

First United Corporation

[U. S. Treasury I. D. # 385]

Luxury Expenditure Policy

LUXURY EXPENDITURE POLICY

I. Statement of Need

The Board of Directors and Executive Management of First United Corporation ("First United") are committed to complying fully with the best practices for Compensation and Corporate Governance as set forth in the Emergency Economic Stabilization Act of 2008 ("EESA"), as amended by the American Recovery and Reinvestment Act of 2009 ("ARRA").

II. Policy Objectives

The objective of this policy is to fulfill First United's desire to have in place a company-wide policy regarding excessive or luxury expenditures as defined by the Department of the Treasury pursuant to EESA and ARRA.

III. Role of the Board of Directors

The Board of Directors desires to adopt a policy regarding excessive and luxury expenditures. The Board has oversight responsibility for First United's compliance with the requirements of the policy, and in support of its oversight responsibilities; the Board shall have the following roles:

- I. The Compensation Committee of the Board must; review; formulate any required changes; and recommend to the full Board of Directors approval of this policy as needed.
- II. The Compensation Committee shall also review any exceptions to this policy, reported by the CEO to the Corporate Governance Committee of the Board at the next regularly scheduled meeting subsequent to the granting of the exception.

IV. Role of Executive Management

Executive management is responsible for the effective implementation of this policy. To that end, executive management shall have the following roles:

1. Monitor expenditures addressed by this policy to ensure compliance with this policy.
2. Document and justify any exceptions to this policy and report exceptions to the Corporate Governance Committee of the Board.
3. Promptly recommend modifications of this policy to the Compensation Committee to ensure it remains compliant with best practices for Compensation and Corporate Governance.
Ensure that this policy is posted on <MyBank4.com>

V. Policy Statement

It is the policy of First United that excessive or luxury expenditures on entertainment or events, office and facility renovations, aviation or other transportation services, and other similar items, activities or events

for which First United and its subsidiary may reasonably anticipate incurring expenses or reimbursing an employee for incurring expenses **are prohibited** to the extent that such expenditures are not reasonable expenditures for staff development, reasonable performance incentives, or other similar reasonable measures conducted in the normal course of business.

VI. Definitions

1. Entertainment is defined as activities for which an employee or management would use corporate funds for business development purposes relating to current or prospective customers or to enhance First United's perception by the market. Our expectation is that all expenses incurred for these activities would be for corporate purposes with the objective of attracting business to First United.

Examples of entertainment include taking customers or prospects to restaurants, theater, sports events, concerts, golf, and other activities that the customer/prospect would find enjoyable and provide an opportunity to enhance business relationships. Expenditures for these purposes in the normal course of business are a necessary part of the First United's marketing efforts and are not deemed as "luxury" or a violation of this Policy. Prior approval of expenditures for this purpose and consistent with First United's prior practices is not required. These expenses should continue to be documented and detailed as to the benefit derived by the Bank through the normal accounts payable process. Entertainment and event expenditures anticipated to be in excess of \$500 must be reviewed with and approved by a member of executive management prior to expenditure.

2. Events are defined to include meetings, conferences, and employee recognition events that are intended to provide the Board, management and employees with opportunities for individual and team education, development and recognition, business planning, market and industry networking, and related business purpose objectives. Meetings may include both those that are internally organized as well as those organized by other banks, trade associations, vendors and similar organizations. Occasionally, First United organized meetings are held in non-First United facilities such as restaurants and hotels, in order to accommodate the size of the group, facilitate better delivery of the meeting, or provide participants with a venue that is most conducive for the meeting's purpose. Directors, management and employees may also participate in meetings hosted by other business partners that have a clear business purpose. The costs associated with meetings must be included in the Board approved annual plan. Conferences typically offer educational, skill development and industry networking opportunities that enhance participant performance. These conferences should be related to the financial services industry and have a direct correlation to attendee's job. At times it may be appropriate that a spouse would travel to these conferences with First United attendees. All travel and incidentals for the Spouse are covered by the attendee, and not the Company, with the rare exception of items preapproved by the Chief Executive Officer or the Board of Directors. Conference participation is subject to approval by a member of executive management. Employee recognition meetings, dinners and events are held occasionally to recognize the contribution of an individual, team or all employees. An example of this is the annual employee appreciation party. The cost of such meetings must be approved in advance by a member of executive management and are part of the approved annual financial plan.

3. Office and facility renovations are permitted only for approved projects that are part of the corporation's Board approved annual financial plan. An exception to this can be allowed if management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use. Renovations must be in all regards consistent with First United's historical standards of utility and finish.

4. Aviation and other transportation services for First United staff to outlying locations, including for conferences, business development purposes and other purposes should be conducted in the most appropriate manner. Permitted modes of transportation include automobiles and commercial air, bus or

rail service. The selection of transportation services should include an assessment of cost, efficiency and timeliness of travel. Airplane ownership or the chartering of Private air services are not consistent with corporate policy.

Certain officers are provided with a vehicle, which may also be used for personal travel. In those instances, that portion deemed personal travel is taxed as income to the officer. It is expected that the officer will furnish fuel for trips of a personal nature.

Approved: September 08, 2009

Reviewed and Approved: December 15, 2010

Reviewed and Approved: November 15, 2011

Reviewed and Approved: December 18, 2012

Reviewed and Approved: December 03, 2013

Reviewed and Approved December 16, 2014

Reviewed and Approved December 16, 2015

Reviewed and Approved December 14, 2016

Reviewed and Approved December 20, 2017

Reviewed and Approved December 19, 2018

Reviewed and Approved August 28, 2019

Reviewed and Approved August 26, 2020

Reviewed and Approved November 3, 2021

Board of Directors
First United Corporation

Attest: _____
Carissa L. Rodeheaver
Chairman & Chief Executive Officer