

# 2020 ESG Report



## Guiding the Future



# 2020 ESG Report



As a bank with a stated mission to build enduring legacies for our customers, our employees, and our communities, we feel a deep sense of stewardship: a responsibility to use our talents, our connections – and, yes, our privilege – to build a better world by facilitating the growth of local small and medium-sized businesses and through them to strengthen their employee ranks as well as the communities in which they and we operate.

This mission resonates with us because we recognize that we all want to leave our mark on the world. To do this well, we must focus on the condition of the world we impact. And to remember that everything we do has an impact.

This sense of accountability to and for our local world – our communities – makes the publication of our second annual ESG report a seamless reflection on how well we’re doing our job - nothing more and nothing less.

We are proud of the consistent progress we were able to make this year despite enormous changes in how and where we did business along with significant economic headwinds. We never shirked these responsibilities because we acknowledge that the health of our environment, the goal of greater equity in our communities, and the obligation to be fully transparent in our governance practices all transcend the challenges of the crises right in front of us. Frankly, we believe a commitment to focus on ESG practices should mean that the next crisis can either be avoided or mitigated.

A handwritten signature in gold ink that reads 'Mary Ann Scully'.

**Mary Ann Scully**  
Chairman & CEO





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## OUR MISSION

To help build enduring legacies for our customers, our employees, and our community.

We will achieve this by combining expertise with experience, staying committed to our values, and dedicating ourselves to building lasting relationships with the people we serve.

## OUR VISION

Building our legacy by helping others build theirs.



## OUR VALUES

### Invested

We don't just work here; we're from here. So we help people who live here succeed. From our people, to our customers, to the communities we serve, Howard Bank is invested.

### Passionate

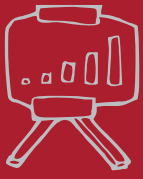
We love what we do because what we do matters. It drives us to do our best work, compels us to build tighter teams, and helps us forge lasting relationships.

### Agile

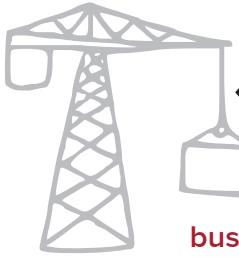
At Howard Bank, agility is as much about proaction as it is reaction. It's about being able to offer a quick solution and a straight answer – often before the question is even asked.

### Insightful

We're really good at what we do. But it's more than our banking pedigree. Our wealth of experience coupled with our local market intelligence enables us to deliver financial advice based on real-world experience, not just the numbers.



# 2020 HIGHLIGHTS



# 1,062

businesses helped from PPP efforts

# 21,400

jobs impacted from PPP efforts



# \$363,889

donated to charitable organizations



# 1.2m

sheets of paper offset by reforestation



# 61

local board seats held by employees

# 10



awards received between employees and the bank

# \$2.5b

in total assets





## Project Paperless

### PrintRelief

In 2019 we started an initiative to significantly reduce our paper usage by asking employees to think before printing and encouraging customers to use paperless alternatives. Given our shift to remote work for our non-branch employees for the majority of 2020, we significantly reduced our internal paper consumption year over year by 60%. We have continued to participate in the PrintRelief



program which plants trees for restoration to help offset the impact of printing across the globe. In 2020, we have offset the equivalent of 1,122,384 total standard pages of paper by reforesting 135 trees.

### eStatements

Customer enrollment in online statements versus printed and mailed documents remains a focus for the bank. With annual digital campaigns supported by our branch team and calling efforts, we were able to lower paper use even further. In 2020, over 20,700 accounts were enrolled in eStatements which translates into 1,260 lbs. of paper savings.

### Shred-It

Howard Bank uses Shred-It to securely shred documents between our 16 office and branch locations. In 2020, Shred-It's services helped save nearly 550 trees.



## Sanitation Services

Waste Management and Republic Services are contracted between all of our locations. We installed a compactor through Republic in 2012 which reduces the amount of space taken in landfills and the frequency of pick-ups necessary. In 2016, the compactor was picked up three- times per week. This was reduced to a weekly pick-up in 2017. In 2020, services were reduced to one-time pick-up every other week due to limited staffing from the pandemic. This amounted to a 50% reduction in waste services.

Recycling services started in 2018 and were initially picked up one-time per week. This service has been increased to three times per week at the Canton locations and Centennial Branch.



## Reusable Water Bottles

We implemented a Bring Your Own Reusable Bottle (BYOrB) Program at the start of 2020. Since we supply Styrofoam cups in each of our breakrooms across each location, we wanted to reduce our carbon footprint by encouraging people to bring and use their own sustainable bottles. To help get the initiative launched, we gave every employee a Howard Bank branded water bottle.



## Branch Upgrades

The safety of our employees and our community were a top priority amid the pandemic. We spent \$153,489 making upgrades to our facilities to support a safer environment for our employees and customers.

EvaClean® Protexus Electrostatic Sprayer and Earthsafe PURTABS were purchased to support extensive cleanings in each location. The electrostatic sprayer provides comprehensive disinfection of full rooms in under three minutes by way of attacking infectious microbes. PURTABS are a sustainable, solid tablet form of Sodium Triclosene, NaDCC, which dissolves

readily in water to become a powerful hypochlorous acid (HOCL) that is versatile enough,



depending on concentration, to use as a food surface sanitizer and a hospital-grade disinfectant. PURTABS are extremely effective in preventing the contraction of infectious diseases, including Coronavirus.

Howard Bank added upgrades to our HVAC system with the Air Knight® IPG Air Purification System. It uses a unique bi-polar ionization system providing the air with both positive AND negative ion technology that encourages particles in the air to gather together, making existing air filter systems better and more efficient. In addition to the IPG feature, PX5 technology consisting of UV light energy combined with a five-metal, quint-metallic core, purifies the air with active air scrubbers. The high airflow design ensures that the IPG can handle the air volume from today's high SEER and commercial HVAC systems. Providing an extra layer of protection in our air helped keep our employees and customers safe throughout the pandemic.

Howard Bank also had modifications made to the elevator at our Headquarters to make it touch-free. The modification supported a touchless elevator activated by employee prox cards.



## Wellness Room

At Howard Bank, we recognize the importance of helping new parents feel welcomed at work and we are committed to ensuring that they have the resources they need to balance work and family. In 2020, a Wellness Room was established at our headquarters.

The primary purpose of this dedicated space is to provide a private, secure, restful, and sanitary environment for lactating employees when we return to the office setting. This space includes a comfortable chair, refrigerator, electrical outlet, sink, and counter space.





## Cristo Rey

Howard Bank sponsored three high school students from Cristo Rey Jesuit High School as bank interns in 2020. Two students interned in the IT department and one interned with our Administration team helping with various projects throughout the bank. Howard Bank also paid \$15,500 to help subsidize their education for the 2020-2021 school year.



## BLocal

### Hire



***Commit to hiring four interns from Baltimore's most distressed communities.***

- Despite COVID-19, we were still able to interact with and mentor three interns from Cristo Rey. We continue to interact with and mentor our three interns from Cristo Rey Jesuit High School – a co-educational, college preparatory school, empowering and embracing low-income families of religious, racial, and ethnic diversity – through virtual means and look forward to them physically returning to our offices in the future.

***Continue to seek ways to provide financial services education and workforce development advice to the underbanked areas of Baltimore City.***

- We continued our involvement with Junior Achievement, an organization designed to assist students in underserved areas with both their BizTown and projects. JA Biz Town is a mini-city where students can experience how the real world works. Citizens work in businesses, manage their personal and business finances, develop and sell products,





hold business meetings, pay taxes, and donate to charity. Students learn how to write personal checks, use a debit card, balance a checkbook, receive a paycheck, purchase retail items, and run a successful business team. Howard Bank volunteers helped students learn to manage their personal finances as well as the importance of becoming successful professionals within the community.

- JA's purpose is to inspire and prepare young people to succeed in a global economy through financial literacy, work readiness, and entrepreneurship programs. JA programs help prepare young people for the real world by showing them how to generate wealth and effectively manage it, how to create jobs that make their communities more robust, and how to apply entrepreneurial thinking to the workplace. Students put these lessons into

action and learn the value of contributing to their communities.

- JA Her Path to Promise is an intensive summer program at Towson University that creates pathways for young women by providing exposure to female mentors, college campuses, career opportunities, hands-on activities, and other experiences to begin the process of preparing for a successful life after graduation from high school. Howard Bank Employees participated in this event, working with Baltimore area LMI students through networking, one-on-one mentoring, mock interviews, resume building, and personal branding guidance to assist the young women build skills and knowledge to secure jobs and internships.
- JA Be Entrepreneurial challenges students,



through interactive classroom activities, to start their own entrepreneurial venture while still in high school. The program provides useful, practical content to assist teens in the transition from being students to productive, contributing members of society. Howard Bank employees served as judges and mentors for Patterson High School, evaluating student presentations to determine which idea will be developed into the business.

- Maryland New Directions' (MND) mission is to motivate individuals in the community to earn a living wage. MND believes that career-minded employment, which provides a living wage, will help low-income individuals in Baltimore maintain family units, stay substance abuse free, remain crime-free, retain employment, and maintain a safe home for their children in order to build a strong and safe community. Howard Bank will be participating in virtual Mock Interviews, helping eager Baltimore City job seekers learn skills and practice one of the most stressful portions of the job placement process.
- The bank continued promoting homeownership at the various LIVE Baltimore events, mainly targeting first-time buyers in Baltimore City. This included instructing classes at the events on construction-permanent financing and budgeting.
- Consumer Credit Counseling Services of Maryland (CCCSMD) is a non-profit agency whose mission is to help stabilize communities and promote economic self-sufficiency to individuals and families through financial education and counseling. As a fully accredited organization, CCCSMD offers a variety of instruction including credit counseling, mortgage counseling, homebuyer workshops, bankruptcy counseling, debt repayment

solutions, and student loan counseling. Howard Bank sponsored three Financial Fitness Boot Camps, with the employees attending to participate in discussions regarding budgeting, credit scores, financial scams, and home buying.

- Howard Bank's Chief Compliance Officer developed the curriculum and taught financial literacy as part of a comprehensive plan to support 9th, 10th, and 11th grade students who are being served under the Next Generation Scholars of Maryland grant. The Maryland State Board of Education Next Generation Scholars Program (NGS) was established under §18-303.1 of the Education Article of the Annotated Code of Maryland. NGS enhances college and career awareness and college completion for low-income Maryland high school students. The program is administered to provide guidance and services to students who pre-qualify for the Guaranteed Access Grant in eligible school districts. The summer program included approximately 85 students from four Baltimore City High Schools: Forest Park, Douglass, Patterson, and Reginald F. Lewis.
- Participated in an event sponsored by the Federal Reserve Bank of Richmond, the Miller Center for Social Entrepreneurship, Innovation Works, and Ignite Capital. The purpose of the session was to introduce unique collaboration between Santa Clara University's Miller Center for Social Entrepreneurship and Baltimore's Innovation Networks as an innovative model for providing accessible and scalable and experienced technical assistance to entrepreneurs interested in developing sustainable social enterprises based in underserved, unbanked, and under-invested neighborhoods and communities.
- Howard Bank served as presenters

reviewing bank products, services, and credit opportunities, to enhance financial knowledge and promote community banking relationships and resources with FIRN. FIRN empowers new Americans by providing programs and direct services to help them achieve their goals while accessing Community resources and opportunities. The Town Hall for Immigrant Business Owners was designed with the goal of enhancing minority business owner's knowledge and understanding of various financial products to help enhance their access to capital.

***Encourage members of our executive and management team to seek opportunities to serve on Baltimore City non-profit board organizations.***

- Our Executive management team continues to take an active role in encouraging colleagues to seek opportunities to serve on non-profit boards. As with most initiatives, COVID-19 had a large impact on our volunteer opportunities. In 2020 we had a total of 61 board seats and leadership roles in the community occupied by Howard Bank employees.
- Yearly surveys continue to be in place to monitor community involvement along with identifying opportunities for board placements through our philanthropic giving activities. This year's survey had a participation rate of 80%, helped identify five new potential CRA credit earning Board Participations and 35 employees who would be interested in joining a local non-profit board.

***Encourage employees to use their Volunteer Time Off (VTO) hours with non-profits in targeted areas to support our focus on workforce development.***

- In 2018, the bank created our Volunteer Time Off (VTO) program which allows employees to



use work hours to give back to the community. The program provides each employee 20 paid hours a year to volunteer during work hours and has helped align employees with Howard Bank's community-centered approach. Though the pandemic did have an impact on our ability to physically volunteer throughout the year, we did identify opportunities for us to continue to be involved through virtual and socially distant activities resulting in 490 VTO hours.

***Commit to including qualified applicants from targeted areas when filling job positions.***

- We continue to include qualified applicants that apply from targeted areas when filling positions.

***Continue to participate in the BLocal Build College via teaching the Banking and Financing Course***

- Howard Bank participated in BLocal's Build College, a program that provides training for small, local, minority-owned, woman-owned, and/or disadvantaged Baltimore-based businesses in the design and construction industries. Training sessions focus on construction, design, and business related

topics such as reading architectural drawings and specifications, bidding and legal/contracting considerations, change management, project management, financial management/banking, human resources, business development, bonding/surety, insurance and safety/quality management. A Howard Bank Commercial Lending Team taught a 12-week course (2-3 hours per session).



***Identify opportunities to rebid current non-Baltimore supply and service contracts to increase spend with Baltimore City businesses.***

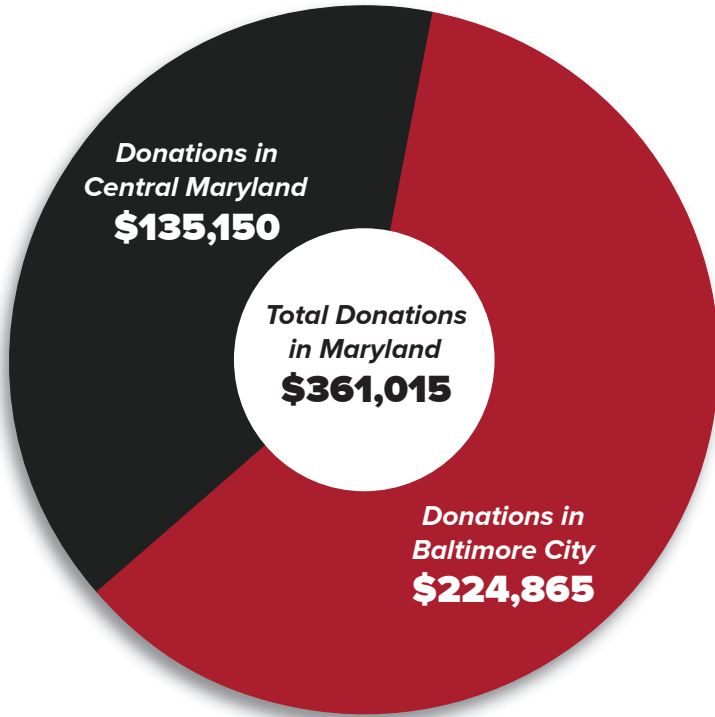
- We continue to make progress in identifying opportunities to rebid contracts with local and women- and minority-owned businesses. We partnered with 27 minority and/or local vendors in 2020. With those partnerships, we reinvested over \$485,000 back into the Baltimore City business community.

***Hold all corporate employee events and investor meetings in Baltimore City.***

- All events were put on hold for 2020. Those that we could hold were virtual.

# Philanthropy

At Howard Bank, we are committed to the counties and businesses we serve and all of the individuals who reside there. In 2020, we donated \$363,889 to charities in Maryland. The donations supported 97 total organizations.



## Covid-Related Donations

Given the pandemic, we wanted to provide additional support to non-profit organizations that are critical to the fabric of the communities we serve. These organizations are treating the sick, feeding the hungry, educating our students, and supporting entrepreneurs who will need help until the economy rebounds. Howard Bank provided more than \$100,000 to Innovation Works, the Maryland Food Bank, Johns Hopkins Hospital, the Enoch Pratt Library, the Cristo Rey Jesuit High School, Anne Arundel Medical Center, and University of Maryland Upper Chesapeake. In addition, the bank also donated \$5,000 toward purchasing face shields that were distributed to hospital staff treating patients with COVID-19.

## Giving Tuesday

#GivingTuesday was originally created in 2012 as a simple idea: a day to encourage people to do good. Over the years, it has grown into a global movement of inspiring hundreds of millions of people to give, collaborate, and celebrate generosity. Previously, Howard Bank had only ever participated in Giving Tuesday as a call for our communities to give. In 2020, we decided to do more. Since our physical ability to give back during the year had been limited by COVID-19, we added a company match to all contributions made by our employees. Employee donations received a 50% match up to \$50 per employee. To help make these donations more meaningful to employees, we gave our team the opportunity to vote for the organizations that meant the most to them.

We were so inspired by the generosity of our team that we decided to match 100% of employee donations resulting in \$5,000 going to the following local nonprofits:

- Maryland Food Bank: \$3,000
- BARCS: \$1,000
- Our Daily Bread: \$1,000



MARYLAND FOOD BANK



## United Way

Our partnership with United Way allows employees of Howard Bank to give back to our communities. Through payroll deduction our employees can give directly to the United Way general fund or organizations that are important to them. We paired our United Way partnership with the Giving Tuesday initiative which increased overall participation. In 2020, employees contributed \$35,814 throughout the year.



## Keep It Local

The Small Business Association canceled “Small Business Week” for May of 2020 due to the pandemic but we continued our "Keep It Local" small business contest. We decided that it was still important to help recognize small businesses, spread the word, and support them during such a difficult year. Our contest garnered an extensive reach through our public relations efforts. We earned 17 media mentions related to our contest which was equivalent to \$97,675 in ad-spend. The winning business was awarded \$10,000 and the four runners up all received \$1,000 each.



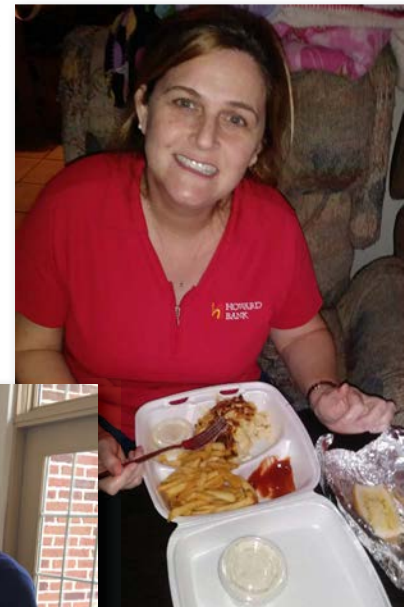
## Operation Shop Local

With the pandemic turning the entire world upside down, we tried our best where ever we could to help our communities and small businesses. Together, with WBAL NewsRadio, 98 Rock, and WBAL-TV 11, we launched the Operation: Shop Local program. The program was put in place to help support small businesses in the Baltimore region as they navigated the pandemic. Operation: Shop Local allowed local, small business owners to submit direct links to their non-essential company’s website to purchase gift cards that were able to be redeemed at a later date.

## Dinner’s On Us Support

Helping our community and our employees during Coronavirus took some creativity. As a way to thank our employees for their incredibly hard work to service our clients through the Paycheck Protection Program and to support local spending, we gave each of our 240 employees an extra \$50 in (totaling \$12,000)

towards buying dinner or groceries locally. The hope was that the additional funds would be used at local restaurants or grocers that were impacted early in the pandemic. The initiative was well-received by our employees and communities.



## COVID-Related Modifications



Coronavirus caused many businesses to shut down, but as an essential business, our branches remained in operation. This meant we needed to take extra precautions to keep our customers and community safe.

### Branch Modifications

- Our Facilities Department designed and installed plexiglass barriers for all teller lines and customer facing areas throughout the branch network to enhance social distancing and protect employees.
- Personal Protective Equipment (PPE) was provided to all of our branch employees and delivered on a weekly basis. PPE and supplies included masks, gloves, hand sanitizer, and paper towels.
- Hand sanitizer was made available at every location along with 30 handwashing stations that were installed at every branch location and throughout Headquarters.
- Cleaning and sanitation services were increased by 150% going from two days per week to five days per week.
- To assist with keeping everyone informed and our employees safe, we installed cut-vinyl graphics on every branch door that displayed our updated procedures and instructed customers to wear a face mask, to practice social distancing, to not enter if they were experiencing symptoms, and to make an appointment to enter the lobby.

### Back Office Staff Modifications

When the pandemic was forcing businesses to close and move employees to a remote environment, we had not previously explored a work-from-home arrangement in a large capacity. The transition needed to happen for 60% of our employee base, while the

remaining 40% operated from modified branch settings. We moved our back-office staff to a remote environment on 3/18/20 after deploying resources to ensure a successful transition. Several steps were taken to support this change:

- Laptops were issued to all employees who did not previously have laptops and who would now be working remotely
- VPN access was provided to all remote employees
- Microsoft Teams was implemented for the entire organization with instructions for use
- Planned practice days with various members of multiple departments helped to test systems and identify areas of need before going fully remote
- Employees took their phones and monitors home so that they could be as comfortable working from home as they were in the office

Most of our staff transitioned to a work-from-home environment amid the pandemic, but productivity never lagged, thanks to extensive planning and quick action from our IT staff and the implementation of Microsoft Teams. Having the ability to chat, screen share, and make video calls helped us to keep employees engaged, informed, and working seamlessly.

Below are a few impressive Microsoft Teams stats for the year:

Over **750,000** Microsoft Teams Chats

**9,960** Microsoft Teams Meetings Organized

**1,105,000** Minutes of Video Calls





### Customer Modifications

- We closed in-branch service at most locations but continued to support our clients via drive-thru service where we could. Our Annapolis, Columbia Towers, and Remington branches were temporarily closed with calls being forwarded to neighboring Howard Bank branches. Without drive-thru services, our Bel Air, Canton, and Snowden River branches remained open for taking calls and required "call ahead" appointments for limited lobby access.
- We launched a Coronavirus Resource Center on our website to help with customer communications including modifications to our operations. The site garnered media recognition from the Maryland Daily Record, and included information on government programs, alternative banking services, national and local health and safety resources, banking tutorial videos, and implemented cleaning measures.
- To help support our business customers, we also launched a PPP Resource Center. The PPP Resource Center was maintained and updated to provide information for businesses needing the funding. It helped customers prepare for borrowing and self-help, ultimately reducing our call volumes.
- With most of the world staying home, it was important to provide additional tools to help prospects and customers continue their banking. We launched Online Account Opening for nine of our product offerings. Additionally, we implemented Zelle® so that current customers could send money easily between bank accounts or trusted contacts.





## Extra Paid Time Off

Each year, Howard Bank has planned an “Employee Appreciation Day” on or around our anniversary in August. Since the pandemic forced many of us to work from home, we were unable to plan the event like years past. Instead, Howard Bank recognized employees for their dedication, hard work, and long working hours in 2020 by granting all full-time employees an additional five days (40 hours) of PTO to be used before December 31, 2021.

## Employee Benefits

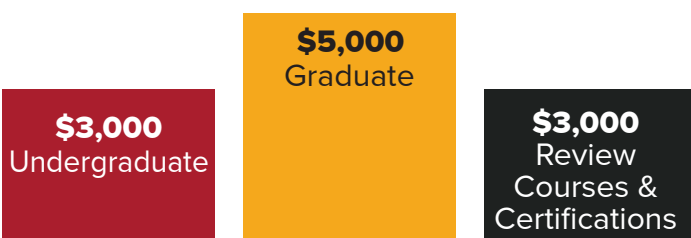
### Parental Leave

We care about our employees both professionally and personally. That’s why we provide six weeks of paid parental leave for men and women.

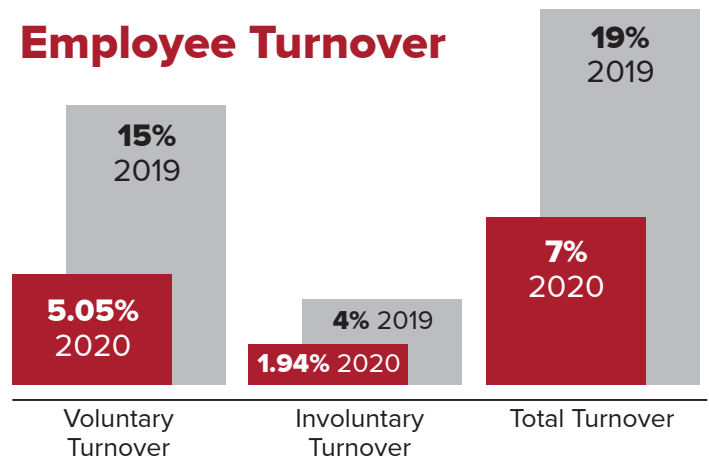
- Less than one full year of service – 50% of base salary
- After one full year of service – 100% of base salary

### Educational Assistance

The continuous development of our employees is an important value at Howard Bank. As such, we provide educational assistance to assist employees in personal development. We put this program in place in late 2018.



## Employee Turnover



Though 2020 presented numerous challenges, the bank remained agile and pivoted the majority of its workforce to a work-from-home environment due to the pandemic. Through teamwork, dedication, continuous communication, and employee engagement, the bank experienced very little turnover. We feel our efforts to recognize employees’ hard work paid off. Overall, we had a 7% turnover rate for the year compared to a 19% total turnover rate in 2019.



## PPP Loans

We were proud of the work our team did for the Small Business Administration’s Paycheck Protection Program (PPP). We had 53% of our staff working to help ensure the livelihoods of our business customers remained intact. The work of our dedicated staff helped provide \$201 million in PPP loans to over 1,000 businesses, ultimately impacting the jobs of more than 21,000 people.

**1,062 businesses** helped

**\$201 million** loans funded

**21,400 jobs** impacted

## Awards

At Howard Bank, we're incredibly proud of our employees' accomplishments as well as our own. We know that we're making a difference - whether we're making someone's dreams come true, making their dollar stretch a bit further, or simply making their day a little brighter. By investing our time, energy, and resources into one business after another, one family after another, we help to assure that the communities we serve will remain great places to live and work. From individual to team, to company-wide awards, and from being recognized locally to nationally, we have plenty of talent and accomplishments to highlight. In 2020, the bank won 10 awards – seven individual employee awards, three



bank/team-related. Most notably, Howard Bank was recognized by the Independent Community Bankers of America for the National Community Bank Service Award. Howard Bank was also recognized by the American Bankers Association for the PR & Community Involvement Brand Slam Award, and the American Banker's Most Powerful Women in Banking - Top Team.



## Diversity & Inclusion

Howard Bank has partnered with outreach organizations to help create a diverse and inclusive workforce. These organizations are focused in the areas of community, veteran, disability, and diversity. The following organizations receive notifications as Howard Bank job opportunities become available:

- Greater Baltimore Urban League
- Bel Air Workforce Center
- Mayor's Office of Employment Development
- Bowie University
- Maryland Department of Veteran Affairs
- Spanish Speaking Community of Maryland
- Maryland Department of Rehabilitation
- Goodwill Industries
- Harford Community College
- William & Lanaea C. Featherstone Foundation
- Abilities Network

Howard Bank continued to work on bridging the gender gap in 2020. We had 88 females with officer titles in the bank and 11 female new hires, bringing our total female employee count to 161. In 2020, our employee count was made up of 68% females. We also added another female, African American board member, bringing our female board member count to three.

- 88 females held officer titles
- 38 females held manager titles
- 17 female-led departments
- 11 female new-hires

**88 females held officer titles at the bank in 2020\***

*\*this number includes mortgage employees*



### MISSION

To create an environment that recognizes, cultivates, and utilizes the talent of women to develop leadership qualities in a group setting.

### VISION

To strengthen and increase the representation of women undertaking traditional leadership banking roles, provide senior and executive management position opportunities, recognize women for their contributions to Howard Bank, and ultimately create a more diverse work environment.

Although the program was paused due to the pandemic there were still two events held in 2020.

- **June 11<sup>th</sup>**

John Frisch shared the key principles and practices that allow people to enhance their personal well-being and effectiveness, as well as their organization's culture and performance.

- **November 5<sup>th</sup>**

Ojeda Hall from the One Love Foundation presented on the topic of How Healthy Relationships Strengthen the Workplace.



## VTO Program

Our Volunteer Time Off (VTO) program allows employees to use work hours to give back to the community. The program provides each employee 20 paid hours a year to volunteer during work hours and has helped align employees with Howard Bank's community-centered approach. The program was launched in 2018 and has seen great success year over year. Unfortunately, the pandemic made physical support difficult for 2020, however, 66 total employees still found a way to give over 490 total combined hours of volunteer time.

The VTO Committee was limited in what they could accomplish for 2020 given the pandemic. The committee still managed to plan 14 group volunteering events. These events totaled 221 hours between 77 participants.



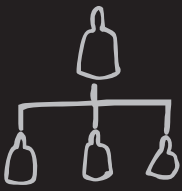
## Community Reinvestment Act

At Howard Bank, we're committed to our Community Reinvestment Act (CRA) responsibilities. Through our lending, services, and investments we seek to meet the credit needs of all the communities we serve, including low- and moderate-income neighborhoods. We are focused on understanding and supporting the needs of local businesses and non-profit organizations through volunteer efforts, financial donations, and contributing professional expertise through board of director memberships.

## Board Involvement

Howard Bank takes a community-centered approach in everything we do. That's why we encourage our employees to volunteer and join boards for non-profit organizations. In 2019, 78% of our executive team and 20% of our total employee base were active board members. Our executive team's board participation remained the same in 2020, but we increased our total employee involvement to 25% which represents participation on 59 local boards.





# GOVERNANCE

## Ethical Conduct

The Board of Directors is committed to fulfilling its responsibilities to stockholders and other stakeholders consistent with sound corporate governance policies that incorporate the best contemporary standards and practices. These policies, including our code of conduct, provide our directors, senior management, and all our employees with a framework that defines responsibilities, sets high standards of professional and personal conduct, and promotes compliance with the various financial, ethical, legal and other obligations, and responsibilities applicable to the company.

## Independence

Excluding executive directors, Howard Bancorp and its subsidiaries have affirmatively determined that all of our directors are independent under the rules and listing standards of the Nasdaq Stock Market, LLC. Director independence enhances accountability and effectiveness allowing us to maintain our values of being invested, passionate, agile, and insightful for our customers, stockholders, and employees.

## Leadership

In accordance with our policy on Corporate Governance, Howard Bank's Board of Directors has appointed a Lead Independent Director to work collaboratively with our CEO and Chairman of the Board. The Lead Independent Director provides leadership to and reports to the Board and is focused on enhancing effective corporate governance, providing a source of Board leadership, while collaborating with and independently from the leadership of the Board Chair/CEO, and promotes best practices and high standards of corporate governance.



## Risk Oversight

The bank's Board of Directors (BOD) has an active role in overseeing and monitoring our risk management processes. They appointed our Chief Risk Officer to be responsible for the strategic management of all enterprise risk—credit, compliance, operational, and cyber- and physical-security.

The Board regularly reviews information regarding our asset quality, securities portfolio, capital, liquidity, compensation, financial reporting, strategic plan, products, security, and operations. The Board also oversees the risk management process through correlated committee processes and through Board management of, and/or participation in, these committees.

In addition to our Board of Directors, Howard Bank currently maintains six standing committees of our Board of Directors:

- Asset-Liability Committee
- Audit Committee
- Compensation Committee
- Executive Committee
- Governance and Nominating Committee
- Strategic Growth Initiatives Committee

The Compensation Committee is responsible for overseeing the management of risks related to our executive and non-executive compensation plans. The Audit Committee has responsibility for oversight of financial reporting, information technology, security and regulatory risks. The Governance and Nominating Committee manages risk associated with the Board, including independence, nomination, competence of the directors, and more recently has been given the responsibility of oversight of our ESG activities. The Asset Liability Committee is responsible for oversight of the management of risks associated with our policies and procedures related to financial management, interest rate sensitivity, liquidity, investment, and capital.

## Environmental, Social, & Governance Nominating Committee

Our Board of Directors understands its role as stewards of long-term corporate performance, and that they have a critical role to play in ensuring that we are aware of, and able to navigate, the evolving risk and opportunities related to ESG matters. Therefore, the Board of Directors has designated the Governance and Nominating Committee to assist and advise and make recommendations to the Board of Directors with respect to our ESG risks and ESG initiatives, policies, and strategy. In this role, our Governance and Nominating Committee receives reports from our management-level ESG committee.





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