# **J**Sandy Spring Bank

2022 Corporate Responsibility Report

# Our Sustained Commitment to Corporate Responsibility

**B** Sandy Spring Bank



Though a few things have changed since we first opened our doors over 150 years ago, one thing has not: Our commitment to creating opportunities for our clients, our employees and our communities. We are also committed to transparency and are proud to share our progress with you here.



HOW WE SUPPORT:

**The Environment 02** Reducing Our Environmental Impact



HOW WE SUPPORT:

**Our Community** 

**05** Financial Inclusion **07** Supporting Our Communities



HOW WE SUPPORT:

## **Good Governance**

12 Corporate Governance15 Business Standards17 Data Protection18 Corporate Political Contributions



HOW WE SUPPORT:

## **Our Workforce**

19 Diversity and Inclusion21 Talent Acquisition, Development, Retention and Engagement

# A Message from Our President and CEO

At Sandy Spring Bank, our company is committed to five core principles:

- Be responsive in every way
- Always take the extra step
- Take the long view
- Make it our own
- Always do what is right

These principles guide how we do business and serve our community. As a result, these principles are also central to our approach to Corporate Responsibility.

For example, we partner with local nonprofits to respond to the specific needs of the communities we serve. Since we have a long-term view of our company, we invest in professional development and employee engagement opportunities so people can grow their careers at Sandy Spring Bank. Additionally, in 2022 we launched an employee-driven effort to develop a corporate Diversity, Equity & Inclusion Plan that is truly our own and reflects what matters to our employees. These are just a few of the ways we live out our principles. Enclosed, you will find many other examples of our remarkable employees in action for the betterment of our clients, communities, shareholders, the environment and our workplace.



Now in our third year of reporting, we are pleased to cement further a precedent for transparency and accountability in this space. We appreciate your interest in Sandy Spring Bank and for taking the time to explore our work.

**DANIEL J. SCHRIDER** Chair, President and CEO



At Sandy Spring Bank, we recognize that we all have a role to play in protecting the environment and combating climate change. Our focus is sustainable business practices that minimize our impact on the environment while also reducing the risks that climate change poses to our business.

As a financial services partner in the community, we contribute to environmental sustainability by financing clean energy and energy efficiency projects.

To decrease our own impact, we reduce paper use through digitalization and waste reduction, and as we modernize aging facilities, we also upgrade their energy and resource efficiency.

For more information on the risks posed by climate change to our business, see our <u>Annual Report</u>.

## **Supporting Clean Energy and Energy Efficiency**

We continue to work with the Montgomery County Green Bank (Green Bank) to support clean energy investment in Montgomery County, Maryland. As of August 2022, we collaborated on six projects under the Green Bank's Commercial Loan for Energy Efficiency and Renewables (CLEER) program. These include two projects that combined the use of the established CLEER program with a participation loan made by Sandy Spring Bank and the Green Bank. This innovative financing structure was the first of its kind between the two banks.

The Green Bank and Sandy Spring Bank closed the first project under this new approach with the 8101 Connecticut Avenue Condominiums to support a major energy efficiency and renewable energy project to replace aging infrastructure. The \$3.2 million investment supports an overall \$5.8 million energy retrofit project that is expected to result in \$25,000 of annual energy savings and reduce 153 metric tons of greenhouse gas (GHG) emissions annually.

Together, we also partnered to provide \$1.2 million to finance the Stewart Avenue Warehouses. They will use the loan to fund the installation of a 412kW solar system by New Columbia Solar. The Stewart Avenue Warehouses will sell the electricity output via community solar subscriptions from the warehouse tenants and subscribers within energy provider Pepco's territory. This solar-powered system is expected to produce 515,000 kWh in its first year and generate an average of 491,000 kWh per year over the next 20 years. The energy production is also expected to save subscribers more than \$88,000 per year and reduce 348 metric tons of GHG emissions.

## **Embracing Digital Tools**

We continue to upgrade our technology to reduce our paper use and reliance on paper-intensive processes. These initiatives reduce our carbon footprint while making it easier for clients to do business with us.

Key processes that are now digital include:

#### Mortgage Loan Disclosures.

In 2022, 86% of initial mortgage disclosures were delivered by e-disclosure rather than through paper.

#### **Commercial Loan Processing.**

Our new commercial banking system enables us to process commercial loans with far fewer — and sometimes zero — paper documents.

#### Mortgage Loan Closings.

Our e-closing tool allows mortgage borrowers to sign the majority of their closing packages electronically, which significantly reduces the size of the physical closing package and the time borrowers need to spend at closing. In 2022, 87% of our closing were done through either a hybrid or full e-close process.

We also encourage clients to use online and mobile banking and to opt-in for electronic statements. In 2022, 47% of eligible clients received electronic statements, while 50% of eligible clients used our digital banking tools.

## **Reducing Waste**

A positive outcome of the Covid pandemic was the need for our processes to become less paper-driven in order to function efficiently with staff working from home. By increasing our use of document imaging, we have significantly reduced the amount of paper and ink we use in daily operations. In 2022, the amount of paper purchased was nearly **50% less** than the amount purchased in 2019.

Our shredding and recycling efforts keep our clients' personal information safe while reducing waste. In 2022, we recycled an estimated 242,000 pounds of paper, an increase from an estimated 230,000 tons in 2021. In addition to the recycling of paper, we provide recycling bins to collect glass, plastic and other recyclables at all of our properties.

We evaluate new and renovated locations for waste-reducing opportunities, such as the installation of wall-mounted hand dryers instead of paper towel dispensers. We work with our suppliers to procure products from renewable sources, including recycled paper products, whenever possible.



## New for 2022

We began working with a new electricity provider with a greater ability to track our energy use. A working committee now meets regularly to review our monthly usage and identify reduction opportunities.

## **Reducing Energy and Resource Usage**

We contribute to a sustainable environment through business practices that protect and conserve natural resources. Highlights of our efforts include:

#### Water Consumption Programs:

New and renovated locations include water dispensing machines, which reduce use of plastic water bottles; faucets with motion sensors; and water-saving toilets.

#### **Renewable Energy:**

Under our electricity supplier agreement for our Maryland and Washington, D.C. locations, we purchase renewable energy credits equal to 10% of our total annual usage. Each credit represents the environmental benefits of 1,000 kilowatt-hours of renewable energy that can be paired with electricity.

#### **Energy-Efficient Systems:**

New and renovated locations include energy-saving, time-controlled HVAC systems and light fixtures with sensors that detect motion. We also evaluate HVAC systems in our new and renovated locations for energy-saving upgrades, and purchase ENERGY STAR appliances whenever possible.

#### **LED Upgrades:**

We have installed energy-saving LED light bulbs and fixtures throughout our facilities.



Æ

Ē



social Financial Inclusion



## **Products and Services**

Making financial products and services accessible and affordable is an important part of what we do. Our products are designed to meet the needs of clients in every stage of life and income level, whether opening a checking account for the first time or starting a small business.

In 2022, we introduced a new personal checking account product called **Direct Banking.** Direct Banking enables individuals and families to be in control of their banking in ways that best meet their financial goals, regardless of how, when, or where they bank with us. Direct Banking has no overdraft fees and is a convenient paperless account. In addition, Direct Banking has received **BankOn** certification, a national standard for low-cost, low-fee bank accounts designed to help connect consumers with more affordable deposit accounts.

On November 1, 2022, we launched our new <u>personal account fee structure</u> that eliminated nonsufficient funds fees on all personal accounts, lowered overdraft fees, eliminated extended overdraft fees, and reduced the maximum number of overdrafts fees per day. These changes are part of our comprehensive strategy to regularly review fee structures and make banking easier and more affordable for consumers.

Our **My Free Banking** no-cost checking account has no minimum balance requirement or monthly fee. Clients have free, secure access to their accounts and can make online deposits via our mobile banking app. A free debit card is also included.

For those at least 55 years of age we offer **Senior Interest Checking.** There is no minimum balance or direct deposit requirement, and no monthly fee. The account is interest bearing and comes with free check orders, online and mobile banking, and a free debit card.

Over 27,000 small- and medium-sized businesses use our **Flex Business Checking.** With several activity tiers, businesses can avoid monthly fees by maintaining a modest minimum average balance. All accounts come with online banking and business clients can offer their employees free checking accounts through our **Workplace Banking** program.



6

## **Community Development** Lending and Investments

We support low- to moderate-income communities by partnering with organizations that develop affordable housing, provide community services, and revitalize and stabilize inner-city areas. Through loans and investments, we help meet critical needs for people and neighborhoods across our footprint.

In 2022 our community development loans and investments helped provide **252 affordable housing units** and supported organizations that serve the elderly, homeless, individuals with intellectual and developmental disabilities, and disabled veterans, among others.

## Homeownership

We strive to be an advocate for our clients in reaching their life goals, including home ownership. Sandy Spring Bank has helped people obtain mortgages in our community for more than 150 years, and we specialize in finding the right solution for each client to make home ownership attainable. We support affordable housing through our inhouse portfolio products and partnerships with local community development agencies as described below.

#### Our Welcome Home Loan Program

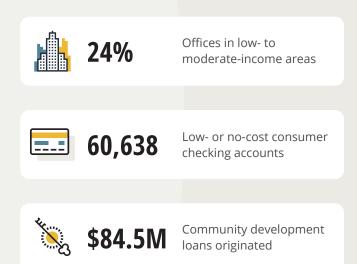
provides affordable financing for homes for lower- and moderate-income purchasers. Benefits include a low down payment with flexible funds eligibility and no mortgage insurance. This program is available to individuals whose income is below a certain level or for homes located within low- or moderate-income census tracts. The program also allows eligible borrowers to refinance up to 100% of their home's value with no mortgage insurance.

We also offer Freddie Mac's **Home Possible** and Fannie Mae's **Home Ready**, which provide up to 97% financing for low- and moderate-income borrowers on either home purchases or refinances. Both programs offer flexible underwriting features, including more eligible sources of funds for down payment and closing costs. In conjunction with these programs, we offer a down payment assistance program called **Closing the Gap Plus**. It provides up to 3% of the purchase price for borrowers who meet income and/or property eligibility requirements.

Through the Federal Home Loan Bank, we offer a multitude of down payment assistance programs for low- and moderate-income buyers, including a **First Time Homebuyer Program** and **Community Partner Programs** for educators, health care workers, law enforcement, fire fighters, and other first responders, as well as a program for veterans, their spouses or surviving spouses purchasing a home.

We also offer various state government programs, including the Maryland Mortgage Program, Virginia Housing Development Authority, DC Open Doors, and other local programs.

Sandy Spring Bank is approved to originate loans guaranteed by the Department of Veterans Affairs (VA) and offers VA financing to all eligible veterans. We are also an approved Federal Housing Administration lender, which allows us to offer low down payment financing to all eligible borrowers.



## 2022 Highlights

#### 753 loans for \$84.5 million

Single-family mortgage loans to low- to moderate-income clients

**433 units for \$126.3 million** Affordable housing loans originated

#### 513 units for \$186.7 million

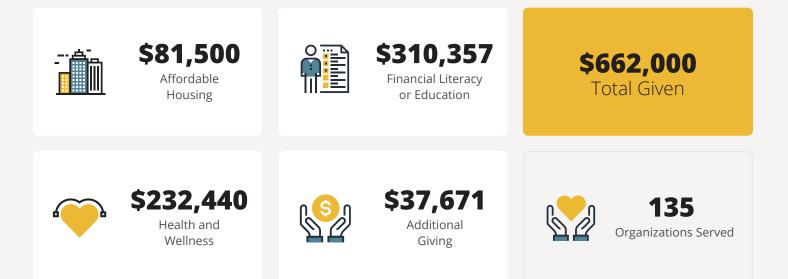
Loans originated for first-time home buyers

In late 2022, we launched a partnership with JPMorgan Chase called the **Chase Community Lending Program**. It offers pricing discounts, which we pass on to borrowers, for eligible loans secured by property located in majority/minority census tracts. Discounts of up to \$4,500 were available in 2022, and we provided mortgages on six units for more than \$1.8 million.



Annually, we donate thousands of meals, support numerous organizations, and provide financial education to consumers. We work closely with our employees to identify community needs and collaborate with non-profit organizations to lend resources, through volunteerism, material donations (such as food, clothing or toys) and financial support. We focus on nonprofit organizations that promote:

> Health and Wellness Financial Literacy and Education Affordable Housing



## **Health and Wellness**

In July 2022, we announced a philanthropic gift of **\$250,000** to expand cancer care services at **MedStar Montgomery Medical Center** located near our corporate headquarters in Olney, Maryland. This gift will support the development of the Oncology Pavilion at MedStar Montgomery that will house services such as chemotherapy, immunotherapy, radiation, and other cancer treatment and support services. Sandy Spring Bank's support of MedStar Montgomery dates back over a century to the founding of the then Montgomery General Hospital in 1920.

"We are deeply grateful to Sandy Spring Bank for this life-changing philanthropic investment to support our patients and community, and for the wonderful partnership we have enjoyed with the Bank throughout the years."

-Thomas J. Senker, President of MedStar Montgomery Medical Center In 2022, Reignite Psych, a Black and women-owned mental health services provider in Washington, D.C., moved into a newly converted row home in Northeast. Sandy Spring Bank was their financial partner in this purchase and two-year renovation project supporting Reignite Psych to provide essential health services.

## **Financial Literacy and Education**

For more than 11 years, we have partnered with **EverFi**, an education technology company that provides learners of all ages with education for the real world through innovative and scalable digital learning. Through our partnership, we support EverFi's online adult consumer financial education program known as <u>The \$tation</u>. It offers interactive financial education on topics such as building emergency savings, mortgage education and retirement planning. The site has had nearly 23,000 visitors since its inception in 2019.

Sandy Spring Bank has also supported **Howard Community College** in Columbia, Maryland, for more than 30 years. In the 2022–2023 academic year, we supported the following programs:

- Skilled Immigrant Program, which provides courses on workforce and career development for mid- and advanced-level English speaking, bilingual, and multi-lingual credit and noncredit students.
- Silas Craft Collegians, which offers a select group of students — most from low- to moderate-income families — personalized attention, mentoring, and peer reinforcement, as well as scholarships.
- Fueling Dragons program, which helps address food insecurity and provides nutrition and health education.

#### Sandy Spring Bank has been the title sponsor of **George Mason University's Diversity Scholarship Golf Classic** for more than a decade. The 2022 event benefited two programs:

- Early Identification Program, which supports firstgeneration college-bound students beginning in the eighth grade.
- Student Transition Empowerment Program, which supports first-generation students once they arrive on campus.

Since 2015, we have partnered with **Junior Achievement** (JA) of Central Maryland through employee donations and monetary support for various fundraising events. In 2022, Sandy Spring Bank employees volunteered at JA BizTown, teaching more than 50 fourth grade students from Baltimore about personal financial management and business/ entrepreneurship skills.

We have also supported **JA of Greater Washington** since 2016. In 2022, we appointed a JA volunteer opportunity coordinator to promote employee volunteerism at JA Finance Park, an educational experience designed to inspire, guide, and teach middle school students to be financially savvy.

In 2022, Sandy Spring Bank became a financial services partner for Trinity Washington University in Northeast Washington, D.C. which supports the education of low-income students of color. Our support will help Trinity achieve their goal to enroll 2,500 students in degree programs by 2025.

Sandy Spring Bank supports **Forging the Future: The Campaign for Hood College.** Our annual donation supports:

- Unrestricted scholarship and financial aid to exceptional students.
- Academic support for outstanding faculty, classroom equipment, library resources, furnishings, academic research, study-abroad opportunities and extra-curricular programming.
- Innovative curricular offerings including business, cybersecurity, public health, nutrition, nursing and more.
- Contemporary facilities and a campus that supports learning beyond the classroom.
- Deepened partnerships with the greater Frederick, Maryland, community.

## **Affordable Housing**

Sandy Spring Bank has supported **Operation Renewed Hope Foundation's (ORHF)** veterans and families since 2016 through employee volunteerism and fundraising events. In 2022, the Bank hosted a fundraiser cookout and employees collected donations from across the company. Our support helped ORHF assist 97 veterans and family members in the D.C. metro area.

Sandy Spring Bank has collaborated with **Habitat for Humanity** for more than 16 years. In 2022, we participated in Habitat's Metro Maryland's Women Build, where Bank volunteers helped with subflooring and interior framing. In the past five years, we have donated **more than \$50,000** to support safe, affordable housing for our neighbors in need, and our employees have volunteered over **600 hours.** 

## **Record Breaking Year for Toys for Tots**

A favorite event in our annual **Season of Sharing** is the Bank's participation in the U.S. Marine Corps' Toys for Tots campaign. 2022 marked the 75<sup>th</sup> Anniversary of **Toys for Tots**, and Sandy Spring Bank employees and clients made it a record year for our support. In total, we helped raise **\$17,000** and provided hundreds of donated toys. A team of employees spent a Saturday in December shopping for toys and filled a military transport truck with their purchases!



## **Casual for a Cause**

Casual for a Cause is an employee-driven giving program that supports local nonprofits. One day each month, employees can contribute to a different organization in exchange for wearing jeans or other casual clothes to work. Each year, employees nominate and select the organizations that receive our support. Since 2016, Sandy Spring employees have raised more than \$80,000 for more than 60 organizations across our region.

### 2022 Beneficiaries of Casual for a Cause:

Anne Arundel County Literacy Council		BeMore Caring		Bite Me Cancer		
Cura Personalis Project	Horton's Kids		Junior Achievement of Greater Washington			
Leukemia & Lymphoma Society Loudoun		udoun A	bused Women's A	ssociation	Loudoun Habitat for Humanity	
Montgomery County Business Hall of Fame			Operation Renew	ved Hope	Suited for Chang	e

## **Employee Volunteerism**

Our employees play a central role in advancing our commitment to our communities through volunteering. Employees are encouraged to sign up for volunteer activities and events throughout the year and record their hours to be recognized for their contribution.

To show our appreciation for employees who pursue their passion in the community, we created **Dollars for Doers.** When an employee volunteers at least 50 hours annually to an organization, we make a donation to that non-profit in recognition of their service.

The spirit of giving is especially present during our year-end **Season of Sharing.** Throughout the fourth quarter, we hold community service and fundraising activities. In 2022, this included assembling 300 meal kits, collecting 100 sets of pajamas and books for children in foster care, supplying 262 pounds of food for area food banks, gathering supplies for infants and new parents, assembling playhouses for Habitat for Humanity Metro Maryland, and more.





# 2022 Beneficiaries of our Season for Sharing:

- Capital Area Food Bank
- Carpenter's Shelter
- Habitat for Humanity Metro Maryland
- Horton's Kids
- Howard County Food Bank
- MedStar Montgomery Maternity Ward
- National Capital Area Command Angel Tree
- Operation Renewed Hope
- Pajama Program
- Toys for Tots





At Sandy Spring Bank, we are committed to strong corporate governance. We believe that our governance practices reflect our values to our shareholders, clients, employees and communities.

## **Board Oversight and Diversity**

Our board of directors works in partnership with our management team to serve all stakeholders, including our clients, employees, communities and vendors, as well as our shareholders. The board provides oversight by monitoring our strategy and performance, selecting our independent auditors, overseeing our internal audit function, tracking our risk management framework, and setting senior management compensation.

The board seeks directors with a variety of views and experience. As of January 1, 2023, the board consisted of 11 independent directors plus our Chair, President and CEO, Daniel Schrider. On December 14, 2022 the board elected Kenneth C. Cook to be a director effective March 1, 2023, following his retirement from the Bank. Mr. Cook, the former CEO of Revere Bank, has been Executive Vice President & President of Commercial Banking since Sandy Spring Bank's acquisition of Revere Bank in 2020. Mr. Cook brings a wealth of experience and knowledge in our industry and our local market.

Our independent directors work and live in communities across our market area and have a broad range of experience and skills. Three of our independent directors are women and one identifies as a person of color. You can find more information about our directors' experience and qualifications on our <u>Investor Relations</u> website and in our <u>Proxy Statement</u>. Longer-serving directors provide continuity and institutional knowledge of our company and its culture. At the same time, regular board refreshment can help ensure the proper mix of directors to meet both current and long-term needs and provide the necessary oversight of our evolving corporate strategy and risks. To promote board refreshment, we have a mandatory retirement age of 72. We have also used recent acquisitions as an opportunity to expand our board. Currently, six of our 13 directors have joined the board in the past five years.

On January 1, 2023, Robert L. Orndorff, our board chair since 2010, was named Lead Independent Director and Daniel J. Schrider assumed the combined role of Chair and CEO. Combining the Chair and CEO roles at this time supports clear accountability, effective decision-making and execution of corporate strategy.

Our board of directors provides oversight of our organization through five committees: Audit, Risk, Compensation, Nominating and Governance, and Executive Committee charters may be found <u>here</u>. All of our board committees are chaired by independent directors. Two of our committees are chaired by women or persons of color.

<b>Board Oversight and Diversity</b>		
Board size	13	# of diverse directors
Lead Independent Director	Yes	Average age of directors
Independent directors	11	Average tenure of directors
# of women directors	3	Mandatory director retirement age

#### **Majority Vote Standard**

In 2022, the board amended our bylaws to require a director nominee to receive more votes "for" than "against" to be elected in an uncontested election. If an incumbent director fails to receive a majority of votes cast, that director must tender his or her resignation, which will be given prompt consideration by the Nominating and Governance Committee. Under our Corporate Governance Guidelines, the Nominating and Governance Committee and the board may consider any factors they deem relevant in deciding whether to accept a director's resignation. The board will promptly disclose its decision regarding the resignation and the basis for the decision.

#### **Corporate Governance Guidelines**

Our board of directors has established <u>Corporate Governance</u> <u>Guidelines</u> to reflect the board's commitment to sound and effective governance. Our Corporate Governance Guidelines, which address director selection and performance as well as board structure and operation, is intended to assist the board in the exercise of its governance responsibilities and serve as a framework for the governance of our company.

#### Environment, Social and Governance Oversight

Our board of directors has responsibility for overseeing policies, programs and strategies related to environmental, social and governance (ESG) matters. Board committees also play an important role in oversight of ESG matters. The board's Nominating and Governance Committee oversees our policies and practices on significant issues of corporate social responsibility and sustainability. The Compensation Committee assists the board in the oversight of our human capital management strategy, including strategies and initiatives on diversity, equity and inclusion, employee wellbeing and engagement.

#### **Risk Management**

We utilize a comprehensive enterprise risk management framework to identify, assess, measure, monitor, report and control risks across our organization, including social and environmental risks. The board's Risk Committee is responsible for oversight of our risk management process.

Our Executive Risk Committee, which consists of our executive leadership team and reports directly to our board's Risk Committee, determines our risk appetite, monitors key risk indicators, and assesses and monitors current and emerging risks. Our enterprise risk management framework is overseen by our Chief Risk Officer, who reports to our CEO. You can find more information about our risk oversight and a description of the principal risks overseen by board committees in our <u>Proxy Statement.</u>

In addition, management has established internal committees that provide strategic direction and oversight for various elements of our business that contribute to our risk management activities, including:

- Asset/Liability Management Committee
- Disclosure Committee
- Investment Committee
- Compliance Committee
- Funding and Liquidity Committee
- Capital Management Committee

• Fraud Risk Committee

1

65 years

**10.5 years** 

72 years

- Vendor Management Committee
- Technology Risk Committee
- Business Continuity Committee
- Operational Risk Committee

### **Executive Compensation**

We are committed to rewarding executive management for performance achieved through planning and execution. The board's Compensation Committee has developed a philosophy that executive compensation should be aligned with our strategic objectives, balanced among fixed and variable elements and short- and long-term results, and sufficient to attract, motivate and retain the talent and leadership needed for our continued success. Our Compensation Committee reviews and approves our executive compensation programs annually.

### At Sandy Spring Bank We...

- Use an independent compensation consultant that is retained by and reports to the Compensation Committee
- Tie a significant portion of executive compensation to performance
- Require minimum performance threshold be attained before any incentive compensation is paid
- Impose maximum caps on incentive compensation
- Tie incentive compensation to a clawback policy
- Require significant stock ownership by our named executive officers, including 4x base salary for our CEO and 2x base salary for our other executive officers
- Conduct an annual risk assessment of our compensation programs

In 2022, we terminated our employment agreements and change in control agreements with executive officers and adopted an Executive Severance Plan, which will provide executive and key officers with severance benefits if their employment is terminated under certain circumstances. The utilization of a single plan provides clarity and consistency to the executive participants and transparency in our disclosure around these benefits.

Providing for severance and change in control benefits is an important element of our executive compensation program,

#### Governance Highlights

We are committed to governance practices that support our long-term strategy, demonstrate high levels of integrity, and earn the confidence of investors and other stakeholders.

- Lead Independent Director
- Mandatory director retirement age of 72
- Independent directors meet regularly in executive session
- Audit, Compensation, and Nominating and Governance Committees consist solely of independent directors
- Audit Committee meets with auditor in executive session

#### We Do Not...

- Provide tax gross-ups to executive officers
- Provide "single-trigger" vesting of equity awards upon a change in control
- Provide "single trigger" severance upon a change in control
- Provide excessive perquisites
- Permit hedging or pledging of Sandy Spring stock
- Encourage excessive risk-taking through our compensation programs
- Provide supplemental executive retirement plans

supports the creation of long-term shareholder value, and is necessary to attract and retain top executive talent in a competitive market. The Executive Severance Plan does not provide for any tax indemnification or "gross-up" payments for any golden parachute excise tax payments, and all change in control benefits are subject to a "double-trigger" (i.e., a change in control plus a qualifying termination of employment).

You can find more information about our compensation governance practices in our <u>Proxy Statement</u>.

- Oversight of enterprise risk through board Risk Committee
- Majority vote required in uncontested director elections
- Annual board evaluations
- Continuing director education program
- Stock ownership guidelines for directors and executive officers
- Anti-hedging policy

- Clawback policy
- Code of Ethics and Business Conduct available on <u>website</u>
- Corporate governance guidelines available on website
- One-share, one-vote structure
- No shareholder rights plan



Doing business honestly and ethically is at the core of our culture.

Our <u>Code of Ethics and Business Conduct</u> provides guidance in how we expect our employees to conduct business on a daily basis and live up to our core principles. The policies in our Code of Ethics apply to all of our directors, officers and employees. Anyone who violates the Code may face disciplinary action, up to and including termination.

## **Our Code addresses:**

#### **Confidential Information**

Earning and maintaining the trust of our clients are essential to the success of our business.

#### **Anti-Harassment**

We are committed to the fair treatment of all employees and applicants for employment. We expect that all work relationships will be free of bias, discrimination, harassment and retaliation.

#### **Diversity and Inclusion**

We are committed to a diverse and inclusive workplace where all backgrounds, experiences, interests and skills are respected, appreciated and encouraged. We strive to be the company where our employees, clients and communities see, feel and believe our commitment to diversity and inclusion.

#### **Gifts and Entertainment**

We restrict gifts from third parties so that they do not impair our ability to make objective business decisions or create the appearance that our objectivity has been compromised.

#### **Conflicts of Interest**

Each of us must carry out our professional responsibilities with integrity and with a sense of loyalty to the company. We are expected to make sound business decisions in the best interests of the company, without regard to our personal interests.

#### **Compliance with Laws and Regulations**

We operate in a highly regulated environment and are subject to examination by federal and state banking regulators. We seek to comply with — and never intentionally violate — the laws and regulations applicable to our businesses. All employees receive training on our Code of Ethics upon joining the company, after which all employees receive bi-annual training and must certify their understanding of and compliance with our Code.

In addition to our Code of Ethics, we also maintain an <u>Insider Trading Policy</u> to prevent illegal insider trading and tipping by our directors, officers and employees. We provide training to all employees on their obligations not to trade in our securities while in possession of material, non-public information about the company.

We encourage employees to inform management or our Audit Committee of any accounting irregularities or any potential violations of our Code of Ethics or other policies or laws. Our <u>whistleblower policy</u> governs the receipt, retention and treatment of concerns raised and protects the confidential, anonymous reporting of employee concerns regarding questionable accounting or auditing matters or other ethical violations.

Employees can also submit concerns or complaints regarding suspected violations on a confidential and anonymous basis through a toll-free response line or web portal, both monitored by an independent third-party provider. All submissions through the response line or web portal are reported to our Audit Committee and investigated by our General Counsel, Human Resources department or Internal Audit department, as appropriate.

We maintain a strict non-retaliation policy. Employees who engage in retaliation against a colleague who has raised a concern or questions in good faith and in accordance with the Code are subject to disciplinary action, up to and including termination.

GOVERNANCE

## Ensuring Strong Data Protection

Data privacy and protection are a strategic priority at Sandy Spring Bank, and we have established strong governance measures to protect the privacy and security of customer information and help ensure compliance with all privacy and cybersecurity laws and regulation. As a regulated financial institution, we are subject to numerous laws and regulations regarding data privacy and cybersecurity.

We have put in place extensive corporate policies and operating procedures that govern how we collect, use, retain and protect data. We employ a layered approach to cybersecurity that utilizes multiple levels of preventative and detective tools, rigorous systems testing, software patch management, dedicated information security staff led by our Chief Information Security Officer, and a security awareness program for all employees. Our Information Security team tracks key performance and risk indicators, which it reports quarterly to our board's Risk Committee.

We obtain independent audits of our information security program, engage third-party companies annually to conduct internal and external penetration testing, and conduct internal security risk assessments.

All employees are engaged in protecting and securing data. Employees receive annual training on cybersecurity risks, and we routinely conduct exercises to raise data security awareness. In recognition of October 2022 being National Cyber Security Awareness Month, our employees participated in a companywide engagement exercise featuring weekly messages, and micro trainings on the following:

- Phishing, Malware, and Spear Phishing
- Ransomware Training
- Cybersecurity at Home, Online Shopping, and Unsecured Networks



Our <u>Code of Ethics and Business Conduct</u> reflects our policy of non-partisanship. We do not support any employee-funded political action committees, nor do we contribute any corporate funds to candidates for public office or political parties or use corporate funds to make independent political expenditures.

All employees are encouraged to participate in the political process, and we respect the rights of employees to support issues and candidates of their choosing.





At Sandy Spring Bank, our employees serve as financial advocates for our clients, delivering the best possible financial solutions to meet their needs. Attracting and retaining a diverse, highly skilled workforce is of great importance. Creating a workplace where everyone feels included, respected and valued is key to our ability to deliver a remarkable client experience. Our employees are at the heart of our success.

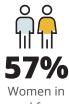
## Diversity, Equity and Inclusion (DE&I)

At Sandy Spring Bank, fostering a positive and highly productive environment begins with treating all employees and clients with respect. We are committed to a diverse and inclusive workplace where all backgrounds, experiences, interests and skills are respected, appreciated and encouraged.

Celebrating the value of diversity begins with understanding and embracing the different markets we serve. We recognize the diversity that exists in our client relationships and our ties to local communities. We are working to enrich our workforce through efforts to attract and retain individuals for their diverse skills, experience, culture and traits. Employees who bring a variety of perspectives and experiences help us to understand the diverse needs of our clients and expand our ability to serve their needs.

Our efforts include using digital tools to increase the visibility of our job postings among underrepresented job seekers, including veterans, individuals with disabilities, older workers and other historically underrepresented communities. We have also expanded our recruiting efforts to area community colleges and universities with diverse student populations.

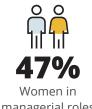
## Workforce Demographics:







of people of color in workforce



managerial roles



of people of color in managerial roles





## **Making A Commitment**

In 2021, the bank launched an Advisory Group that was charged with creating internal initiatives that address matters related to racial diversity and talent development.

The Advisory Group introduced a specialized mentorship program called ACCESS. The program aims to help mentees navigate their careers at the company and provide mentors with new and diverse perspectives on talent development (see below).

In 2022, the Advisory Group launched a company-wide effort to develop a corporate DE&I Plan. The company engaged a thirdparty expert who facilitated more than 25 focus groups with employees at every level of the company. Employees confidentially shared their personal experiences and the things that matter the most to them about DE&I at Sandy Spring Bank. Based exclusively on employee feedback, the Advisory Group and our executive team identified the pillars of our DE&I Plan and presented them at a special DE&I Town Hall.

In 2023, employee-led teams will develop and implement action plans and goals for each pillar. We are committed to sharing our progress on this important work. In the spirit of increasing awareness and engagement during 2022, we celebrated opportunities to highlight the culture, contributions, and accomplishments of the African American and Hispanic communities in our area. For **Black History Month** in February, we partnered with the Sandy Spring Slave Museum & African Art Gallery to present a live webinar and Q&A session about the museum and the history of the enslaved and free Black community in Sandy Spring, Maryland.

For **Juneteenth**, Sandy Spring Bank marked the holiday with a week-long schedule of volunteer and community celebration events. The week culminated with lunch for all employees provided by local minority-owned vendors.

In October, we celebrated **Hispanic Heritage Month** with a special webinar for all employees entitled "The Impact of the Hispanic Community on the Economy." The webinar featured a panel of three Bank officers of Hispanic origin to ask questions of our guest speaker, Susana Marino, the President of the Northern Virginia Hispanic Chamber of Commerce. "Honesty, integrity and respect for others are central to everything we do, and building a diverse and inclusive workforce is a component of our strategic plan."

**Dan Schrider** Chair, President, and CEO

# Supporting Career Development through Mentorship

In late 2021, we launched an employee mentorship program entitled ACCESS with a pilot cohort of 11 mentees, 73% of whom were people of color. The program aimed to help mentees navigate their careers within the company and provide mentors with new and diverse perspectives on talent development. ACCESS featured regular one-on-one coaching, cohort learning activities and networking with senior leaders. This first group finished in mid-2022.

The second ACCESS cohort of 15 new mentees (66% women and 47% people of color), was formed in December 2022 and began their program in 2023. "As a group we got to meet/network with others, work in groups, expand our skills and participate in activities that we don't normally have the opportunity to, which was encouraging and eye-opening. I enjoyed every aspect of the program."

ACCESS program participant

#### PEOPLE

Talent Acquisition, Development, Retention and Engagement



## Attracting and Retaining Highly Skilled Employees

Through systematic talent management, career development and succession planning, we work to provide employees with opportunities to advance and grow their careers.

At Sandy Spring Bank, we have built a culture of respect and teamwork that has earned us recognition as a top workplace.

Sandy Spring Bank's Employee Referral Bonus pays existing employees \$500 for a successful new employee hire and up to \$7500 for hard-to-fill positions!



### 2022 Accolades

- Washington Post Top Workplace
- Baltimore Sun Top Workplace
- Sandy Spring Bank's 401(k) Plan selected as a Best-in-Class Plan by PLANSPONSOR.
- Bank Director Named Sandy Spring Bank #23 U.S. bank
- Great Place to Work certified
- Fifth Best Bank in the Country in S&P Global Market Intelligence's Annual Rankings
- Top Five Bank on **Forbes** America's Best Banks list

## **Creating A Talent Pipeline**

In May 2022, we welcomed 13 college interns who, over nine weeks, gained experience in IT, Loan Administration, Marketing, Human Resources and Commercial Banking. They also volunteered to help make and serve food to people experiencing homelessness and poverty.



## **Professional Development**

Our interactive performance management program helps empower employees to take ownership of their career growth. Through the program, employees participate in monthly coaching sessions with their managers, annual reviews that are customized to their position and annual goal setting. Managers complete an annual talent assessment and identify candidates for further development.

In 2022, we launched a new online learning platform that provides instant access to more than 5,000 professional and personal development courses and celebrated the launch on September 15th, National Online Learning Day. Topics range from Microsoft skills to problem solving, leadership, communication, relationship building, service skills, personal wellness and more. We offer the following additional programs to help employees learn new skills, establish and meet personal development goals, take on new roles and become strong leaders:

 $\overline{\mathbb{Z}}$ 

**F** 

#### Tuition Assistance Program

We offer full- and part-time employees financial support to advance their educational goals. In 2022, we paid over \$115,000 in tuition benefits to 52 employees.

#### **Career Pathways**

This development program, open to all employees, includes a self-assessment, career planning workshops and a mentoring program with a diverse group of company leaders. After completing the program, employees have the opportunity to participate in a structured job shadowing experience. Twenty-nine employees participated in 2022.

#### Remarkable Manager ( Orientation

Managers at all levels, including those new to our company or newly promoted, participate in Remarkable Manager Orientation. This program explores core skills for effective management, effectiveness of different management styles, and our performance management program. Ongoing training supports continued development of our managers.

### **Access Mentorship**

This program is designed to increase the visibility of diverse talent across the enterprise. Mentees participate in exercises to identify their strengths, values, and goals. Senior leaders serve as mentors, helping mentees navigate successful careers.

#### Leadership Development Programs

We provide high-potential employees with opportunities to develop leadership, managerial and technical skills through programs with the ABA Stonier Graduate School of Banking, the Maryland Banking School and the Virginia Bankers School of Bank Management. These multi-year programs combine intensive in person sessions, home study curricula and peer group projects.

ĉ<mark>ĝ</mark>ŝ

## **Benefits That Exceed Expectations**

Our employees work hard, and we reward them with fair compensation and a comprehensive package of benefits.

 $\bigcirc$ 

#### New in 2022

#### Annual Incentive Plan Targets

Increased target payout levels for all employee participants under the level of Senior Vice President.

#### Inflation-Beater Bonus

Provided full- and part-time employees (excluding executives) a special bonus of up to \$1,000 to help address the pressure of inflation.



Expanded the number of paid-time off days employees may carry over up each year from 56 to 80 hours. We also increased parental leave to six consecutive weeks of paid leave for the birth or adoption of a child and expanded compassionate leave to include five days of paid leave after experiencing a miscarriage.

**•** 

#### Remote and Flexible Work Policy

Revised our workplace policy to add hybrid scheduling that allows certain positions the flexibility to work remotely two days per week and other positions to work remotely full-time.

### Highlights of our competitive benefits package include:

 $\infty$ 

#### Flexible Benefits Plan

All employees are eligible for a variety of pre-tax health, dental and vision insurance plans as well as flexible spending and dependent care spending accounts that allow employees to craft a program that will best suit their personal situations.

#### Employer-Paid Life Insurance

This benefit is equal to 2x annual salary or equivalent, up to a maximum of \$500,000.

#### 401(K) Plan

This retirement benefit provides a default enrollment to encourage employees to save for retirement. Our plan matches 100% of the first 4% of pay contributed and 50% on the next 2%, the maximum allowable by law, and all matching funds are 100% vested. We also offer a wide range of investment alternatives including company stock, and provide free one-on-one counseling with a financial expert to assist employees in meeting their retirement savings goals. In 2022, we had a participation rate of over 95% and paid \$5.9 million to employees in matching contributions.

#### Employee Stock Purchase Plan

<u>\_</u>

...

Our plan enables employees to accumulate up to \$25,000 of company stock per year at a 15 percent discount to the market price.

#### Annual Cash Incentive



All employees who do not already participate in a specific incentive plan receive an annual cash bonus based on the company's results.

24

-----

 $\bigcirc$ 

 $\bigcirc$ 

67

## **Helping Our Employees Be Their Best**

Sandy Spring Bank understands that to get the best from our employees, we need to support their day-to-day needs for home, family, health and wellness. We do this through:

### Paid Leave Benefits

Including vacation and sick time, holidays, parental and adoption leave for new families, jury duty, military leave, compassionate leave and short- and long-term disability.

#### **Discounted Banking Services**

All employees are eligible for free employee checking accounts, discounts on loans and other banking products.

#### **Tobacco-Free Policy**

Our policy prohibits the use of tobacco products in all of our facilities.

#### **Employee Assistance Program**

Provides professional, confidential counseling assistance for employees and their family 24/7.

#### **Wellness Program**

Offers financial rewards to employees who adopt healthy habits and participate in wellness education and health screens.

## **Family Barbecue**

In 2022, we were pleased to resume in-person events including this popular barbecue with our employees and their families. Games, food and fun were enjoyed by more than 800 employees and guests.



## **Employee Engagement and Communication**

We offer multiple channels for employee engagement with senior leaders and opportunities for them to offer feedback to help us improve our performance and make our company a better place to work.

#### **Community Engagement + Brand Ambassador Committee**

New in 2022, the purpose of this volunteer employee committee is to facilitate networking, exchanging of ideas, as well as assisting in the planning of initiatives that provide opportunities for Sandy Spring Bank employees to serve the local community.

#### **Employee Engagement Surveys**

We regularly solicit employee feedback through a confidential, company-wide survey on culture, management, career opportunities, compensation and benefits. The results of this survey are reviewed with senior and executive leaders.

#### Chatter

Our internal message board helps employees stay connected, as well as share volunteer and donation opportunities, community activities and celebrations.

#### **Employee Town Halls**

Our Chief Executive Officer, Dan Schrider, and Chief Financial Officer, Phil Mantua, connect with employees during quarterly town hall meetings that are open to all employees. Hosted by Chief Human Resources Officer Gary Fernandes, these live video events include guest speakers who highlight different areas of our company and share updates and announcements. Employees can submit questions in advance, and watch recordings of the event if they are unable to attend live. In 2022, attendance at the live events averaged nearly 50% of employees.

#### **Meeting In a Box**

Winner of a CXPA Innovation Award, our Meeting-in-a-Box initiative engages employee teams in a synchronized effort to discuss the same monthly client or employee experience topic. In 2022, we focused on our stated Principles and Values. Each topic was introduced with a video from an executive officer sharing a personal example of our principles in action.





•

600

 $\odot$ 

 $\mathbf{x}$ 

## **COVID-19 and Beyond**

In 2022, we continued to provide up to two weeks of additional paid time off to employees who were unable to work for reasons related to COVID-19. We also continued to offer a COVID-19 hardship leave benefit, comparable to the benefit under the Families First Coronavirus Response Act, which provides up to 12 additional weeks of expanded family and medical leave for specified reasons related to COVID-19.

When vaccines became available, we provided paid time off for employees to get their vaccination, as well as time needed to recover from side effects.

In response to feedback from employees, we adopted a remote and flexible work policy that supports a hybrid work schedule and remote work for certain eligible employees. We also provided guidance on scheduling meetings, availability during business hours, appropriate dress and appearance and proper use of technology to support the new policy.

From March 2020 to December 31, 2022, Sandy Spring Bank paid \$593,575 in enhanced COVID-19 leave benefits to our employees.