

<b>EMPLOYEE EXPECTATIONS &amp; WORK RULES</b>		<b>Policy No.</b>	310
<b>Title</b>	Code of Ethics	<b>Effective Date:</b>	January 1, 2005
<b>Coverage</b>	All Employees	<b>Current Revision</b>	Sept. 17, 2015
<b>Board Approved</b>	Shore Bancshares April 24, 2019	Shore United Bank April 24, 2019	

## CODE OF ETHICS

It is the policy of Shore Bancshares, Inc. (the “Company”) that all employees (both full-time and part-time), officers and Directors of the Company and its subsidiaries adhere to and advocate the following principles governing their professional and ethical conduct in the performance of their duties and responsibilities:

### I. Honest and Ethical Conduct

All employees, officers and Directors shall:

1. Exhibit and promote the highest standards of honest and ethical conduct in his or her dealings with the Company’s customers, suppliers, partners, competitors, employees, and anyone else who he or she contacts in the course of performing his or her job and act with honesty and integrity.
2. Act in good faith, responsibly, with due care and diligence, without misrepresenting or omitting material facts or allowing independent judgment to be compromised.
3. Proactively promote ethical behavior among subordinates and peers, and ensure that all relevant staff members understand the importance of full disclosure.
4. Use corporate assets and resources employed or entrusted in an efficient and responsible manner and only in furtherance of the Company’s legitimate business purposes.
5. Not use Company information, Company assets, or one’s position with the Company for personal gain.

6. Advance the Company's legitimate interests when the opportunity arises.

## **II. Conflict of Interest**

1. A "conflict of interest" generally exists when a person has a direct or indirect personal interest in a transaction or situation that affects (or appears to affect) his or her judgment and interferes (or appears to interfere) in any way with the interests of the Company as a whole. A conflict situation can arise when an employee, officer or Director takes actions or has personal or financial interests that may make it difficult to perform his or her work for or service to the Company objectively and effectively. Conflicts of interest also arise when an employee, officer or Director, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company.
2. Employees, officers and Directors are prohibited from (i) benefiting personally from opportunities that are discovered through the use of corporate property, information or position, (ii) using corporate property, information or position for personal gain and (iii) competing with the Company. Employees, officers and Directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.
3. Employees, officers or Directors should avoid any direct or indirect business connection with the Company's clients, vendors or competitors, except (i) within the scope of his or her position and on the Company's behalf, or (ii) such direct or indirect business connection that would not constitute or result in a conflict of interest.
4. The Company shall, in its sole discretion, determine what constitutes a conflict of interest. Conflicts of interest may not be clear-cut, so if an employee, officer or Director has a question regarding whether a particular situation is a conflict of interest, he or she should consult with the Company's in-house counsel.

## **II. Financial Records and Periodic Reports**

1. All employees, officers, and Directors involved in the preparation and verification of financial information and disclosure shall establish and manage the Company transaction and reporting systems and procedures to ensure that:
  - a. Periodic reports filed with the SEC and other public communications made by the Company must be timely and must comply with applicable federal securities laws and SEC rules and contain information that is accurate, complete, fair and understandable, and will be delivered in a manner that facilitates the highest degree of clarity of content and meaning so that readers and users may quickly and accurately determine their significance and consequence.
  - b. Business transactions are properly authorized and completely and accurately recorded on the Company's books and records in accordance with Generally Accepted Accounting Principles (GAAP) and established Company financial policy.
  - c. The retention or proper disposal of Company records are in accordance with established financial policies and applicable legal and regulatory requirements.
2. All employees, officers, and Directors involved in the preparation and verification of financial information and disclosure shall be familiar with and comply with the Company's disclosure controls and procedures and its internal control over financial reporting.
3. All employees, officers, and Directors shall cooperate fully with the Company's accounting and internal audit departments, as well as the Company's independent public accountants and legal counsel.
4. All employees, officers, and Directors shall disclose to the Audit Committee of

the Board of Directors (“Board”) any material transaction or relationship of which they are aware that could reasonably be expected to give rise to a conflict of interest.

#### **IV. Compliance with Applicable Laws, Rules, Regulations and Policies**

All employees, officers, and Directors shall:

1. Comply with laws of federal, state and local governments applicable to the Company, and the rules and regulations of private and public regulatory agencies having jurisdiction over the Company, both in letter and in spirit, and identify, report to in-house counsel and correct in a swift and certain manner any detected deviations from such laws, rules and regulations.
2. Comply in all respects with the Company’s Code of Ethics, the Company’s Insider Trading Policy, the Company’s Corporate Governance Guidelines, and any other policies in effect from time to time.
3. Ensure that all information provided by such person to stockholders, regulatory bodies, employees, officers, Directors, and the general public is credible and accurate in all material respects.
4. Communicate to executive management and to accountants engaged in financial audits all relevant important information, unfavorable as well as favorable, about the Company and its subsidiaries.
5. Keep confidential all information about the Company and its subsidiaries acquired in the course of employment or service, unless specifically authorized to disclose such information by executive management or legally obligated to disclose such information, and ensure that subordinates abide by this policy of confidentiality.
6. Promptly report to the in-house counsel any information about or suspicion of any transaction or activity that violates the law, this Code of Ethics, or any other Company policy. If the report relates to auditing or accounting matters, or if the

reporting person believes that the Legal Department may have a conflict of interest with respect to the matter being reported, then such report may be submitted directly to the Audit Committee by sending a letter to Audit Committee, P.O. Box 2606, Easton, Maryland 21601-8950. All reports may be submitted on an anonymous basis and shall be kept confidential. All good faith reports shall be investigated by the in-house counsel, who shall present findings to the Audit Committee, or directly by the Audit Committee, as the case may be. If the Audit Committee has determined that there has been a violation of the Code of Ethics, the Audit Committee or in-house counsel will take such preventive or disciplinary measures as it deems appropriate. No person will be penalized for filing a report in good faith and any retaliation against such person shall not be tolerated by the Company.

**V. Administration**

1. The Audit Committee shall have the responsibility to ensure compliance with this Code of Ethics. In doing so, the Audit Committee shall have the power and authority to retain legal or other advisors, at the expense of the Company, and shall make such determinations and recommendations to the Board for action with respect to violations of this Code of Ethics or applicable laws, rules and policies as it deems appropriate.
2. Employees and officers of the Company who do not comply with the applicable provisions of this Code of Ethics or with applicable laws, rules and Company policies are subject to appropriate discipline, up to and including termination of employment and referral to the appropriate government agency. Directors who do not comply with the applicable provisions of this Code of Ethics will be referred to the Board or an appropriate committee of the Board and may be referred to the appropriate government agency.
3. Waivers from this Code of Ethics shall be approved by the in-house counsel,

except that waivers with respect to directors or executive officers<sup>1</sup> shall be approved only by the Board.

4. The Board shall have sole authority to approve any changes to this Code of Ethics.
5. The Company shall (a) file with the U.S. Securities and Exchange Commission (SEC) a copy of the Code of Ethics as an exhibit to the Company's Annual Report on Form 10-K, (b) post a copy of this Code of Ethics on the Company's Internet website and disclose, in its annual report, its Internet address and the fact that it has posted the Code of Ethics on its Internet website, or (c) undertake in its Annual Report on Form 10-K to provide to any person without charge, upon request, a copy of the Code of Ethics and explain the manner in which such request may be made.

## **VI. Disclosure of Changes and Waivers**

1. Any change to this Code of Ethics, and any waiver with respect to directors or executive officers shall be disclosed within 4 business days of such change or waiver by filing a current report on Form 8-K with the SEC or, in cases where a Form 8-K is not required, by distributing a press release.. Any disclosure of a waiver must include:
  - a. The nature of the waiver;
  - b. The person who received the waiver; and
  - c. The date of the waiver.

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<sup>1</sup> "Executive officer" means the Company's president, principal financial officer, principal accounting officer (or if none, the controller), any vice president in charge of a principal business unit, division or function, or any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Officers of any subsidiary of the Company who perform such policy-making functions for the Company are deemed executive officers of the Company.