CAMBRIDGE BANCORP

COMPENSATION COMMITTEE CHARTER

(Approved July 17, 2017)

The Board of Directors (the "Board") of Cambridge Bancorp (the "Company") has established a Compensation Committee (the "Committee") and approved this Charter to outline its role and duties.

I. Statement of Purpose

The purpose of the Compensation Committee (the "Committee") is to fulfill the requirements of applicable law and stock exchange listing standards regarding the compensation of the executive officers of Cambridge Bancorp and its subsidiaries (the "Company") and to discharge such other responsibilities as are set forth below or as may be delegated to it by the Boards of Directors of the Company (the "Board") relating to compensation. The Committee is responsible for evaluating and approving the compensation plans and policies of the Company including the salary, benefit, bonus, incentive compensation, severance and equity-based programs, all of which are intended to function as the basis of fostering alignment of executive compensation with the interests of shareholders.

The objectives of this Committee are to foster both the enhancement of long-term shareholder value and the long-term interests of the organization by attracting and retaining top quality executives through compensation programs designed to motivate and reward executives to achieve the Company's business goals.

II. Structure and Membership

1. Number. The Committee shall consist of at least three members (the "Members") of the Board. The President and Chief Executive Officer ("CEO") shall not be a member of the Committee and shall not be present during voting or deliberations on his or her compensation.

2. Independence. Except as otherwise permitted by the applicable NASDAQ rules, each Member shall be independent as defined by NASDAQ rules and meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934 (the "Exchange Act") (subject to the exemptions provided in Rule 10A-3(c)). Specifically, the NASDAQ rules state that a director does not qualify as "independent" if:

(a) such director is, or during the past three years was, an employee of the company or any parent or subsidiary of the company or an immediate family member of an individual who is, or in the past three years has been, employed by the company or any parent or subsidiary of the company as an executive officer. Prior service as an interim Chairman or Chief Executive Officer will not disqualify an otherwise independent director;

(b) such director accepts or has an immediate family member who accepts any payments from the company or any parent subsidiary of the company in excess of $120,000 during the current or any of the past three fiscal years. This disqualification does not apply to (i) compensation for board service, (ii) payments arising solely from investments in the company’s securities if available to all security holders, (iii) compensation to an immediate family member who is a non-executive employee of the company or of a parent or subsidiary of the company, (iv) compensation for prior service as an interim Chairman or Chief Executive Officer, (v) benefits under a tax-qualified retirement plan, (vi) non-discretionary compensation, or (vii) personal loans to executives permitted by the Securities Exchange Act of 1934, as amended;

(c) such director is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the company made, or from which the company received, payments (other than payments arising solely from investments in the company's securities and available to all security holders or payments under non-discretionary charitable contribution matching programs) that exceed the greater of 5% of the recipient's gross revenues for that year or $200,000, in any of the most recent three fiscal years;

(d) such director is, or has an immediate family member who is, employed as an executive officer of another company at any time during the most recent three fiscal years at which any of the listed company's officers serve on such other company’s compensation committee; or

(e) such director is, or has an immediate family member who is, a current partner of the company's outside auditor, or such director or immediate family members was a partner or employee of the company's outside auditor who worked on the company's audit engagement at any time during the past three fiscal years.

3. <u>Chair</u>. The Board shall designate one Member to serve as Chairperson.

4. <u>Compensation</u>. The compensation of Members shall be as determined by the Board or a committee thereof charged with such duty. No Member may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid in his or her capacity as a member of the Board or a committee of the Board.

5. <u>Selection and Removal</u>. Each member shall be appointed by the Board, upon the recommendation of the Corporate Governance Committee, and shall serve until his or her successor is duly elected.

III. Authority and Responsibilities

General

The Committee will (a) assure the development and implementation of sound compensation philosophy, principles and practices, including comparison with peers; (b) oversee the Company's incentive plans to ensure that they adequately manage risk and do not cause excessive risk taking; (c) oversee the Company's equity compensation plans and exercise such power and authority as may be delegated to the Committee under such plans and; (d) review periodic reports on the compensation plans as they relate to all employees. In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports, or statements prepared or presented by:

- One or more officers or employees of the Company which the Committee members reasonably believe to be reliable and competent in the matters presented;
- Counsel, independent auditors or other persons as to matters which the Committee members reasonably believe to be within the professional or expert competence of such person. The Committee shall provide oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee; and
- Another committee of the Board as to matters within its designated authority.

Executive Compensation

1. <u>Goals and Objectives.</u> Annually, in connection with the Lead Director, review and recommend to the Board corporate and/or individual goals and objectives relevant to the compensation of the CEO, evaluate performance in light of those goals and objectives, and recommend to the Board the compensation level based on this evaluation. In determining any long-term incentive component of compensation, the Committee will consider all such factors as it deems relevant, such as the Company's performance and relative shareholder return, the value of similar incentive awards at comparable companies and the awards granted in previous years.

2. <u>Compensation Levels</u>. Annually review and recommend to the Board the following items for the CEO and the other executives of the Company:
   (a) The annual base level salary;
   (b) The level and requirements of any annual incentive opportunity;
   (c) The level and requirements of any long-term incentive opportunity; and
   (d) Any special or supplemental benefits.

3. <u>Employment and Severance Agreements.</u> Recommend to the Board employment agreements, severance agreements, and change in-control agreements or provisions with

the executive officers of the Company and its subsidiaries, in each case when and if appropriate.

4. Incentive Compensation Plans. Oversee any and all incentive compensation and equity-based plans and awards thereunder, including amendments to the plans or awards made under any such plans, unless such authority is provided to the full Board under the terms of any such plans. Adopt and oversee policies regarding the adjustment or recovery of incentive awards or payments if the performance measures upon which such incentive awards or payments were based are restated or otherwise adjusted in a manner that would have reduced the size of the award.

Non-Executive Compensation

1. Compensation Levels. Review salary, merit and equity grant structure and total dollars spent.

2. Incentive Compensation Plans. The Committee shall have the authority to approve (and may delegate authority to approve to a sub-committee of the Board, which may consist of the CEO alone) equity grants under a shareholder approved equity compensation plan, and cash incentives, to personnel who are not Section 16 reporting persons.

External Disclosures

3. Compensation Disclosure. Review and discuss with the management the Company's disclosures contained under the caption "Compensation Discussion and Analysis" ("CD&A") for use in the Company's annual reports on Form 10-K, registration statements, proxy statements or information statements and make recommendations to the Board that the CD&A be approved for inclusion in the Company's annual reports on Form 10-K, registration statements, proxy statements or information statements, as required by the Exchange Act and the rules and regulations promulgated thereunder.

4. Compensation Committee Report. The Committee shall prepare an annual committee report for inclusion where necessary in the proxy statement of the Company relating to its annual meeting of shareholders.

Compliance Oversight

1. Compliance with Laws and Regulations. Periodically review the Company's benefit, incentive compensation, and equity-based plans, compensation agreements, plans, policies, and arrangements, and adopt necessary or desirable amendments or changes to the same, and establish procedures and mechanisms designed to cause the same to comply with all provisions of applicable corporate, securities, tax, banking, ERISA, or other laws and regulations or listing requirements including those regarding:

(a) Reimbursement of the Company for, or forfeiture of any profits, bonus or equity-based compensation by CEO, principal financial officer, and/or executive officers in connection with an accounting restatement;
(b) Investment elections and changes thereto, blackout periods, and restrictions on trading by plan participants under any such benefit plans; and
(c) Section 16 of the Exchange Act and the rules and regulations promulgated there under.

Director Compensation

5. Compensation Levels. Annually, in connection with the Corporate Governance Committee, recommend to the Board the issuance and terms of cash and equity based compensation for the Board.

6. Peer Review. With such assistance of outside consultants as the Committee deems appropriate, at least once every three years, review Board fees and retainers as compared to peers and the Company's goals and recommend to the Board any change in Director compensation.

IV. Procedures and Administration

1. Meetings. The Committee shall meet as often as it deems necessary in order to perform its responsibilities, but in any event, no less than four times per year. The presence (either in person or via a telecommunications device) of a majority of all members shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the members present shall be sufficient to take any action. The Committee may also act by unanimous written consent in lieu of a meeting. The Committee shall keep minutes of all meetings. The Committee may invite members of management or others to attend meetings and to provide pertinent information as necessary. The Committee will periodically meet separately in executive session with and without management. Executive sessions will be held without the CEO to allow for open discussion whenever the CEO's compensation is discussed or voted upon. Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials.

2. Subcommittees. The Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances. In creating any subcommittee, the Committee shall select the members of the subcommittee, define its powers and authorities and provide for the subcommittee to report to the full Committee on its activities. Any decision of a subcommittee shall be presented to the full Committee at its next scheduled meeting.

3. Reports to the Board. The Committee shall report regularly to the Board the results of Committee activities and issues that arise with respect to its responsibilities.

4. Charter & Assessment. The Committee shall instruct management to publicly disclose this charter and any amendments to the charter on the Company’s website and/or as otherwise required by the Securities and Exchange Commission, the regulations of the primary market on which the Company's common stock is traded, and rules or regulations of any other regulatory body having authority over the Company or its securities. At least annually, the Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval. Additionally, the Committee will periodically assess the performance of the Committee and report to the Board.

5. Independent Advisors. The Committee is authorized, without further action by the Board, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. The Committee should take into consideration the factors set forth in Appendix A to this Charter prior to engaging a consultant. Such independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Committee.

6. Funding. The Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Appendix A

Factors pertaining to the independence of a compensation consultant, legal counsel (other than in-house counsel) or other advisor that must be taken into account before the Compensation Committee retains or accepts advice from such a person shall include:

(i) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other advisor;

(ii) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other advisor;

(iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest;

(iv) any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the compensation committee;

(v) any stock of the Company owned by the compensation consultant, legal counsel or other advisor; and

(vi) any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the advisor with an executive officer of the Company.

However, the compensation committee is not required to conduct an independence assessment for a compensation advisor that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the advisor, and about which the advisor does not provide advice.