



# Environmental, Social & Governance Report 2022



TABLE OF CONTENTS

Introduction .....3

Environment Report .....4

Social Report .....5

Governance Report .....9

Leadership .....11

## INTRODUCTION

Our Environmental, Social and Governance (ESG) practices highlight our commitment to our stakeholders, customers, employees and communities we serve. We strive to satisfy the financial needs of individuals, families and businesses in those communities, as well as make a positive impact through our philanthropic giving and volunteerism. Through our honest and ethical business practices, our team is committed to enriching our communities, working in unison to create opportunities and to serve.

The First Bancorp, Inc. (Nasdaq: FNLC) is the parent company of First National Bank. First National Bank has operated as a highly efficient, relationship driven institution for over 155 years. Cooperation and collaboration, while consistently pulling on the same rope, defines our past, and guides our future. With eighteen locations across six Maine counties, we are deeply committed to serving individuals, families, businesses and non-profits throughout our region with a full range of financial services. We're proud of our unique culture of respect, intended to make all our customers feel valued.

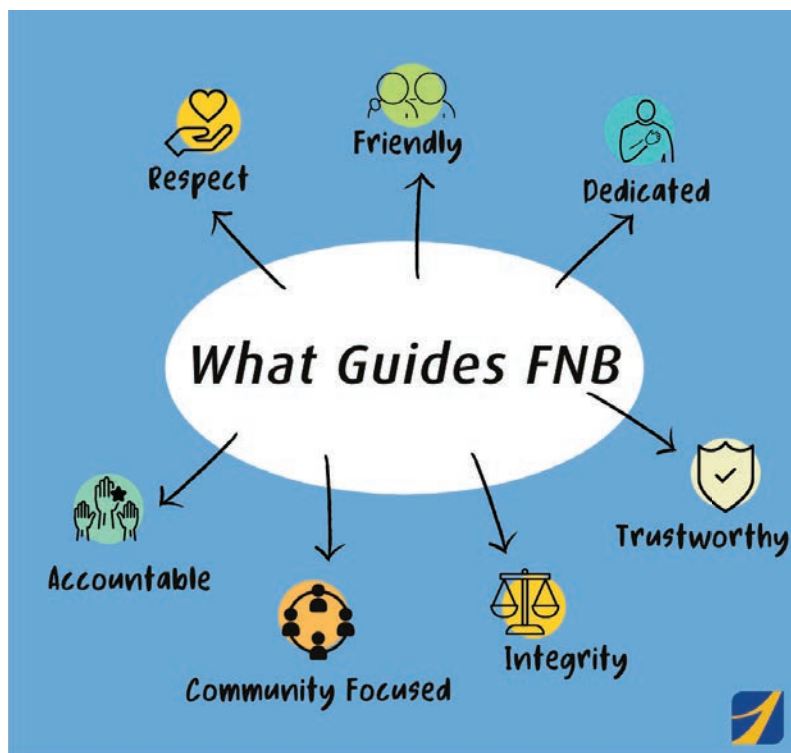
### Our Core Values

Our core values are the guiding principles behind our culture, actions and behaviors. Through our friendly, welcoming, and honest service we help our customers realize their financial goals and dreams. We value our customers by striving for excellence in each interaction. Our objective is to consistently exceed our customers' expectations.

- » **Respect** - Respect for the individual is first and foremost. We value ourselves, each other, and the customers we serve.
- » **Friendly** - We are welcoming. We provide friendly and responsive service at every customer touch point.
- » **Accountable** - We are accountable for every decision and commitment we make. We work with a sense of urgency and responsiveness. Should a mistake be made we act swiftly to address and rectify.
- » **Community Focused** - We are truly part of the communities we serve. We are entirely invested in the success of these communities, through the good times and the bad.
- » **Dedicated** - We are committed to the success of our customers and, in turn, to the success of our employees,

our Company and our shareholders. Through dedication we will achieve our goals.

- » **Trustworthy** - We are honest and dependable. We put our trust in each other and our customers, and we honor their faith and confidence in us.
- » **Integrity** - We believe in doing good and doing right by others. We will keep the promises that we make and do what is expected of us as individuals, employees and as a Company.





## ENVIRONMENTAL

### Emphasis on Digital Banking Products

Over the last two years we have seen increased reliance on digital banking products.

- » Online Banking enrollments increased by 23.32%.
- » We saw a 45% increase in the number of Remote Deposits through our mobile banking app.
- » 87% percent of our customers that use online banking are also enrolled in electronic statements, reducing our paper usage by 500,000 statements annually.
- » We used electronic signatures on over 8,000 sets of documents saving over 9,000 pounds of wood, 26,000 gallons of water, 21,000 pounds of carbon and almost 1,500 pounds of waste.

### Corporate Technology

- » Our document storage platform contains almost 4 TB of images. Each TB represents 6.5 million document pages, commonly stored as Office files, PDFs, and images. It is equal to 1,300 physical filing cabinets of paper.
- » Centralized secure data centers using virtual servers, reduce physical hardware and optimize power usage.
- » Video conferencing – FNB hosted more than 6,200 virtual meetings totaling over 300,000 minutes reducing travel and related fossil fuel expense.

### Reducing Paper Usage

- » Increased reliance on remote working reduced paper printing by 785,000 pages in year one. Now that a majority of users are back and with increased loan volume, we are back up, but still down 300,000 pages per year since 2019.
- » Delivered 500,000 statements electronically, eliminating 1.5 million pages of printed materials.

### Energy Consumption

- » Eight of our eighteen branches and our operations center have been upgraded to energy efficient interior LED lights. Seven of our eighteen locations have exterior LEDs.
- » We eliminated our daily courier runs between branches, saving miles of travel on our roads.
- » Four of our branches and our operations center have been renovated with energy efficient HVAC systems for both

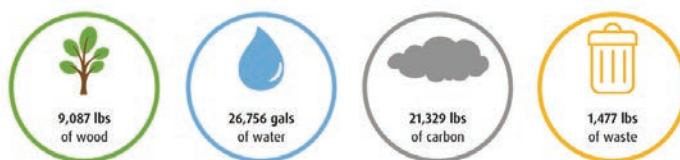
heating and cooling. Two (Wiscasset and Calais) have high efficiency condensing heating appliances.

- » Other: Solar NEB is still likely to commence in Q1 2022 per our agreement in our Central Maine Power footprint.

### Recycling

- » We work with the company give IT. get IT to recycle used technology. The organization refurbishes used technology for redistribution to students and others in need.
- » We participate in single stream recycling in all Damariscotta facilities.
- » We partner with a shredding company to securely shred and recycle all disposed paper

### First National Bank's Environmental Savings



### ESG Investment Capabilities

First National Wealth Management (FNWM) works closely with clients and prospective clients to customize ESG-related concerns and incorporate their desires into the investments selected for their individual portfolios. From a practical standpoint, this could entail avoiding fossil fuel and related “sin” stocks and bonds and/or investing in funds that include companies that exhibit positive ESG qualities or those that fall into the category of impact investing. As part of the due diligence process, FNWM monitors the performance of ESG investments to ensure that the customer’s goals are being reached from both an ESG and financial perspective.

In the Bank’s investment portfolio, we currently hold some funds in green bonds and continue to research these options as a viable investment for the Company. In the lending portfolio we work with customers in the solar farm business and have financed several LEED certified commercial real estate projects.

## SOCIAL

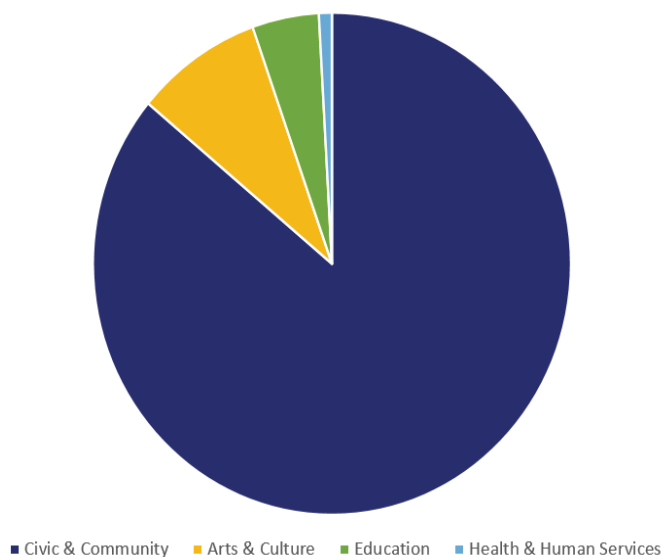
The First Bancorp, along with its employees and its subsidiary company, First National Bank and wealth management division First National Wealth Management, is proud to extend its great tradition of service beyond the walls of our branches by identifying and funding areas of community need that exist within our service region. Corporate donations, sponsorships, and employee volunteerism are the primary ways in which we demonstrate our support to a variety of worthy programs that directly serve our communities. Our Company can only be as strong as the communities we serve. We are proud to play a role in helping make each of our communities a better place to live and work.

### Commitment to Community

Despite the challenges of the last two years, we were able to continue our philanthropic efforts and support our communities throughout this time period. Our focus on food insecurity allowed us to give over \$42,000 in 2020 and \$50,000 in 2021 to local food pantries and food bank farms.

Our employees volunteered over 10,992 hours of their time and raised over \$12,700 for community causes - such as races, walks, and casual days.

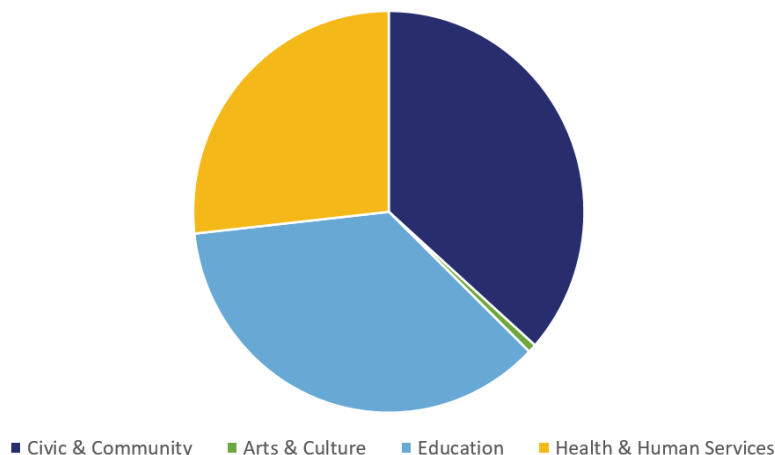
2021 Sponsorships



### Supporting Local Businesses

Even before the pandemic hit in March of 2020, Maine had the highest food insecurity rate in New England at 13.6%. With pandemic-induced lock downs, businesses being forced to shut their doors, and a consequent rise in unemployment,

2021 Donations



the food insecurity problem in Maine has only worsened. Downtown retail stores, restaurants, and lodging establishments throughout the coastal regions served by First National Bank were particularly hard hit.

In February of 2020, we introduced the Dream First Community program which supports local businesses while helping tackle food insecurity in Maine. When a customer shops using their First National Bank VISA® Debit Card at partner local merchants, First National Bank donates money to local area food banks and customers become eligible to win gift cards to their favorite local businesses. This allows us to not only support the food pantries, but also encourage shopping locally. Bank local. Buy local. Give local.

In addition to closing a record number of home mortgage loans we also worked with our customers affected by the pandemic to alleviate their mortgage payment burden so they would not have to worry about losing their homes during this trying time. On the commercial side, our focus for much of the year was the Paycheck Protection Program. The first round of PPP was implemented by the Small Business Association during the late spring of 2020. Once the program was announced, our teams moved into action. Communicating with customers and non-customers alike through a well-attended series of Facebook live events, we kept our customers informed of the changing loan guidelines. Internally, we put together a series of teams that handled the loan process from start to finish. From Executive Team members to loan processors, loan officers, compliance staff and branch managers, we all banded together to close 1,718 loans totaling \$97.6 million over a four to six-week time period. While it was hard work, it was truly an uplifting experience for all of us to work together to tangibly impact our customers and communities. In 2021, we worked through the second wave of PPP lending, granting

1,263 loans to small business customers and again reaching out to customers via email and social media to keep them informed.

### **Community Reinvestment Act (CRA)**

As part of our commitment to our Communities and our desire for all of our customers to “Dream Big” the Company seeks out opportunities to support organizations that work with the less fortunate in Maine and to promote job creation through small business lending. We have a sustained history of positive CRA ratings based primarily on:

- » Lending primarily to customers in our market area;
- » A commitment to engaging low- and moderate-income customers by lending in conjunction with the Maine State Housing Authority and by including small dollar loans in our portfolio;
- » Support for local non-profits through donations, sponsorships and volunteerism.

In 2021, the Bank committed \$50,000 in support of non-profits working to end food insecurity in Maine. The Bank donated to 47 organizations throughout our market area supporting food pantries, pet food pantries, organizations that provide nutritional meals to cancer patients, and Meals on Wheels.

Affordable Housing continues to be an issue in our state and in 2021, we donated \$25,000 to the MDI Housing Trust. This donation along with employee volunteerism with both affordable housing and food insecurity organizations are just part of our overall commitment.

### **Financial Literacy**

First National Bank is an active participant in the American Bankers Association’s Teach Children to Save Program. While the pandemic has limited in person classroom visits, our team “zoomed in” to a variety of schools and grade levels to educate students about money, banking and credit. Over the last two years the Bank has also used Facebook Live to provide consumer education on a myriad of topics. A Mortgage series covered First Time Home Purchases, Construction Loans and Refinancing. Our Digital Commerce team provided a business services series explaining payroll, merchant credit card and other financial services to assist businesses with the management of their finances. Tony McKim, President and CEO and Jon Nicholson, EVP/Chief Lending Officer, held several Facebook Live educational sessions on the SBA’s PPP program which were very well received and well attended. Providing this information during the pandemic was vital as businesses balanced closings, staff shortages and other challenges over the last two years.

### **Financial Accessibility for All**

First National Bank is committed to treating all customers fairly and providing a comprehensive lineup of banking services to meet the needs of our diverse customer base. These services include:

- » Low cost or no-cost savings and checking products to meet customers where they are in their financial life cycle.
- » A variety of overdraft options to help customers avoid excess fees and the embarrassment of a missed payment.
- » In addition to our own 22 ATMs, First National Bank is a member of Maine Cash Access which allows our customers to access over 125 ATMs across the state of Maine free of charge.
- » A robust suite of digital banking products including on-line banking, mobile banking, mobile deposit, and online statements so customers can bank with us anywhere regardless of location or mobility status. We also offer online mortgage loan applications.

We are committed to offering our customers the best products possible and select these products through a rigorous research and project management process. We review our products and services at every customer touch point, from initial disclosure through implementation. Our goal is to make our customer’s financial dream come true by providing excellent products and customer service.

### **Employee Engagement**

Employee engagement has been the cornerstone of our Company’s last three strategic plans. We strive to be the employer of choice in all of the markets we serve by providing our employees a compensation plan that includes pay for performance, a bonus plan based on easy to understand key performance indicators and a benefits package that includes a generous reimbursement for health insurance and a competitive “safe harbor” 401(k) plan. Our real differentiator, we feel, is our culture. We truly believe in a flat organization where communication moves just as easily from the bottom up as from the top down. We offer employees a variety of mechanisms to provide direct feedback to the CEO and our Executive Team. In recent years, the CEO has undertaken several initiatives including employee breakfasts and management coffees to reach out to every employee. In 2020, all employees had the opportunity to provide suggestions for strategic initiatives as the Company undertook the 2021-2023 Strategic Plan. Video chats, weekly emails, various corporate blogs and an employee newsletter are all ways which information is communicated to our valued employees.

On an annual basis, we establish a series of corporate goals that are at the top of every employee's goal sheet. Also on the goal sheet are the employee's individual goals that tie directly to the corporate goals. By understanding how their goals assist the Company with overall goal achievement we further engage each employee in the Company's mission and success.

### Workplace Safety

In addition to being valued as an important part of the Company's overall mission, it is important that employees feel both physically safe and free from harassment when they come to work each day. We provide training to all employees on active shooter protocols and for employees in branch locations, robbery protocols. Employees are also educated in how to recognize, report and assist in harassment situations. The Company's SVP of HR is the designated contact for any suspected harassment incidents and all employees have direct access to them. Over the last two years we have provided Mental Health First Aid training conducted by NAMI of Maine to assist managers and others in recognizing and helping employees experiencing mental health issues. The Company also offers an Employee Assistance Program (EAP) that employees can access for their own needs and the needs of their families.

### Employee Opportunities & Leadership Development

The Company is committed to providing our employees the opportunity to grow and advance. In 2021 we added a full-time Development Associate to our Training and Education Department who works full-time with supervisors to create development and education plans for all employees. Our employees are encouraged to take advantage of CFTEA classes to expand their banking knowledge. We also support employees completing their undergraduate and graduate degrees through our tuition reimbursement program and our relationship with Husson University. We also select employees annually to attend Northern New England School of Banking, New England School of Financial Studies and send, as needed, employees to ABA's Marketing School, Compliance School and other targeted programs.

Internally, we have created a Dream Academy for employees we have identified as potential future leaders. Employees that participate in this program attend 8 weeks of classes conducted by our Executive Management Team and selected outside individuals. The group also completes a final project directly related to the Bank's strategic plan. This program has been extremely successful at both retention of the future leaders and implementation of strategic plan objectives.

In addition to being attentive to the development of future leaders, the Company has a robust succession planning



process that provides for both a short and long-term success for all members of management. By identifying successors early and by planning for the retirements of key employees early, we can move forward without interruption and ensure our employees are ready to lead when they are called upon to do so.

### Diversity, Equity & Inclusion

The First Bancorp is the parent company of First National Bank, a Maine-based community bank with 18 branches from Wiscasset to Eastport. The Company is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion, both in our employee base and on our Board of Directors. Valuing diversity and inclusiveness enables us to achieve our corporate mission and creates value for our customers, employees, business partners and shareholders.

**Policy:** Our people are the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and Company's achievement as well.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

The First Bancorp's diversity initiatives are included in our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- » Respectful communication and cooperation between all employees.





- » Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- » Work/life balance to accommodate employees' varying needs, to the extent that we can do so.
- » Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

All employees of The First Bancorp/First National Bank have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored events.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action as outlined in the Company's Human Resources Manual.

Employees who believe they have been subjected to any kind of discrimination that conflicts with the Company's diversity

policy and initiatives or any other policy detailed in the Company's Human Resources Policy Manual has the option to seek assistance from their manager or from the Human Resources Department.



## GOVERNANCE

The Board of Directors of The First Bancorp and First National Bank along with the Executive Management Team is committed to setting a tone of service, leadership and accountability from the top down. Solid board leadership, effective governance and a strong strategic plan are the keys to responsible growth and the overall success of the Company.

### Board Composition

The Board of Directors of The First Bancorp also serves as the Board of Directors for First National Bank. Currently, the Board consists of nine members, representing the Bank's market area. All of Company's directors are elected at the Company's Annual Meeting to serve one-year terms.

### Board diversity, independence & expertise

We seek to have a Board that is representative of the geographic area we serve with skills and experience to help us as a Company reach our strategic goals. The Board is composed of nine directors. Two directors are not considered independent due to current or past employment relationships with the Company: Tony McKim, is the Company's President and Chief Executive Officer, and F. Stephen Ward, a recent bank retiree. Mr. Ward will be considered an independent director in April 2022. Robert Gregory is not currently an independent director due to the sale of a building he owned to the Company in 2019. His status will revert to independent in April 2022. Each of our outside Directors brings knowledge to the Company from their field of expertise including finance, human resources, marketing, economic development and leadership derived through their academic field of study, work experience, and management of their own companies and professional practices. Currently, 29% of the FNLC/FNB directors are women. As a community bank, it is important that our directors understand the markets we serve, particularly the banking needs of small businesses. 88% of our directors live within our market area, and 55% operate their own businesses.

The role of Board Chair is held by an independent, non-executive director, Mark Rosborough.

### Code of Business Conduct & Ethics

Ethical conduct is the foundation of the Company's governance philosophy. Our Code of Conduct and Business Ethics applies to all directors, executive officers and employees of the Company and the Bank. The Board also has in place a separate Financial Code of Ethics which supplements the

Code of Conduct and applies to the Company's CEO and CFO. The Financial Code of Ethics conforms to the requirements of the Sarbanes-Oxley Act of 2002 and Nasdaq listing standards. The Company's governance documents, including the Code of Business Conduct and Financial Code of Ethics can be found on our corporate website, here <https://investors.thefirst.com/governance/governance-documents/default.aspx>

### Risk Management Practices

Our Board of Directors understands how critical it is to maintain the confidence of our customers, communities and employees. The Board proactively manages risks facing the Company through the establishment of a strong risk management culture and ongoing education and training for both employees and board members.

Through the Board's committee structure, board members interact with our outsourced internal auditing firm, our independent public accounting firm, and other specialized advisors who assist with asset liability management, compensation analysis, and the like. The Board's Audit Committee monitors compliance with a variety of regulations, internal controls, and hears reports from both the Bank's Technology Steering and Enterprise Risk Management committees. The chair of the Board's Audit Committee attends the quarterly meetings of the Enterprise Risk Management (ERM) Committee. The ERM Committee is a management committee that monitors the Company's risks.

In addition to the work of the Audit Committee, the full Board hears bimonthly reports from the Company's EVP/Chief Information Officer covering Capital Vendor Management, Cybersecurity, Information Security Risks and how the Company is remediating those risk.

To continue to learn more about the banking industry and recommended best practices, our employees and our Board engage with the Maine Bankers Association and the American Bankers Association, participating on committees, attending training and influencing public policy when appropriate.

### Shareholder & Customer Communication

We are committed to transparency in communicating our financial performance to current and potential shareholders. Our primary means of communication with the investment community and our current shareholders is through our quarterly earnings releases and our annual report, all available to the general public, through our website along with all required filings with the U.S. Securities and Exchange Commission. Our President and CEO is also available to meet with shareholders upon request.

Our Board policies promotes ethical business practice and the Board maintains open lines of communication with the Company's Executive Management Team and employees.

The Bank's Executive Management Team attends all board meetings to review policies and to report on division activities. The Company's policy on Customer Confidentiality is reviewed at every board and committee meeting to remind all attendees of its importance. The Company's Code of Business Conduct and Ethics is reviewed annually, and all employees have a clear process for reporting violations through the EVP/Chief Administrative Officer who acts at the Code of Ethics contact person. Employees also have a means for reporting audit violations or suspect audit violations directly to the Board of Directors.

### **Additional Corporate Governance Information**

More information about our corporate governance can be found on our website at <https://investors.thefirst.com>



# LEADERSHIP

## Board of Directors

Mark N. Rosborough, Chairman of the Board

Robert B. Gregory

Renee W. Kelly

Tony C. McKim

Cornelius J. Russell

Stuart G. Smith

Kimberly Swan

Bruce B. Tindal

F. Stephen Ward

*Directors of The First Bancorp also serve  
as Directors of First National Bank*

## The First Bancorp Executive Officers

Tony C. McKim  
*President & Chief Executive Officer*

Richard M. Elder  
*Executive Vice President & Chief Financial Officer*

Susan A. Norton  
*Executive Vice President & Clerk*

## First National Bank Executive Management Team

Tony C. McKim  
*President & Chief Executive Officer*

Richard M. Elder  
*Executive Vice President & Chief Financial Officer*

Susan A. Norton  
*Executive Vice President & Chief Administrative Officer*

Jonathan W. Nicholson  
*Executive Vice President & Chief Lending Officer*

Peter C. Nicholson  
*Executive Vice President, Chief Fiduciary Officer*

Tammy L. Plummer  
*Executive Vice President & Chief Information Officer*

Sarah J. Tolman  
*Executive Vice President & Chief Banking Officer*