

SANDY SPRING BANCORP INC  
Form DEFR14A  
March 16, 2018

**SCHEDULE 14A**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material pursuant to §240.14a-12

**SANDY SPRING BANCORP, INC.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

## **EXPLANATORY NOTE**

This amended definitive proxy statement (the “Amended Proxy Statement”) is being filed to amend and restate in its entirety the Definitive Proxy Statement on Schedule 14A previously filed on March 14, 2018 (the “Original Filing”) by Sandy Spring Bancorp, Inc.

Page 41 of the Original Filing, under the heading “Shares Held Through A Broker,” erroneously stated that the proposal to amend the Company’s articles of incorporation to increase the Company’s authorized shares of capital stock from 50,000,000 to 100,000,000 is not a routine matter and that, as a result, brokers will not be allowed to vote uninstructed shares on this matter on behalf of shareholders who hold their shares through a broker or other nominee. This section on page 41 of the Amended Proxy Statement has been revised to reflect that the proposal to approve the proposed amendment to the Company’s articles of incorporation is a routine matter and that brokers will have discretion to vote uninstructed shares on this matter.

Except for the revision specifically discussed above, the Amended Proxy Statement does not otherwise modify or update any other disclosures presented in the Original Filing. In addition, the Amended Proxy Statement does not reflect events occurring after the date of the Original Filing or modify or update disclosures that may have been affected by subsequent events.

**NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD**

Wednesday, April 25, 2018, 10:00 a.m.

Company Headquarters - Willard H. Derrick Building

17801 Georgia Avenue, Olney, MD 20832

The 2018 annual meeting of shareholders of Sandy Spring Bancorp, Inc., will be held as indicated above for the purpose of considering:

- The election of Ralph F. Boyd, Jr., Joseph S. Bracewell, Mark C. Michael, Robert L. Orndorff and Daniel J. Schrider to serve as Class I directors with terms expiring at the 2021 annual meeting, Joe R. Reeder to serve as a
- (1) Class II director with a term expiring at the 2020 annual meeting, and Shaza L. Andersen to serve as a Class III director with a term expiring at the 2019 annual meeting, in each case until their successors are duly elected and qualified;
  - (2) A non-binding resolution to approve the compensation for the named executive officers;
  - (3) An amendment to the articles of incorporation to increase authorized capital stock from 50,000,000 shares to 100,000,000 shares.
  - (4) The ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm for the year 2018; and
  - (5) Such other business as may properly come before the annual meeting or any adjournment thereof.

The board of directors established February 28, 2018, as the record date for this meeting. Shareholders of record as of the close of business on that date are entitled to receive this notice of meeting and vote their shares at the meeting and any adjournments or postponements of the meeting.

Your vote is very important. The board urges each shareholder to promptly sign and return the enclosed proxy card or to use telephone or Internet voting, as described on the card. If you choose to attend the meeting, you may withdraw your proxy and vote in person.

By order of the board of directors,

Ronald E. Kuykendall  
General Counsel & Secretary

Olney, Maryland  
March 14, 2018

Important Notice Regarding the Availability of Proxy Materials for the  
2018 Annual Meeting of Shareholders to be Held on April 25, 2018

This proxy statement and the 2017 Annual Report on Form 10-K are available at

*[www.envisionreports.com/sasr](http://www.envisionreports.com/sasr)*.

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**Sandy Spring Bancorp, Inc.**

**Proxy Statement**

The board of directors of Sandy Spring Bancorp, Inc., has furnished this proxy statement to you in connection with the solicitation of proxies to be used at the 2018 annual meeting of shareholders (“annual meeting”) or any postponement or adjournment of the meeting. The notice of annual meeting is being first mailed on or about March 14, 2018 to shareholders of record as of the close of business on the record date. In this proxy statement, the “Company,” “Bancorp,” “we,” “our” or similar references mean Sandy Spring Bancorp, Inc., and its subsidiaries. The “board” refers to the board of directors of Sandy Spring Bancorp, Inc.

**Proxy Summary**

The following is an overview of information described in more detail throughout this proxy statement. This is only a summary, and we encourage you to read the entire proxy statement carefully before voting. For complete information about the Company’s performance, please review our 2017 Annual Report on Form 10-K.

Date and Time: Wednesday, April 25, 2018, 10:00 a.m.

Place: Company Headquarters  
 The Willard H. Derrick Building  
 17801 Georgia Avenue  
 Olney, MD, 20832

Record Date: February 28, 2018

**Voting Matters and Board Recommendations**

<i>Proposal</i>	<i>Board Recommendation</i>	<i>More Information</i>
1) Election of five Class I directors, one Class II director, and one Class III director, named in this proxy	“FOR”  all nominees	Page 5
2) A non-binding resolution to approve the compensation for the named executive officers	“FOR”	Page 36



- |   |       |         |
|---|-------|---------|
| 3) An amendment to the articles of incorporation to increase authorized capital stock from 50,000,000 to 100,000,000 shares         | “FOR” | Page 37 |
| 4) The ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm for the year 2018. | “FOR” | Page 38 |

**How To Cast Your Vote**

Even if you plan to attend the annual meeting in person, please cast your vote as promptly as possible by following the instructions on the Notice of Availability of Proxy Materials and the proxy voting card using:

**Internet Telephone Mail**

## Summary of Governance Practices

The Company is committed to governance practices that support our long-term strategy, demonstrate high levels of integrity, and earn the confidence of investors.

### *Board and Governance Information*

Board Size	15
Independent Chairman	Yes
Independent Directors	13
Board Diversity	33%
Average Age of Directors	62
Average Tenure of Directors	7 years
Mandatory Director Retirement Age	72
Director Term	3 years
Board Meetings in 2017	10
Average Attendance at Board and Committee Meetings	96%
Plurality Plus Resignation in Uncontested Director Elections	Yes
Independent Directors Meet Regularly in Executive Session	Yes
Independent Audit Committee Meets with Auditor in Executive Session	Yes
Board Risk Committee	Yes
Annual Board Evaluations	Yes
Continuing Education Program	Yes
Stock Ownership Guidelines for Directors and Executives	Yes
Anti-Hedging Policy	Yes

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Clawback Policy	Yes
Code of Business Conduct available on website	Yes
Corporate Governance Policies available on website	Yes

## **PROPOSAL 1: Election of Directors**

The board is elected by the shareholders to represent their interest in the Company. With the exception of those matters reserved for shareholders, the board is the highest and ultimate decision-making authority. The board works closely with executive management and oversees the development and execution of our business strategy.

### **Board Complement**

Our board currently has 15 members divided into three classes in equal number. In general, the term of only one class of directors expires each year, and the directors within that class are elected for a term of three years or until their successors are elected and qualified.

In connection with the acquisition of WashingtonFirst Bankshares, Inc., (“WashingtonFirst”) and the related merger of WashingtonFirst Bank into Sandy Spring Bank, the Company agreed to appoint four WashingtonFirst directors to the Company’s board. Upon completion of the acquisition on January 1, 2018, former WashingtonFirst Chairman Joseph S. Bracewell, former WashingtonFirst CEO and director Shaza L. Andersen, and WashingtonFirst directors Mark C. Michael and Joe R. Reeder joined the Company’s board. Also effective upon closing, director Susan D. Goff retired from the board after 23 years of dedicated service.

On December 13, 2017, the board of directors approved an amendment to the Company’s bylaws that permits a director to continue to serve on the board after the annual meeting of shareholders immediately following his or her seventy-second (72nd) birthday if (i) he or she was appointed to the board of directors in connection with a corporate acquisition, consolidation, or merger and (ii) the Nominating Committee and board of directors determine that his or her continued service would be of substantial benefit to the Company in recognizing the benefit of such acquisition, consolidation or merger. The board’s nomination of Mr. Bracewell (age 71) is made under this provision; and, if elected, Mr. Bracewell is expected to serve a complete term of three years.

### **Director-Nominees**

A total of seven directors are nominated for election. Class I director-nominees are before you for election to a three-year term to expire in 2021: Ralph F. Boyd, Jr., Joseph S. Bracewell, Mark C. Michael, Robert L. Orndorff, and Daniel J. Schrider. Joe R. Reeder is nominated to Class II for a two-year term expiring in 2020, and Shaza L. Andersen is nominated to Class III for a one-year term expiring in 2019. All of these nominees currently serve on the board, and Mr. Boyd, Mr. Orndorff, and Mr. Schrider have been elected previously by the shareholders.

## **Nomination Process**

The Nominating Committee is responsible for recruiting and recommending candidates to the board. In exercising its duties, the committee considers the present skills and experience on the board and the qualifications that are desired in order to meet the Company's changing needs.

Our Corporate Governance Policy outlines the general competencies required of all directors including the highest standards in exercising his or her duty of loyalty, care and commitment to all of our shareholders. Prior to the recruitment of a new director the board gathers input from all directors in order to form a collective picture of the particular competencies needed to fulfill the board's obligations and support our long-term strategy. Such competencies may include expertise in: the banking industry, financial matters, risk management, marketing, a geographic market, regional economics, strategic planning, executive management, technology or other relevant qualifications. The board also values diversity and seeks to include a broad range of backgrounds, experience and personality styles.

The Nominating Committee encourages suggestions for qualified director candidates from the chief executive officer, the chairman of the board, other directors, and from shareholders, and is responsible for the evaluation of such suggestions. Shareholders may submit suggestions for qualified director candidates by writing to Ronald E. Kuykendall, General Counsel and Secretary, at Sandy Spring Bancorp, Inc., 17801 Georgia Avenue, Olney, Maryland 20832. Submissions should include information regarding a candidate's background, qualifications, experience and willingness to serve as a director. In addition, the Nominating Committee may consider candidates submitted by a third party search firm hired for this purpose. The Nominating Committee uses the same process for evaluating all nominees, including those recommended by shareholders, using the board membership criteria described above. Please see "Shareholder Proposals and Communications" on page 42.

**Information About Nominees and Incumbent Directors**

The information below sets forth the names of the nominees for election describing their skills, experience and qualifications for election. Each has given his or her consent to be nominated and has agreed to serve, if elected. If any person nominated by the board of directors is unable to stand for election, the shares represented by proxies may be voted for the election of such other person or persons as the present board of directors may designate.

Also provided is information on the background, skills, and experience of the remaining incumbent directors. Unless described otherwise, each director has held his or her current occupation for at least five years, and the ages listed are as of the Record Date.

**Voting Standard for Uncontested Elections**

With respect to the election of directors, a plurality of all the votes cast at the annual meeting will be sufficient to elect a nominee as a director. In an uncontested election, an incumbent director-nominee who receives a greater number of votes “withheld” than votes “for” shall promptly tender his or her resignation following certification of the shareholder vote. The Nominating Committee shall consider the resignation taking into consideration any information it deems to be appropriate and relevant and make a recommendation to the board.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES NAMED BELOW AS A DIRECTOR OF SANDY SPRING BANCORP, INC.**

Class I Director-Nominees – For Terms To Expire at the 2021 Annual Meeting

<p><b>Ralph F. Boyd, Jr.</b></p> <p>Age: 61</p> <p>Director since: 2012</p> <p>Independent</p> <p>Committees: Compensation Chair, Executive &amp;</p>	<p>Mr. Boyd is the Chief Executive Officer for the Americas Region of the Urban Land Institute (ULI), a global, multidisciplinary real estate organization dedicated to responsible land use. Previously he was CEO of the Massachusetts Region of The American Red Cross from 2014 to 2017. He is a Harvard Law School graduate and previously served as Assistant Attorney General for Civil Rights under President Bush and as Executive Vice President and General Counsel of Freddie Mac. From 2005 to 2012, Mr. Boyd was the President and CEO of the Freddie Mac Foundation. He previously served for 10 years on the board of directors of DirecTV and as chair of its Audit Committee. Among other distinctions, Mr. Boyd currently serves as chair of the NHP Foundation, a national nonprofit developer and owner of multi-family affordable housing. He also is a founding director, current member, and former chair of Center City Public Charter Schools, Inc., a charter management organization operating public charter schools in several high need communities in Washington,</p>
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Governance, NominatingD.C. Mr. Boyd is also a former national director, treasurer, and regional board chair of Easter Seals, Inc.

***Skills and qualifications:*** extensive professional experience, executive leadership experience, public-company board service, and risk management experience.

Age: 71

Director since: 2018

Independent

Committees: Executive & Governance

**Joseph S. Bracewell**

***Skills and qualifications:***  
Extensive professional experience, industry knowledge, executive leadership experience, public-company board service, and risk management experience.

Mr. Bracewell joined the board of directors on January 1, 2018. He served as executive chairman of the former WashingtonFirst Bankshares, Inc. since its inception in 2004. During his over forty years in the banking business, Mr. Bracewell has participated in the organization and management of six community banks in Texas and Washington, DC. A native of Houston, Mr. Bracewell moved to Washington when he was appointed by President Carter to serve as president of the Solar Energy and Energy Conservation Bank. From 2002 through 2013, he was a partner in the law firm of McKee Nelson LLP and its successor firm of Bingham McCutchen LLP. Mr. Bracewell is a former director and vice chairman of the Federal Home Loan Bank of Atlanta, and a former director of the Independent Bankers Association of America.

Age: 55

**Mark C. Michael**  
Director since: 2018

Independent

Committees: None

***Skills and qualifications:***  
executive leadership skills, strategic planning, bank board experience, knowledge of the local market.

Mr. Michael joined the board on January 1, 2018, at the time WashingtonFirst Bankshares, Inc. was acquired by Sandy Spring Bancorp, Inc. Mr. Michael is the founder and CEO of Occasions Caterers Inc., a full-service, off-premise catering firm, located in Washington, D.C. since 1986. He is also founder and CEO of Protocol Staffing Services LLC, a hospitality staffing service, as well as Menus Catering, Inc. a corporate drop-off catering service. In addition to being on several corporate boards, he serves on the board of directors of D.C. Central Kitchen. He is also on the President's Council for Higher Achievement Program, and he serves as a mentor for the Regional Board for the Network for Teaching Entrepreneurship (NFTE). He is a member of the US Chamber of Commerce, the Greater Washington Board of Trade, the Washington Convention and Visitors Bureau, and the International Society of Event Specialists.



Age: 61

Director since: 1991

Independent

**Robert L.  
Orndorff  
Chairman**

Committees: Executive &  
Governance Chairman, ex officio on  
all committees

Mr. Orndorff is the founder and President of RLO Contractors, Inc., a leading residential and commercial excavating and grading company in central Maryland that also provides mulch and topsoil products. Mr. Orndorff's experience in building a highly successful business with a strong reputation for quality, teamwork, and integrity is a testament to his leadership ability that is also strongly aligned with the Company's culture and values.

***Skills and qualifications:*** extensive business experience, leadership skills, knowledge of government contracting, strategic planning skills, and knowledge of the local market.

Age: 53

Director since: 2009

Mr. Schrider was named to the position of president and chief executive officer of Sandy Spring Bancorp, Inc. on January 1, 2009, at which time he also joined the board of directors of Bancorp and its principal subsidiary Sandy Spring Bank. This action followed the board's selection of Mr. Schrider to lead the company in a planned succession making him the 11th president of Sandy Spring Bank since its founding in 1868.

Non-Independent

**Daniel J. Schrider**  
**President & CEO**

Committees: Executive & Governance, Risk

Mr. Schrider has been part of Sandy Spring Bank for nearly 30 years, having joined the company in 1989 as a commercial lender. He advanced his career to the executive level in 2003 and became the Bank's Chief Credit Officer. Mr. Schrider holds a bachelor's degree from the University of Maryland and an MBA from Mt. St. Mary's University. Mr. Schrider is also a graduate of the American Bankers Association Stonier Graduate School of Banking.

***Skills and qualifications:*** deep

industry and institutional knowledge, strategic planning and analytical skills, financial expertise, risk management, and executive management.

A leader among community bankers, Mr. Schrider is currently a director of the American Bankers Association, a past chair of the Maryland Bankers Association, a past chair of the Stonier Graduate School of Banking Advisory Board, and a sought-after guest speaker at local and national industry events.

Mr. Schrider also embraces Sandy Spring Bank's legacy of local, community involvement and serves on the board of Medstar Montgomery Hospital in Olney, Maryland.

Class II Director-Nominee – For Term To Expire at the 2020 Annual Meeting

Age: 70

**Joe R. Reeder**

Director since: 2018

Independent

Mr. Reeder joined the board on January 1, 2018, at the time WashingtonFirst Bankshares, Inc. was acquired by Sandy Spring Bancorp, Inc. Mr. Reeder, a shareholder of Greenberg Traurig LLP, was Mid-Atlantic Region Managing Shareholder from 1999 to 2008. He also served as Chairman of the Board of the Panama Canal Commission and 14th Undersecretary of the U.S. Army (1993-1997). A member of a number of corporate boards (both domestic and international), Mr. Reeder also served on a number of civic and charitable boards, including the National Board of Governors of the USO, the Armed Services YMCA, the National Defense Industry Association, where he chaired the corporate Ethics Committee, the Marshall Legacy Institute, the Army Air Force Mutual Aid Association, Our Military Kids, and

Committees: None      the International Advisory Board of the Panama Canal Authority. The Chairman of Peace Research Endowment, he is a Trustee Emeritus of the Association of the U.S. Army, Mr. Reeder also co-chaired Virginia Governor Warner's Base Realignment Commission.

***Skills and***

***qualifications:***

extensive professional  
experience, strategic  
planning, executive  
leadership, past bank  
board experience.

Class III Director-Nominee – For Term To Expire at the 2019 Annual Meeting

Age: 51

Director since: 2018

Non-Independent

**Shaza L. Andersen**

Committees: Executive & Governance

***Skills and qualifications:*** banking executive experience, public company experience, strategic planning skills, sales and marketing skills, and knowledge of the local market.

Shaza L. Andersen was the founder and Chief Executive Officer of Washington First Bankshares, Inc. which was acquired by Sandy Spring Bancorp, Inc. on January 1, 2018. She also serves as Vice Chairman of Sandy Spring Bank. Ms. Andersen currently serves on the board of directors of Amalgamated Casualty Insurance, the Washington Redskins Leadership Council, the National Association of Women Business Owners Leadership Circle, the executive board of the Blitz for the Better Foundation, and the George Mason University Dean’s Advisory Council. She previously served on the Treasury Board of Virginia, the board of trustees for Youth For Tomorrow, the board of directors of the Wolf Trap Foundation, the executive committee of the board of directors for Junior Achievement of Greater Washington, the Young Presidents’ Organization (YPO), and the board of directors of the Federal Home Loan Bank of Atlanta where she was vice chair of the Corporate Governance Committee and a member of the Housing Committee. Recognized by American Banker as one of the Top 25 Women to Watch and named a Top Banker by SmartCEO Magazine (twice), Ms Andersen has also been honored with an ABC7 WJLA-TV & Toyota Dealers’ Tribute to Working Women award.

**Incumbent Class II Directors - Terms Expiring at the 2020 Annual Meeting**

Age: 62

**Mark E. Friis**

Director since: 2005

Independent

Committees: Risk, Compensation

In 2017, Mr. Friis became the Chairman of Rodgers Consulting, Inc., having previously served as President and CEO since 2002. Rodgers is a land planning and engineering firm specializing in town planning, urban design, development entitlements, site engineering and natural resource management for developers, builders, institutions and corporations. He is a member of the American Institute of Certified Planners and has numerous affiliations with area professional and civic organizations as well as local government. He currently serves on the board of trustees for Hood College in Frederick, MD, and he also chairs Sandy Spring Bank’s Frederick Advisory Board.

***Skills and qualifications:***

business management  
experience, strategic  
planning, sales and  
marketing skills, and  
in-depth knowledge of the  
local economy.

Age: 64

Director since: 2005

Independent

**Pamela A.  
Little**

Committees: Audit  
Chairman, Executive &  
Governance, Nominating

***Skills and qualifications:***  
broad range of business  
experience with public  
companies, knowledge of  
mergers and acquisitions,  
executive leadership skills,  
human resources experience,  
and financial expertise.

Ms. Little has over 30 years of experience working with companies ranging from privately held start-up firms to large, publicly traded government contracting firms. She became the Executive Vice President and CFO of MTSI, an employee-owned government contractor, in 2014 and has served as a director of MTSI since 2011. Prior to that she was the CFO for CALIBRE Systems, Inc. from 2013 to 2014 and the CFO of Planned Systems International during early 2013. Ms. Little was the Co-CEO at the former ATS Corporation, a publicly traded provider of IT services, from 2011 to 2012, and was CFO from 2007 to 2011. Ms. Little serves as the chairman of the Audit Committee and is the committee's designated financial expert.

Age: 69

**James J.  
Maiwurm**

Director since: 2015

Independent

Committees: Audit,  
Compensation

***Skills and qualifications:***  
extensive professional  
experience and business  
expertise in acquisitions and  
business ventures, and  
experience with publicly

Mr. Maiwurm has had a distinguished career as an attorney and business leader. He moved into law firm leadership with Squire Patton Boggs, a top-25 global legal practice, in 2003, and he went on to Chair the firm and its Management Committee in 2009 - 2010 and then served as Chair of the Global Board and Global CEO of Squire Patton Boggs LLP (AU, UK, and US) from 2011 through 2014. Since January 1, 2015 he has been Chair Emeritus and Senior Counsel to the law firm. He has served in both executive and board positions for publicly traded, privately held, and nonprofit organizations, including the Board of Trustees of the College of Wooster (Ohio). Mr. Maiwurm's law practice involves representing the parties to transactions such as private equity investments, public offerings, and domestic and international acquisitions and joint ventures.

traded companies.

Age: 64

Director since: 2002

Independent

**Craig A.  
Ruppert**

Committees: Nominating  
Chairman, Executive &  
Governance

A highly successful entrepreneur, Mr. Ruppert is the founder, President and CEO of The Ruppert Companies, which is comprised of commercial landscape construction and management located in eight states; tree growing and moving operations; and industrial property development. Mr. Ruppert also serves on the board of directors of The Wills Group, a privately-held, local marketer of petroleum products in the Mid-Atlantic area. Mr. Ruppert is a former Class B director of the Federal Reserve Bank of Richmond and a noted, local philanthropist.

***Skills and qualifications:***

strategic planning,  
executive management,  
mergers and acquisitions  
and business expertise.

**Incumbent Class III Directors - Terms Expiring at the 2019 Annual Meeting**

Age: 55

Director since: 2015

Independent

**Mona Abutaleb** Committees: Audit, Risk

*Skills and qualifications:*  
executive leadership  
experience, strategic  
planning, expertise in  
technology and cyber risk  
management for small and  
mid-sized businesses.

Ms. Abutaleb joined mindSHIFT Technologies in 2006 and utilized her unique blend of skills and expertise in operations, engineering, IT and customer service to drive mindSHIFT's rapid growth. She was named CEO in 2014, and she led the company in its acquisition by Ricoh Americas Holdings. As a leading managed services industry executive, Ms. Abutaleb was named to the MSPmentor 250 list as one of the most influential executives shaping the industry in 2014 and 2015. In addition to her role at mindSHIFT, Ms. Abutaleb is also the Executive Vice President and General Manager of Ricoh Global Office Services. She has been a leader of technology-based service organizations for more than 30 years.

Age: 70

**Robert E. Henel, Jr.** Director since: 2011

Independent

Committees: Risk  
Chairman, Executive &  
Governance, Nominating

*Skills and qualifications:*

Industry expertise,  
executive management

Mr. Henel is the former Chairman, President and CEO of Annapolis Banking & Trust Company, an affiliate bank of the former Mercantile Bankshares Corp., a position he held for 16 years. Upon the acquisition of Mercantile, Mr. Henel became a regional president for PNC Bank for the Annapolis and Anne Arundel County Region until 2010. In addition to 39 years in the banking industry, Mr. Henel is a past chairman of the board of trustees for the Anne Arundel Health System and a past chairman of the Anne Arundel Medical Center Foundation. He has served numerous community, civic, and industry organizations.



experience, risk management experience, and strong knowledge of the local market.

Age: 53

Director since: 2011

Independent

**Gary G.  
Nakamoto**

Committees: Compensation

***Skills and qualifications:***

Experience in the government contracting field, executive management experience in the technology industry, extensive knowledge of the Northern Virginia market, and familiarity with local, state and national government.

Mr. Nakamoto is the principal of The Nakamoto Group, LLC, a consulting firm located in McLean, Virginia. Previously, he was the Chairman of the former Base Technologies (1996 to 2011), a firm that specialized in IT, outsourcing, and consulting. Under Mr. Nakamoto's leadership, Base Technologies was named one of the 2011 Best Places to Work in Virginia and was designated a Top 100 IT federal government contractor. Mr. Nakamoto currently serves on the State Council of Higher Education for Virginia, as a trustee for the Inova Health Foundation, and is a board member of the Virginia Chamber of Commerce.

Age: 71

Director since: 2010

Independent

**Dennis A. Starliper**

Committees: Risk

Mr. Starliper worked for Provident Bankshares Corporation for 24 years and held the position of chief financial officer for 10 years. He retired in 2009. Prior to joining Provident, Mr. Starliper worked for Fairchild Industries, a Fortune 500 aerospace manufacturer. He is a CPA and holds an MBA from Southeastern University. He is currently an adjunct professor of Finance and Accounting for the Brown School of Business and Leadership at Stevenson University.

***Skills and qualifications:***

deep industry experience; executive management experience with a publicly traded company; risk management experience and financial expertise.

**Corporate Governance and Other Matters**

The board remains committed to setting a tone of the highest ethical standards and performance for our management, officers, and the Company as a whole. The board believes that strong corporate governance practices are a critical element of doing business today. To that end, the Corporate Governance Policy is reviewed regularly to ensure that it reflects the best interests of the Company and its shareholders. The policy may be found on our investor relations website at [www.sandyspringbank.com](http://www.sandyspringbank.com).

In addition, our board of directors has adopted a Code of Business Conduct (“Code”) applicable to all directors, officers, and employees of the Company and its subsidiaries. It sets forth the legal and ethical standards that govern the conduct of business performed by the Company and its subsidiaries. The Code is intended to meet the requirements of Section 406 of the Sarbanes-Oxley Act of 2002, related SEC regulations, and the listing rules of Nasdaq Stock Market, Inc. The Code of Business Conduct may be found on our investor relations website at [www.sandyspringbank.com](http://www.sandyspringbank.com).

**Director Independence**

The board of directors has affirmatively determined that all directors other than Mr. Schrider and Ms. Andersen are independent. In conjunction with the acquisition of WashingtonFirst, and effective as of December 29, 2017, the Company entered into a separation and consulting agreement with Shaza L. Andersen setting forth her entitlements under her employment agreement with WashingtonFirst in connection with her termination of employment with WashingtonFirst and her service as a non-employee director of and consultant to the Company. The separation and consulting agreement provides for a consulting period of 12 months and a consulting fee of \$18,333.33 per month. The agreement was filed as an exhibit to Form 8-K on January 2, 2018.

The board complies with or exceeds the independence requirements for the board and board committees established by the Nasdaq Stock Market, federal securities and banking laws and the additional standards included in our Corporate Governance Policy.

### **Plurality Plus Resignation Policy**

In response to feedback from our shareholder engagement efforts, the board revised the Corporate Governance Policy in 2017 to require an incumbent director to promptly submit a letter of resignation if he or she receives more “withhold” votes than “for” votes in an uncontested election at an annual meeting of shareholders. The resignation will be considered by the Nominating Committee, which will make a recommendation to the board.

### **Board Leadership Structure, Education and Self-Assessment Process**

The Company’s bylaws provide for the annual election of a chairman of the board from among the directors, and the Corporate Governance Policy states it is the board’s policy to separate the offices of the chairman and the chief executive officer. This separate role allows the chairman to maintain independence in the oversight of management. The chairman of the board also chairs the Executive and Governance Committee (see Executive and Governance Committee description below), that is empowered to act on behalf of the board between regular board meetings.

The board is committed to self-improvement and has established an annual self-assessment process that evaluates a different aspect of board effectiveness each year. In 2017, that process was facilitated by The Center for Board Excellence (“CBE”), an independent consultant. All directors completed an assessment of individual director performance. The results of the evaluation were compiled by CBE, and a written report was given to the chairman. The chairman discussed the results with each director confidentially.

### **Board’s Role in Risk Oversight**

The board fulfills a significant role in the oversight of risk in the Company both through the actions of the board as a whole and those of its committees. The board’s Risk Committee has duties and responsibilities for broad risk oversight. The Risk Committee receives regular reports on: credit risk, asset quality, the adequacy of the allowance for loan losses, investment risk profiles, interest rate risk, liquidity, capital adequacy, cybersecurity, vendor management, corporate insurance, litigation management and regulatory compliance. The Compensation Committee reviews reports on risk to the Company associated with incentive compensation plans. The Audit Committee meets regularly with the independent registered public accounting firm to receive reports on the results of the audit and review process. In addition, the Audit Committee receives internal audit reports that enable it to monitor operational risk throughout the Company and coordinates the findings with the Risk Committee through a liaison member who serves on both committees.

### **Board Committees**

The board of directors has the following standing committees: Audit, Executive and Governance, Nominating, Compensation, and Risk. The charter for each committee may be found on our investor relations website at [www.sandyspringbank.com](http://www.sandyspringbank.com)