



Good Things Happen

When We Work Together



# 2022 Environmental, Social, and Governance Report



Personal Banking • Business Banking • Wealth Management  
Over 50 locations in Maine, New Hampshire & Vermont

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# INTRODUCTION PAGE

Our Environmental, Social, and Governance (ESG) practices embody our commitment to the people and places we serve. Through these purposeful and principled business practices, we remain *committed* and *connected* to our recognized corporate culture of positively impacting society. Our reporting framework is aligned with GRI and SASB frameworks. This Report outlines how we guide our strategies and reporting as we move forward on our ESG journey.

In early 2022, we created a dedicated ESG section of our web page, please visit: <https://www.barharbor.bank/about-us/esg>

## Commitment: Who We Are

Founded in 1887, Bar Harbor Bank & Trust is a community bank offering a full range of financial services to individuals, families, businesses, and non-profit organizations. Today, we manage over 50 locations throughout Maine, New Hampshire, and Vermont. With over 135 years of experience, we have made it our promise to recognize, appreciate, and support the unique people and cultures in the places we call home. We believe each of us has the opportunity to positively impact every day in the way we represent Bar Harbor Bank & Trust, support our customers, and drive beneficial change in the communities we live and work in.

We focus on driving success through a combination of accessible banking and financial products and support, unparalleled customer service, generous philanthropic giving, thoughtful employee volunteerism, and affording meaningful experiences and opportunities for our employees.

Bar Harbor Bankshares (NYSE American: BHB) is the parent company of its wholly owned subsidiary, Bar Harbor Bank & Trust. Bar Harbor Bank & Trust wholly owns the New Hampshire-based subsidiary, Bar Harbor Wealth Management, with offices in Maine and New Hampshire. Bar Harbor Financial Services (a branch of Infinex Investments, Inc.) is an independent third-party broker.

## Connection: What Guides Us

Our core values drive our culture, actions, and behaviors. They inform the way we interact both in and outside of the workplace and are the foundation of our deeply connected culture and success.

- Positivity: Be all-in
- Communication: Talk straight
- Teamwork: Actively share
- Initiative: Embrace change
- Professionalism: Show respect
- Quality: Build the best

We believe by integrating these core values in everything we do sets us apart and allows us to achieve our goals to generate a consistent value for our customers, employees, communities, and shareholders.





# ENVIRONMENTAL REPORT

## Technology Infrastructure

Our strategic investments in both cloud infrastructure and server virtualization has helped to both shrink our physical footprint and reduce data center technology operating cost. 60% of our applications have been successfully transitioned to managed cloud computing platforms while 65% of the remaining bank data center IT architecture has been virtualized.

We have deepened our commitment to reduce our dependency on employee travel while at the same time enhancing our employee's ability to collaborate with both peers and customers. In 2021, we implemented a new cloud based audio and video conferencing system that instantaneously provides employees with the capability to remotely meet with their peers, customers, and business partners from the comfort of their home or office. Since its inception the new system has hosted 10,532 meetings, supporting 40,019 meeting participants with an associated accumulative 25,800+ hours of meeting time.

## Paper Usage

The bank continues with its pursuit of reducing dependency on paper documents, new applications that emphasize digital first technologies are prioritized over systems that rely on paper output. In 2021 we added 768,332 new digital documents to our cloud storage application bringing our total electronically stored documents to 9.2 million. Additionally, in 2021 our AP system processed 24% of vendor payments and 63% of employee expense reports digitally, while H.R. systems electronically deposited 100% of employee payroll.

**9.2 MILLION**  
electronically  
stored  
documents



## Digital Services

Our customers continue to embrace our full suite of self-service banking products (Web, Mobile, and ATM) to conduct remote electronic transactions. In 2021, our enrolled online/mobile banking customers grew by 28% over 2020, and our digital banking logon activity increased to 14.6 million a 43% growth over 2020. Our customers continue the trend of migrating away from paper-based statements to e-statement delivery with a combined 4.7% increase in the use of e-statements statements, 35.7% of consumer and 29.6% of businesses customers now use e-statements. In 2021, we opened 760 accounts via our online account opening application, a 93% increase over 2020. Our digital banking services help reduce our customer's dependency on travel which ultimately helps lower their reliance on fossil fuels.

**28% INCREASE**  
in enrolled online/  
mobile banking  
customers



## Recycling

We continue to practice both environmentally and socially conscious technology disposal practices through our partnership with Give IT. Get IT a 501c3 Nonprofit. In addition to a commitment to reduce land fill environmental impacts, our partnership also benefits digital inclusion by providing refurbished equipment to individuals who historically may have not had access to personal computers. In 2021, we provided nearly 4 tons of electronics and technology equipment to Give IT. Get IT. Additionally, many of Give IT. Get IT employees started as volunteers from Maine's Community College and Technical College Systems, Department of Labors' Vocational Rehabilitation Services, and Career Center divisions.

**4 TONS**  
of electronics  
and technology  
equipment



## Energy Consumption

In 2021, we enrolled all qualified Maine properties into local community solar programs demonstrating our desire to source green renewable power vs. brown fossil fuel power. Approximately 50% of the company's total annual electrical consumption will be sourced from renewable energy. We plan on expanding the use of community solar programs in New Hampshire and Vermont when those states introduce similar programs.

Through a proactive approach to preventative maintenance, we ensure our heating, cooling, and ventilating systems run smoothly and efficiently. Over 35% of our locations are equipped with interior and exterior high efficiency LED light fixtures. Building automation systems and devices are used to further improve performance of HVAC systems. As HVAC systems age we seek opportunities to replace legacy fossil-fuel based systems with high efficiency, low emission solutions such as electrified heat pump and Variable Refrigerant Flow (VRF) solutions.





## ESG Investment Capabilities

Our wealth management subsidiaries provide expert guidance to a wide array of clients. Our central investment process seamlessly aligns with sustainable investing as it focuses on investing in quality, well-managed companies that illustrate leadership over their peers. ESG analysis helps uncover both additional investment opportunities and hidden risks which is why we incorporated ESG performance ratings into our overall investment process. We recognize that ESG can generate competitive financial returns while having a positive societal impact. In addition, we offer ESG strategies to our clients, including institutional clients and individual investors. These strategies include investing in companies fostering positive social and environmental impacts while avoiding investment in companies that may have negative impacts.

We feel ESG principles are at the forefront of successful sustainable growth investing. Our wealth management employees are also at the forefront of this movement. Among the numerous credentials our wealth management employees possess, we also encourage them to pursue the Chartered SRI Counselor™ designation. This extensive training gives investment professionals the knowledge of history, definitions, trends, portfolio construction principles, fiduciary responsibilities, ethical and responsible business practices, and best practices for sustainable, responsible, and impact (SRI) investments. The SRI designation is extremely difficult to achieve with few individuals in our industry reaching this pinnacle. To date, we have one investment professional who has obtained the SRI designation with others pursuing this training.



# SOCIAL REPORT

Strengthening the communities we call home is an essential part of our business model. By bolstering the social and economic health and well-being of the communities we serve, we help our customers and colleagues thrive and deliver better results as an organization. Bar Harbor Bank & Trust recognizes, and is committed to, our duty to ensure equal employment opportunity for all employees and applicants for employment.

## Community Reinvestment Act (CRA)

As part of our community commitment, we provide the financial expertise and support our communities need, especially individuals and families with low-to-moderate incomes and businesses in low to moderate-income levels. Our positive history of CRA ratings dates back more than three decades. These consistent ratings speak to:

- Our dedication to meeting the credit needs of our low- to moderate-income customers
- Our commitment to ensuring our financial products are accessible to all
- Our support and investment in community development projects

We work to provide creative solutions for our most vulnerable customers as this type of support is critical to our communities and our organization's vitality. As an example, over the years, we have:

- Provided available space to AARP to conduct free income tax preparation sessions for low-income families and seniors during tax season
- Contributed free office space to an Economic Development Company that specializes in housing programs for seniors and vulnerable populations
- Partnered with Granite United Way to provide loans to people in their Working Bridges (out of poverty) program
- Purchased tax credits issued to non-profits who use the funds to support community infrastructure improvements

## Making Banking Accessible to All

Meeting the needs of our diverse customers and communities is critical to our communities' well-being and our success as an organization. We are passionate about ensuring that a comprehensive suite of banking products and services is accessible to all, including consumers and businesses. We believe good things happen when we work together, and we offer a variety of financial products aimed at meeting varied customer needs, including:

- Accounts with no or low monthly fees for those just getting started or looking to re-establish a banking relationship after past challenges
- A variety of overdraft protection options to help customers avoid fees and payment issues

- An offsite banking program where we bring the opportunity to open accounts to the workplace; this program allows our bankers to work with businesses to host account-opening events where employees can easily open an account without leaving their workplace
- A branch and ATM network of over 50 locations in three states
- A robust suite of remote banking options including online and mobile banking with mobile deposit and easily accessible customer service; customers can access their accounts anytime, anywhere without mobility or transportation barriers

In addition to making banking accessible for all customers, we are committed to ensuring that product and service information is accurate, comprehensive, and easy to understand. All materials are reviewed to ensure that legal and regulatory requirements are in compliance.

As a risk management-focused organization, we are attentive to the changes and challenges our customers face. By working together, we help customers achieve their financial goals. Our collaborative approach to banking relationships helps our customers understand we are working 100 percent on their behalf.

## Stepping Up During COVID-19

Throughout 2021 we continued to support our employees as the pandemic evolved. As employees began to return to the office, we remained vigilant with monitoring and implementing both local and national health and safety protocols. To drive vaccine awareness we offered an additional day of paid time off for any employee who was, or became, fully vaccinated. Over 90% of our employees reporting to an office are vaccinated.

## BHBT named by Newsweek as one of "America's Best Banks"

Newsweek Magazine recognized Bar Harbor Bank & Trust as an "America's Best Banks" winner in the small bank category for Maine. Best Bank winners were selected from among 2,508 financial institutions and assessed on more than 30 separate factors including the overall health of the bank, customer service performance and features, digital and branch presence, account and loan options, interest rate offerings, and fees. Newsweek defined a "Small Bank" as bank with less than \$10 billion in assets and among the five banks with the most branches in the state.

"We are extremely honored to stand out across the country as Maine's Best Small Bank," said Bar Harbor Bank & Trust President & CEO Curtis C. Simard. "Bar Harbor Bank & Trust has always taken the lead in presenting our customers with the financial technology they require, offering mobile banking, mobile deposits, online account openings, Zelle®, and sophisticated treasury tools for our business customers. Our innovative strategies make it possible to offer our customers the best technology, while still maintaining our personal approach to



banking with our Customer Service Center and full-service branch network of more than 50 branches across Northern New England.”

**We're Proud To Be Named One Of America's Best Banks**



Bar Harbor Bank & Trust Member FDIC

**Our Commitment to Community Giving**

Making thoughtful and generous philanthropic donations is a key way that we positively contribute to our communities. We work hard to enact a charitable giving strategy that has a significant impact and also aligns with our company's values.

Our charitable mission is to *improve the economic prosperity and health of our communities through our commitment to impactful philanthropy and volunteer service engagement.* We believe that nonprofits provide crucial services for those in need and know that they require a broad base of community support. We are proud to provide financial support to nonprofits making a difference in our footprint.

We are proud to share that in 2021 we contributed over \$618,000 in charitable donations to over 364 community organizations.

**\$618K** | **364+**  
**community organizations**

**Volunteerism**

We recognize that every one of our employees has an opportunity to make a difference in their community, and we have chosen to make volunteerism a crucial part of our Company culture. We provide all full-time employees with 24 hours of paid volunteer time per year to spend serving their community. Our employees have contributed over 15,000 hours of volunteer time and expertise through board service, financial literacy training, and other direct services in the past three years.

**Financial Literacy**

Providing free financial education is an important part of the bank's contributions to its community. Bank employees actively volunteer their time providing financial literacy programs to local schools and other non-profits. Additionally, the Bank provides robust education content on the Bank's website. The tools available include written articles, worksheets, interactive videos, and resources for non-English speakers.

**Supporting Education and Workforce Development**

Since 2018, our primary philanthropic focus has been on education and workforce development as we believe these initiatives make for successful communities. In Northern New England, approximately 400,000 adults have some post-secondary education but no degree, and we feel we are uniquely positioned to support partnerships that strengthen pathways to higher education. We supported this cause through a variety of commitments in 2021, totaling over \$310,000 and since 2018 over \$1 million.

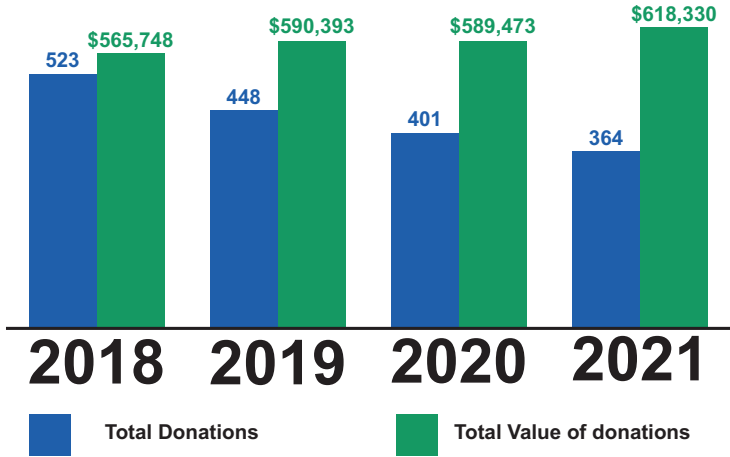
Providing scholarships for graduating high school seniors is another way we support workforce and educational development. Scholarships are awarded to students in low- to middle-income brackets who plan to attend a career or technical education program. Our scholarship program focuses on supporting students with the greatest financial need, especially those who are the first in their family to attend college. Since 2018, we have awarded over \$80,000 in scholarships to 60 students.





BHBT Community Giving (2018-2021)

BHBT Community Giving (2018-2021)



I would like to thank you and BHBT for awarding me a scholarship. As we all know, college is expensive and a big step to take for anyone, especially fresh out of high school. Coming from a small town with and transferring to a city campus and knowing nobody is certainly a stressful transition on top of all the worries of the cost itself. It is organizations such as yours supporting students on their journeys that make it easier in finding our passions and meeting our career goals.  
 — L.P., Ellsworth, ME



Thanks to support from the Bar Harbor Bank & Trust Scholarship Committee, I am thrilled to have completed my first year as a nursing student. Thank you so much for the support you have given students to accomplish their educational and career aspirations. As a recipient of this scholarship, I would like to express how appreciative I am for everything you do for students.  
 — E.L., Norridgewock, ME



The Bar Harbor Bank & Trust Scholarship has been extremely helpful with my studies at the University of Connecticut. I have been able to study Biology in all of the amazing facilities the university has to offer, which may not have been possible without the support of the scholarship. I would like to extend my thanks to everyone at Bar Harbor Bank & Trust for making my studies possible.  
 — M.M., Newport, NH

Employee Philanthropic Engagement

Our focus on giving back is ingrained in our employees. Since April 2018, our employees have participated in our Casual for a Cause employee-supported community giving program. Through this program, employees contribute to a dedicated fund, and their contributions are celebrated by the opportunity to wear casual attire on Fridays. The pooled funds are used to award grants to local non-profits, and grant recipients are selected quarterly through an employee vote. Since the program's inception, nearly \$151,848 in donations have been awarded to 79 nonprofits throughout, Maine, New Hampshire, and Vermont. In 2020 and 2021, the majority of funds were awarded to nonprofits providing direct services to those in need who were adversely impacted by the COVID-19 pandemic.

\$151,848

79 non-profits

Commitment to Workplace Culture and Employee Engagement

Our Company culture defines who we are, our success, and the results we deliver to customers and shareholders. We are committed to making a difference in the communities we serve, as well as running an efficient, profitable organization. Following through on these commitments begins with our employees, and we believe investing in our employees and our culture is critical to our success.

Engagement & Culture

We take great pride in the activities and programs that support our Company culture. Inviting employees to participate in strategic conversations and initiatives creates a common understanding, strengthens our teams, and creates buy-in for Company goals. In 2020, we established the Brand Ambassador Program to reinforce our culture. Through this program, peers identify employees from all levels and departments to become Brand Ambassadors. Brand Ambassadors perform various functions to support employee engagement. Whether it's hosting



internal events, strengthening internal interactions, or meeting with our senior management team quarterly to provide feedback and better understand our Company’s strategy, this program strengthens internal relationships while accomplishing our goal that the entire organization understands our priorities and strategic business objectives.

In the spring of 2021 we launched Bar Harbor Connect (BHC). BHC is an online employee engagement platform built on a rewards and recognition model. Employees exchange recognition to one another, comment, and high five each other while earning points for being recognized. Points earned may be used in exchange for logo items, experiences, and more. Since our launch in April of 2021 over 17,500 recognitions of have been exchanged, over 90,000 high fives, and over 21,000 comments.

# Bar Harbor CONNECT

### Two Way Communication

Communication at all levels is key to our success. By ensuring that our internal and external communications are clear, thoughtful, and pertinent, we can fortify relationships and increase relationship value. We drive a culture of communication by setting good examples internally through consistent communications such as frequent updates from the senior executive team, departmental spotlights, and health and wellness bulletins. Company-wide emails and memos are sent on a regular basis to create consistent messaging, and employees are consistently encouraged and welcomed to ask questions and provide feedback. In addition, the Bank’s internal news dashboard is available to employees at any time. This communication culture is just one of the reasons we have earned a reputation for providing exceptional customer service.

### Engaging employees in company-wide strategic goals

Each year, our senior executive team develops short and long-range goals. These goals are shared with all employees and departments, who then create team and individual goals that align with and support organization-wide initiatives. This allows every employee to understand our corporate objectives and how they can contribute to reaching these goals. This is a crucial element of our pay for performance model that provides transparency and goal alignment, paving the way for a high level of employee engagement and success in achieving our strategic goals.

### Safety and respect in the workplace

One of our top priorities is affirming that our workforce feels safe and respected in the workplace. Our Safety Committee meets regularly to discuss safety issues, offer training, and create communications that capture improvement opportunities. Additionally, we offer employees safe and confidential avenues to report any perceived issues and incidents. Ensuring that employees feel safe communicating and are heard is an essential aspect of our culture.

In our Employee Handbook, which all employees review and acknowledge annually, we outline our Harassment and Retaliation Policy. In our workplace we prohibit firearms and have a zero tolerance policy on threats and violence. We also have a confidential whistleblower program that immediately forwards complaints to the Audit Committee and the Board of Directors once reported, and we work to take the necessary action as quickly as possible after a complaint is received. An Employee Assistance Program is also available to provide confidential support for employees seeking counseling.

To ensure workplace safety and preparedness, all employees participate in several online training sessions covering workplace safety, and several of our worksites have employee badge access. Our branch employees also receive training on best practices in procedures for opening and closing a banking facility, robberies, hostage situations, bomb threats, alarm responses, and evacuations. In our continued efforts to support our work from home employees, we introduced an e-Ergonomics program, as well as a semi-annual home worksite safety checklist.

### Human Capital Management



Our ability to attract and retain the best diverse talent while sustaining and deepening our current employees’ relationship is critical to maintaining our best-in-class customer experience. We provide opportunity for personal and professional development. We are committed to supporting, developing, and encouraging employees to engage within our communities.

We invest in our employees and continuously encourage them to build the skills they need to become even more valuable team members. We also identify opportunities for employees to take on challenging and intriguing work to advance their career goals and transition into new roles as the banking industry evolves. Developing programs aligned with employee skills and capabilities is critical to our organization’s success and creates robust development opportunities supported by our leaders at every level.

### Leadership Development

We know strong leaders create an environment that engages employees while simultaneously driving better results and performance. All of our development and leadership programs, both in-house and external, focus on the critical skills needed to lead in an evolving environment. We leverage our technological capabilities to keep us nimble and efficient while providing a superior employee experience.

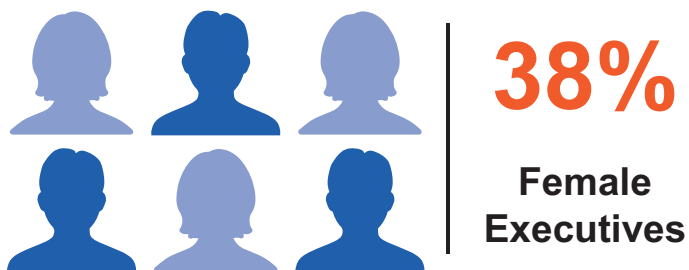


### Leadership Succession

We have identified a group of future leaders that meet regularly with our executive management team and participate in developing many of our strategic initiatives. As the foundation of our future leadership team, this group is provided with many developmental opportunities to advance through education, exposure, and experiential learning, which will prepare them for their next roles within our organization.

### Embracing diversity

All employment decisions are based on talent and potential for growth. We value a diverse workforce to ensure different perspectives and ideas are considered and part of our operation. In 2021, 25% of our Board members and 38% of the executive management team were female. Our goal is to promote an inclusive culture and foster cultural awareness.



As part of our commitment to equal employment opportunities, we seek to ensure affirmative action to provide equality of opportunity in all aspects of employment and that all personnel activities, such as the recruitment, selection, training, compensation, benefits, discipline, promotion, transfer, layoff, and termination processes remain free of illegal discrimination and harassment based upon race, color, religion, sex, sexual orientation, gender identity, and national origin.

Through the ongoing development of our Affirmative Action Plan, we warrant compliance with appropriate government regulations and strengthen our efforts to make the best possible personnel decisions while contributing to society and the community's betterment.

### Total Rewards

We recognize that attracting, retaining, and rewarding high-performing talent is key to our Company's success. Our total rewards program is designed to recognize and reward top talent and keep employees engaged effectively. Our compensation program aligns with our Pay for Performance philosophy and guarantees that every employee knows their contribution to the success of the organization. We participate in several market studies, including peers in the banking industry, to ensure competitive pay, benefits, and programs are offered to validate that we are an employer of choice. Annual merit increases align with market data and performance to ensure fair and equitable practices are adhered to.

Our commitment to our employees' health and well-being is evidenced through our comprehensive benefits package, including medical, dental, vision, life and disability offerings, and several other voluntary programs. We contribute to employee-owned health savings accounts and have a robust wellness program to encourage our employees to stay fit physically and mentally.

Our retirement savings programs include a 401k plan with a generous Company match that vests immediately, along with an Employee Stock Purchase Plan that allows employees to be owners of the Bank at a reduced price. We feel this plan encourages employees to think and make decisions like shareholders while mitigating risk-taking behavior.

We recognize providing good work-life balance choices results in our employees' making more meaningful contributions in the workplace. We have a generous Paid Time Off policy to support employees' time management and paid volunteer time to support this. In 2020, we began offering Flexible Work Arrangements (FWA) to help employees navigate the unprecedented pandemic operating environment. The success of the programs has made FWA a permanent part of our total rewards package. Programs include full remote, partially remote, condensed workweeks, and flexible hours. The flexibility these various FWAs offer allows employees to manage their work-life needs while continuing to deliver stellar results in the workplace.

**Employees utilized over 132,000 hours of paid time off** (includes holiday, PTO, bereavement, etc.)

**\$389,234.90** deferred by employees in 2021 to purchase discounted BHB stock through our ESPSP program.

In addition to offering a **Health Reimbursement Account** for employees to utilize towards their deductible, in 2021 we contributed **\$363,036** to employee owned Health Savings Accounts.

As of 12.31.2021 over 95% of employees were contributing to their 401k account, with BHB matching **\$1,308,126** in 2021.

### Employee Awards & Recognitions

Enhancing the employee experience remains an essential part of our long-term strategic plan. We believe by having more engaged employees, we can positively impact the communities we serve and deliver better results to our shareholders. We understand that recognizing employees who have made outstanding contributions in the workplace is a meaningful way to say 'thank you' and develop role models within our Company.

The majority of our employee recognition programs are employee-driven, enhancing employee engagement. For example, each year, we select recipients for our coveted Brand Behavior Awards. Each year, employees submit hundreds of nominations that highlight their colleagues who go above and beyond to help customers. Recipients live our core values each and every day and perform consistently at a high level throughout the year. In addition to the Brand Behavior Awards, we also host an annual Employee Appreciation Week and various dress up days throughout the year. Our Brand Ambassadors are continually developing new ideas for recognition and celebration of our employees' contributions. Annually, the Board of Directors award the Chairman Awards to individuals who not only perform to high standards but also lead and mentor in ways that greatly enhance our company, our colleagues, our communities, and our shareholders.

### Employee education and development

We recognize that the skills and knowledge of our employees are critical to our success. Our Learning & Development offerings help employees maintain and improve job-related skills and enhance employees' ability to advance within the organization. We encourage our employees to continually learn and build on



their skills and knowledge and offer the following programs to support their personal development:

- Tuition reimbursement up to IRS annual limits— Supporting our employees in pursuit of higher education expands their skill set and ability to advance their career within the organization
- Professional development/designations—These opportunities aid our employees in offering superior service and products to our customers while providing our employees with continuous learning and networking opportunities
- Banking specific skills—We partner with the ICBA and the Center for Financial Training Education Alliance (CFTEA) to provide employees with access to a catalog of classes that are taught locally and online to help increase banking knowledge; in 2021, we had 35 employees participate in external skill development opportunities (college courses and other training programs), and we provided \$37,122 in financial support. In addition, we provided \$18,547 in financial support of webinars.
- In-house training programs—Specialty courses are designed to train and advance our employees in various banking areas and management training courses to develop management and leadership skills; In 2021, employees accumulated 2,901 training hours to enhance their skills

In 2021 we developed and delivered a series of five new in-house courses focused on developing our new-to-role and rising managers. These courses included a variety of topics such as: managing remote employees, coaching, delivering effective feedback, conducting performance reviews, and hiring best practices. In 2021, sixty one employees participated in at least one of these classes.

We require our employees to complete mandatory online training to ensure they know rules and regulations related to the Community Reinvestment Act, privacy, fraud, Bank Secrecy Act/ Anti-Money Laundering, Office of Foreign Assets Control, and other relevant topics. We also require harassment and other employment-related training to keep our workplace compliant and free from discrimination or other unlawful practices.

**Enhancing opportunities and leadership skills**

As part of our employee development plans, we have a designated group of leaders, chosen by management for their contributions to the organization, to help advise the senior executive team on strategic initiatives, messaging, and keeping a finger on the pulse of organizational culture. These employees are given opportunities to participate in activities outside of their normal work scope, which allows them to build cross-departmental relationships that would not be formed otherwise. This approach helps us cultivate leaders within our Company while strengthening company culture.

- Launched a monthly “Train the Brain” series featuring a variety of subject matter experts and topics including how to get involved with volunteering, maximizing your health insurance plan value, utilizing LinkedIn for networking, and more
- In continued support of our flexible work program and keeping colleagues connected, we launched an updated webinar platform, provided web cameras, and enhanced remote phone capabilities
- 31% of open positions were filled by an internal candidate
- 13% of positions filled were Employee Referrals
- 18% of employees received a promotion
- Added Juneteenth as a paid holiday, for a total of 11 observed holidays



# GOVERNANCE REPORT

Our senior executive team and Board of Directors recognize the importance of their roles in setting the organization's tone, paving the way for responsible growth, and ensuring effective governance. Solid Board leadership is key to our success, and through their critical guidance and oversight, we continue to be a stable and competitive institution.

In 2021, we formed a dedicated Environmental, Corporate Social Responsibility, and Governance Committee ("ESGC"), to provide leadership, oversight, and guidance in assisting us to further develop our action plans with regard to:

- Environmental
- Health and Safety
- Corporate Social Responsibility
- Sustainability
- Corporate Governance
- Reputation
- Diversity
- Equity and Inclusion
- Community Issues
- Political Contributions
- Lobbying
- Other public policy matters relevant to the Company (collectively, "ESG Matters")

The Governance Committee of our Board of Directors provides the ultimate oversight and direction of all ESG related matters including the activities of the ESGC. This dedicated ESGC is structured as a sub-committee of our Enterprise Risk Management Committee and aligns with the the Board's Risk Committee for additional guidance. Our Board is engaged and invested at all levels in the long-term sustainability of our business and fulfilling our shareholder interests.

## Governance

We are committed to a philosophy of transparent governance through best practices, which we continually review and improve. We maintain strong management and risk oversight at the Board level, and we value maintaining an ongoing dialogue with our shareholders, regulators, customers, and employees. Our Board embodies the mutual respect, diversity, in-depth business expertise, and communication that is the foundation of our company culture.

We believe operating our business responsibly and ethically puts us in a position to support our stakeholders' interests while creating long-term value for our shareholders. We remain focused on ensuring sound and effective governance to make a positive, sustainable impact on the communities where we live and work.

## Board Composition and Diversity

Our Board oversees the business and affairs of our Company and provides active and independent oversight of management. To carry out Board responsibilities, we seek candidates who possess:

- Strong business judgment
- High personal integrity
- Demonstrated achievement in public or private companies
- Proven leadership and management ability
- Ability to devote the necessary time to oversight
- Free of potential conflicts of interests

Our Board seeks directors whose knowledge, experience, and skills provide a broad range of perspectives and leadership expertise in financial services and other highly complex and regulated industries. Additionally, Directors possess valuable skills like strategic planning and business development, business operations, marketing and distribution, technology, cybersecurity, risk management and financial controls, human capital management, corporate governance, public policy, and other areas critical to our business strategy and oversight. Our Board ensures a balance in directors' age, tenure, and Board continuity in order to achieve an equilibrium between the perspectives of new directors and longer-serving directors with industry and institutional insights.

Our Board views diversity as a priority and seeks representation across various attributes, including gender, race, ethnicity, and professional experience. It regularly assesses our Board's diversity when identifying and evaluating director candidates. Our current Board, composed of 12 directors, reflects the Board's commitment to nominating candidates who possess personal qualities, qualifications, skills, and diversity of backgrounds and provide a mix of tenures that, when combined best serve our Company and our shareholders.

## Board Independence and Qualifications

Under NYSE American corporate governance standards a majority of the Board must be "independent directors" as defined in Section 803A of the NYSE American Rules. According to Section 803A, "independent director" means a person other than an executive officer or employee of our Company. In addition, for a director to qualify as "independent" the Board must affirmatively determine that the director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has determined that all current director-nominees meet the applicable independence standards except for Curtis Simard, our President and Chief Executive Officer. Mr. Simard is not a member of the Audit, Compensation and Human Resources, or Governance Committee.



## Code of Conduct and Business Ethics

Ethical conduct is the cornerstone of our governance philosophy. Our Code of Conduct and Business Ethics applies to all our directors, executive officers, employees, contractors, and consultants and articulates our philosophy regarding ethical conduct in the workplace. The Code of Conduct establishes standards for behavior, including standards with respect to compliance with laws and regulations, conflicts of interest, fairness, insider trading, use of our customers' information, and public and financial disclosure. Additionally, we have adopted a Code of Ethics for Senior Financial Officers that supplements the more general Code of Conduct and conforms to the requirements of the Sarbanes-Oxley Act of 2002 and NYSE American listing standards. Any substantive changes in or waivers of the Code of Conduct granted to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, must be disclosed within four business days by a posting on our website. In the case of a waiver of our Code of Conduct for any executive officer or director, the required disclosure will also be made available on our website within four business days of the date of such waiver. Both the Code of Conduct and the Code of Ethics for Senior Financial Officers are available on our website at <https://www.barharbor.bank/codes-and-charters>.

In addition, our Board of Directors are required to complete the following training annually: GLBA, Information Security, Cybersecurity & Identity Theft, and Regulatory Compliance including CRA, Reg. O, Fair Lending & UDAAP, BSA, AML & Patriot Act, and Sexual Harassment.

## Board Risk Oversight

Our Board recognizes the importance of maintaining the trust and confidence of our customers, clients and employees. The Board actively manages key risks facing our Company and devotes significant time and attention to data and systems protection, including cybersecurity and information security risks, reputation risk, credit risk, financial oversight and strategy management, regulatory and legal risks. Our Board effectively monitors and manages risks through Board committee activities and by collaborating with our management, internal audit, our independent registered public accounting firm, and other specialized independent advisors. Specialized audits include Information Technology and Security, Bank Secrecy Act, Loan Review, and Trust Operations. The Board regularly reviews these audits and maintains an open dialogue about risk management with senior management.

## Cybersecurity Oversight

As a publicly traded company and a bank entrusted with the privacy of our customers, we take Cybersecurity and Information Security extremely seriously. We maintain a robust, independent Information Security program, with a dedicated Information Security Officer and an in-house Information Security team that monitors ever-changing developments. This team collaborates with our Information Technology team to ensure the Bank remains protected. Key elements of our program include, but are not limited to:

- Weekly vulnerability scanning and follow-up collaboration meetings between Information Security and Information Technology management to track and remediate vulnerabilities as they are identified.
- Monthly Information Security Committee meetings between senior-level Information Security and Information Technology staff to discuss emerging threats and strategies to harden the Bank's environment.
- Ongoing monitoring of assets through internal resources and via use of trusted third-parties.
- Internally-run phishing campaigns to assess our employees' risk level; allows for targeted re-training as applicable.
- Fulsome annual training requirements for all employees and Board of Director members.
- Formal Incident Response plans that are tested periodically.

## Board Risk Committee

Committee members are appointed by the Board and provide oversight of the following functions:

- Oversight for internal controls over financial reporting, credit risk, interest rate risk, liquidity risk, operational risk, cybersecurity risk, compensation risk, reputational risk, and compliance risk
- Reviews presentations and reports that address a broad range of topics including updates on technology trends, regulatory developments, legal issues, policies and practices, the threat of environmental and vulnerability assessments, and specific and ongoing efforts to prevent, detect, and respond to internal and external critical threats
- Reviews and discusses on an annual basis bank-wide risk assessment.
- Sets loan policy, establishes credit authorities, and approves or ratifies all extensions of credit to borrowers
- Reviews credit trends, delinquencies, non-performing loans, charged-off loans, and management's quarterly assessment of the adequacy of the Allowance for Credit Loss.
- In conjunction with the Audit Committee, reviews reports prepared by an independent loan review firm, as well as those issued by our Internal Audit to assist in their on-going assessment of credit risk

## Board Committees

Our Board has five standing committees—Executive, Audit, Compensation and Human Resources, Governance, and Board Risk. Charters describing the responsibilities of the Audit, Compensation and Human Resources, and Governance Committees can be found on our website at [www.barharbor.bank](http://www.barharbor.bank) under the Shareholder Relations page.

Our Board committees regularly make recommendations and report on their activities to the full Board. Each committee may obtain advice from internal or external financial, legal, accounting, or other advisors at their discretion. Our Board, considering the recommendations of our Governance Committee, reviews our committee charters and committee membership at least annually.





- Detailed entitlement and access reviews for key high-risk and SOX applications.
- Annual internal and external penetration tests conducted by independent third-parties to validate our vulnerability management program.
- Monthly reporting to the Board of Directors' Board Risk Committee on key emerging Cybersecurity topics.

**Other Risk Oversight Committees**

To assist our Board in fulfilling its risk management responsibilities, a network of management oversight committees has been established. These oversight committees have the delegated authority and specific duties to execute our risk management policy. Specifically, the committees listed below are responsible for the ongoing identification, measurement, monitoring, and management of risk.



**Bar Harbor Bank & Trust Internal Committees**

- IT & Operations Committee (ITOC)
- Operational Application Focus Committee
- Real Estate Planning Committee
- Digital Banking Oversight Committee
- Management Loan Committee
- Asset & Liability Committee (ALCO)
- Deposit Pricing Committee
- Secondary Market Committee
- CRA Committee
- Model Risk Management Committee
- Enterprise Risk Management Committee (ERM)
- Information Security Committee
- Safety Committee
- UDAPP Committee
- SAR Committee
- ESG Committee
- Retirement Investment Committee
- Disclosures, Controls & Procedures Committee
- Trust Investment Committee
- Non-deposit Investment Products Committee
- Trust Administrative Committee

We believe our risk management activities and detailed reports provide clear and concise information to our senior management team and the Board to properly and adequately evaluate our compliance with our risk management programs and policies.

**Additional Corporate Governance Information**

More information about our corporate governance can be found on our website at [www.barharbor.bank](http://www.barharbor.bank).



# LEADERSHIP

## Board of Directors



David B. Woodside – Chairman  
Bar Harbor, ME  
President and CEO of Acadia Corporation



Daina H. Belair  
Iva, SC  
Former Owner of Inn at Sunrise Point



Matthew L. Caras  
Arrowsic, ME  
Owner and Managing Director of Leaders LLC



David M. Colter  
Hampden, ME  
President, GAC Chemical Corporation



Steven H. Dimick  
Randolph, VT  
Former Director for Lake Sunapee Bank Group



Martha T. Dudman  
Northeast Harbor, ME  
Fundraising Consultant and Author, former President of Dudman Communications Corporation



Lauri E. Fernald  
Mt. Desert, ME  
President and an Owner in Jordan–Fernald Funeral Home



Debra B. Miller  
Londonderry, NH  
Vice President of External Relations at NH Community Loan Fund



Brendan O'Halloran  
Chatham, MA and Naples, FL  
Retired Vice Chair & Regional Head of TD Securities, a division of TD Bank



Curtis C. Simard  
Mt. Desert, ME  
President and Chief Executive Officer of the Company and the Bank



Kenneth E. Smith  
Bar Harbor, ME  
Former Owner and Innkeeper of Manor House Inn



Scott G. Toothaker  
Nashua, NH  
Managing Principal of Melanson Heath & Co.

## Executive Management



Curtis C. Simard  
President & CEO  
Bar Harbor Bank & Trust and Bar Harbor Bankshares



Josephine Iannelli  
Executive Vice President  
Chief Financial Officer and Treasurer



Marion Colombo  
Executive Vice President  
Director of Retail Delivery



John M. Mercier  
Executive Vice President  
Chief Lending Officer



Jason Edgar  
President of Bar Harbor Wealth Management



Joseph Scully  
Senior Vice President  
Chief Information Officer & Director of Operations



John Williams  
Senior Vice President  
Chief Risk Officer



Alison DiPaola  
Senior Vice President  
Chief Human Resources Officer



Joseph Schmitt  
Senior Vice President  
Director of Communications & Chief Marketing Officer

