

**Codorus Valley Bancorp, Inc.**  
**Luxury Expenditures Policy**  
**Approved: July 10, 2018**

**Purpose**

The purpose of this policy is to establish guidelines for controlling event, entertainment, renovation, travel and similar expenditures that might have the appearance of unnecessary luxuries or might be deemed excessive in nature. The culture and policy of Codorus Valley Bancorp, Inc. and its affiliates (hereinafter referred to collectively as the “Company”) are focused on the management of expenses in a prudent and business-like manner. Senior Management and the Board of Directors are responsible to ensure effective deployment of shareholder capital and prudent and sound decision-making regarding all Company expenditures. Although specific expenditures are described in this policy, all material expenditures are subjected to budgeting and approval processes to ensure that they are reasonable and necessary.

A copy of this policy will be filed with the Department of the Treasury and the Company’s primary regulatory agency and will be posted on the Company’s website in accordance with applicable government regulations and guidance.

**Entertainment or Events**

The Company’s expenditures for entertainment and events are primarily customer centered. The primary purpose of such expenditures is to foster good-will with our existing customers and prospects. The time spent getting to know our customers and prospects in a less formal setting is an important success factor in customer acquisition and retention. Customer entertainment and events expenditures are approved through the budgeting process and managed through the expense approval and control process.

Employee events are managed through the budgeting approval process. If they are not approved through the budgeting process, then they must be approved by a division level manager within his or her discretionary authority as described in the Company’s Expense Payment Policy and Approval Matrix.

Board and management retreats are for educational or business planning purposes. Board and management education is a vital part of maintaining a dynamic director and management base. Additionally, Board or management retreats focused on business and long-range strategic planning are an efficient means of developing such plans free from the stresses and interruptions of day-to-day business issues.

## **Office and Facilities Renovations**

Facilities renovations are generally approved through the budgeting process and are annually planned and approved expenditures. Any office or facility renovation not in the budget must be approved by the CEO/President or his designee. Individual office renovations over \$5,000 for the CEO/President must be approved by the Compensation Committee.

## **Transportation Services**

All employees should use reasonable care when procuring transportation services for business related travel. Lowest available options for airfare and ground transportation should be used whenever reasonably possible.

## **Responsibilities**

The Board of Directors. The Board will review and approve the Luxury Expenditures Policy at least annually.

Senior Management. Senior Management will oversee the development and implementation of the Company's Luxury Expenditures Policy.

## **Reporting and Discipline**

Any violation of this policy must be promptly reported to the Audit Committee of the Board utilizing the Company's ethics and compliance hotline or by any other means available for the internal reporting of Company policy violations. Violation of this policy may result in disciplinary action against those accountable for policy adherence, up to and including termination of employment.

The Chief Executive Officer and Chief Financial Officer of the Company will certify to the Board, to the Department of the Treasury, and to the Company's primary regulatory agency at least annually, in accordance with the applicable government regulations and guidance, that the Company and its employees have complied with the foregoing policy during the applicable period and that all expenses requiring approval pursuant to this policy have been properly approved in accordance with the requirements of this policy. Appropriate documentation and records to substantiate such certifications shall be preserved for six (6) years after the date of each such certification in accordance with applicable government regulations and guidance.