include, as needed, the following: (i) presiding at all meetings of the Board and at executive sessions of the Board at which the Chair is not present, (ii) serving as a liaison between the Chair and the independent directors, (iii) authority to call meetings of the independent directors, and (iv) serving as an independent point of contact for shareholders wishing to communicate with the Board.

The Lead Director will be appointed by the independent directors of the Board on an annual basis. The role and the identity of the Lead Director will be disclosed in the Company's Proxy Statement, along with a process for interested parties to contact the Lead Director, or the independent directors as a group.

3. Board Committees; Chair Positions

Upon the recommendation of the Governance Committee, the Board shall annually appoint members to the following Board committees: Audit Committee, Compensation Committee, Governance Committee, Strategic/Executive Committee, Risk Committee, Trust and Financial Services Committee, and other committees that the Board deems appropriate from time to time. The members of the Audit Committee, the Compensation Committee, and the Governance Committee will be independent directors under the criteria established by the NYSE, any other exchange on which the Company's securities are traded, and any other applicable rules or regulations.

On an annual basis, the Governance Committee shall consider appropriate assignments for committee membership consistent with the qualifications of the directors and applicable legal requirements for various committees and shall submit its recommendations for committee assignments, committee chair positions, and other Board leadership positions to the full Board for consideration and approval. The committee structure will be evaluated on an annual basis and there will be a four year term limit for the chair of each committee unless such term limit is waived by the Board. There will also be a four year term limit for the Chair of the Board with the potential for appointment for a longer period at the judgment of the Board. The Governance Committee will conduct a performance evaluation of the Chair of the Board and a review of the effectiveness of the committee structure on an annual basis.

4. Director Access to Officers, Employees and Outside Advisors

Directors have full and free access to officers and other key employees of the Company and its subsidiaries and the Company's outside advisors. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. It is the expectation of the Board that directors will keep the CEO informed of communications between a director and an officer or other employee of the Company, as appropriate.

At least once per year, management will report to the Board regarding management development and succession, including initiatives and progress with respect to long-term strategic planning.

The CEO and other senior executives shall present reports at the Board meetings for the purpose of providing the Board with information and insight about the Company to assist the Board in its oversight role and responsibilities. Other members of senior management may attend Board meetings or committee meetings at the invitation of the Chair of the Board or the CEO to provide information and insight to the Board.

5. Majority Voting Standard Policy

The Board has adopted a majority voting standard policy to provide shareholders with a greater voice in the direction of the Company. Under the policy, if the election of directors is uncontested, a director nominee who does not receive the votes of at least the majority of votes cast with respect to such nominee's election is expected to tender to the Board his or her resignation promptly following the certification of election results. The Governance Committee will make a recommendation to the Board that it either accept or reject such resignation based on relevant considerations. The Board will act on the resignation, taking into consideration the Governance Committee's recommendation, and will publicly disclose its decision and the rationale behind its decision within 90 days of the certification of the election results. If the Board does not accept the resignation, the director may continue to serve until his or her successor is duly elected or any earlier resignation, removal or separation. If the Board accepts the nominee's resignation, then the Board may, in its sole discretion, fill any resulting vacancy or decrease the size of the Board pursuant to the Company's Bylaws.

6. Stock Ownership Guidelines for Directors

New directors are required to own at least $1,000 of common stock upon joining the Board. In addition, all directors are expected to comply with the Company's stock ownership guidelines, which require each director to own shares of Company common stock and share equivalent units equal in value to at least five times the annual base Board member retainer within six years of becoming a director. Under the guidelines, annual equity grants consisting of deferred stock units and any phantom stock acquired under the Deferred Compensation Plan for Directors qualify as share equivalents because the value of the phantom stock fluctuates with the value of the Company's stock and constitute an at risk investment in the Company.

7. Confidentiality

In order to facilitate open discussions, the Board believes maintaining confidentiality of information and deliberations is imperative. Each director has a fiduciary obligation to maintain the confidentiality of information received in connection with his or her service as a director or committee member.

8. Director Compensation

The form and amount of director compensation will be determined by the Compensation Committee, subject to approval by the Board, in accordance with the policies and principles set forth in its Charter and applicable legal and regulatory guidelines. The Compensation Committee will conduct a review of director compensation at least once every three years.

9. Director Orientation and Continuing Education

The Company will maintain an orientation program for new directors which will include familiarizing new directors with the Company's strategic plan, its significant financial, accounting and risk management functions, its compliance programs, its Code of Ethics, Insider Trading Policy and other relevant policies, its principal officers, and its internal and independent auditors. In addition, each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Company may, from time to time, offer continuing education programs and will reimburse directors for attending continuing education programs to assist the directors in maintaining such level of expertise. Attendance at continuing education programs will be coordinated with the Board Secretary, Chair of the Board, and the CEO.

10. CEO Evaluation and Management Succession

The Compensation Committee will conduct an annual review of the CEO's performance, as set forth in its Charter. The Board will review the Compensation Committee's report in order to ensure that the CEO is providing effective leadership for the Company in the long- and short- term.

The Compensation Committee should make an annual report to the Board on succession planning and development of appropriate skills and depth in senior management positions. The CEO should at all times make available his or her evaluation and recommendations of members of senior management, along with a review of any development plans recommended for such individuals.

11. Annual Performance Evaluation

The Board, acting through the Governance Committee, will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

Rev. 12/19/23 (5/15/24)