

# CODE OF BUSINESS CONDUCT AND ETHICS

## **Our Promise Means**

We work as a team in a welcoming environment of trust, integrity and respect where success is recognized and careers are encouraged.

We know our customers and respond with solutions that improve their financial well-being.

We are committed to meeting the needs of the communities we live and work in, and the performance expectations of our shareholders.

## **Living Our Promise**

### **Teamwork**

Partner with others across the organization to get things done.

Respect and consider the opinions and ideas of others.

### **Deliver Excellence Every Day**

Support and adapt quickly to change.

Take responsibility and initiative for meeting expectations and goals.

### **Do the Right Thing**

Take action and do what you say you will do.

Take ownership of mistakes and/or issues and see them through to resolution.

### **Care for our Customers**

Give customers and coworkers your full attention when interacting with them.

Follow up to ensure customer needs are met.

### **Know Your Stuff**

Share your knowledge and expertise to empower others to be successful.

Know our products/services and demonstrate pride in talking about them.

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## Introduction

This Code of Business Conduct and Ethics (“Code”) provides a general statement of the expectations regarding the business conduct and ethical standards that each director, officer, employee, temporary worker, independent contractor and consultant of Financial Institutions, Inc. (“FII”) and FII’s subsidiaries (individually and collectively, the “Company”) including Five Star Bank, Courier Capital, LLC, Scott Danahy Naylor, LLC, HNP Capital LLC, and Five Star REIT, Inc., should adhere to while employed and acting on behalf of FII or any of FII’s subsidiaries. This Code is designed to enable you to recognize situations that may require you to consider your approach, refrain from certain actions or activities, or ask for guidance in order to make the right decision for the Company, for the Company’s employees, for stakeholders, and for yourself. In addition, other persons performing services for the Company may be subject to this Code by contract or agreement. Each director, officer and employee is expected to read and become familiar with this Code and will be required, annually, to affirm his or her agreement to adhere to such standards by signing the Code of Business Conduct and Ethics Policy Acknowledgement. Waivers to the Code will not be granted under any circumstances.

This Code should be read in conjunction with Company policies that are applicable to you and your line of business, as well as the Employee Handbook. Company employees are expected to read, become familiar, and comply with this Code and any supplemental policies and procedures applicable to you and your line of business, and timely and successfully complete all training required for your role with the Company.

At FII, maintaining a strong ethical culture is a top priority; we must continue to embed the values of integrity, fairness, and accountability in all that we do. We all share a responsibility to build on this and to maintain exceptional relationships with our customers, shareholders, each other, and the neighborhoods and communities in which we operate. We must never underestimate the importance of our conduct, and always take personal responsibility for our actions — it is how we do business. The Code of Conduct is our shared commitment to operate with the highest level of integrity and ethical conduct.

## A Culture of Ethical Behavior

At FII, we are committed to fostering and maintaining a culture based on our core values: Teamwork, Deliver Excellence Every Day, Doing the Right Thing, Caring for Our Customers, and Knowing Your Stuff. Living these values means, above all, conducting ourselves and our business activities in accordance with the letter and spirit of applicable laws and regulations and our policies, and acting with integrity. As directors, officers and employees, we have a shared responsibility to maintain the highest standards of ethical behavior in our dealings with our clients, communities and each other.

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## **Raising Legal and Ethical Concerns and Reporting Misconduct**

Our reputation for integrity depends upon you. You are our first line of defense against unethical business practices and civil or criminal liability. If you believe you or others (for example, an employee, a supervisor, client, supplier or other third party) may have violated laws, regulations or our policies, you must promptly notify your supervisor, a member of the Compliance team or your Human Resources (HR) representative.

Failure to observe this Code or Company policies may result in disciplinary action, up to and including immediate termination of your relationship with the Company. Furthermore, violations of this Code or Company policies may also be violations of the law and may result in civil or criminal penalties for you, your supervisors and the Company.

## **Raising Ethical Issues**

As employees of the Company, we are committed to maintaining the highest level of ethical standards. We believe all employees are important and deserve respect. We have a responsibility to always act with honesty and integrity. The Company requires you to report any conduct you believe, in good faith, to be unlawful, unethical, or a violation of this Code or Company policies, including known or suspected discrimination or harassment. The Company is committed to:

- Maintaining a safe and healthy work environment;
- Promoting a workplace that is free from discrimination or harassment based on race, color, religion, sex, sexual orientation, national origin and veteran status or other factors that are unrelated to the Company's business interests;
- Supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
- Complying with all applicable state and federal banking, consumer, securities laws, and all other laws and regulations;
- Keeping the political activities of the Company's directors, officers and employees separate from the Company's business; and
- Prohibiting any illegal payments to any government officials or political party representatives of any country.

If you have any questions regarding the best course of action in any situation which you believe may be regarded as illegal or unethical behavior involving the Company, including possible violations of this Code, Company policies, laws, or regulations, whether it relates to you, your manager, a co-worker, other Company personnel, including but not limited to, a director, officer, employee, temporary worker, independent contractor and consultants, customer or a third-party service provider, you should promptly contact any of the following:

- Chief Human Resources Executive;
- HR Business Partner; or

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- If you would prefer to report confidentially and/or anonymously through an independent third party you may contact:
  - Red Flag Reporting at 1-877-647-3335 or through their website [redflagreporting.com](http://redflagreporting.com). The client code used to identify the Company is 8772678682.

This should be read in conjunction with the Whistleblower Policy that further outlines the process for investigation and action.

The Whistleblower Policy establishes procedures for the submission and processing of complaints or concerns received by FII or the Company regarding (a) accounting, internal accounting controls, auditing matters, or violations of FII's Code of Ethics for CFO, Senior Financial Officers and CEO ("Financial Concerns"), or (b) an alleged violation by any director, officer or employee of the Company of this Code ("Ethical Concerns")

The Company has other procedures for processing complaints and concerns which are not Financial Concerns or Ethical Concerns, such as concerns about operational matters, consumer law matters and the like.

All complaints or concerns regarding Financial Concerns or Ethical Concerns shall be directed to Chief Human Resources Executive, HR representative, or Red Flag Reporting, and shall be made in person or in writing, addressed to the Chief Human Resources Executive at FII's headquarters. Any employee of the Company may submit such a complaint or concern on a confidential or anonymous basis in a sealed envelope with a legend such as: "Confidential and/or Anonymous Treatment Requested." If an employee desires to discuss the matter, the employee should indicate a telephone number at which he or she may be contacted.

Financial and Ethical Concerns shall be processed and resolved in timely manner, and the complainant shall be notified of the resolution. If the resolution involves any discipline or censure of any director, officer, employee or vendor of the Company, the CEO and the appropriate department head shall be advised of the matter, respecting the confidentiality or anonymity of the complainant, if requested.

The Company will not discharge, demote, suspend, threaten, harass or in any other manner discriminate against an employee in the terms and conditions of employment, or alter the status of a vendor, because of any lawful act of such employee or vendor with respect to good faith reporting of complaints or concerns pursuant to this Policy.

## **Keeping Confidential Information Safe and Secure**

As an employee of FII, you may have access to material, non-public or confidential information about our Company, our clients and other companies that conduct business with us. Information our Company has or acquires that is kept private and not made available to the

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public. It includes personal information about our employees and our customers and nonpublic information about our clients and partners and their business. Material, non-public or confidential information includes:

- Any information that isn't readily available from a public source or is shared between parties in confidence should be treated as confidential. Examples of confidential information include: trade secrets (trade secrets include any useful formula, plan, pattern, process, program, tool, technique, mechanism, compound, or device that is not generally known or readily ascertainable by the public), security and other business practices or processes; internal and external audit reports; consumer data; customer or supplier lists; cost, pricing or financial information; passwords; compensation information provided for business purposes, health or personnel records; and business or marketing plans and research.
- Consumer Information, which is defined as (i) any record about an individual, whether in paper, electronic, or other form, (ii) that is a consumer report as such term is defined in the Fair Credit Reporting Act (15 USC 1681 et seq.), or (iii) is derived from a consumer report and that is maintained or otherwise possessed by or on behalf of the Company, including any compilation of such records.

How do you know if information is "non-public" or "confidential"? The best practice is to consider all information non-public or confidential unless it has been publicly announced or otherwise disseminated in a way that does not breach any confidentiality or fiduciary duty.

There are many laws and regulations that prohibit the misuse of material, non-public and confidential information. In addition, we have policies and procedures designed to comply with these laws and guard against even the appearance that something is improper.

It is our responsibility to safeguard material, non-public or confidential information to ensure we comply not only with the many laws and regulations that prohibit the misuse of such information and our own policies and procedures, but meet the privacy expectations of our customers. It is every employee's responsibility to:

- Immediately report the loss or unauthorized use or disclosure of material, non-public or confidential Information to the Information Security Officer at DG\_InfoSec
- Store, retrieve and use material, non-public or confidential information in accordance with the Company's Information Security Program, which includes the Acceptable Use Policy
- Use material, non-public or confidential information only for conducting Company business
- Never use material, non-public or confidential information for personal enrichment, fraudulent purposes or to compete with the Company

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- Never disclose material, non-public or confidential information to unauthorized parties (internally or externally); in public, non-secure environments; or in manner inconsistent with the customers instructions
- Maintain and access material, non-public or confidential information in safe and secure manner.

This section should be read in conjunction with the Company's Privacy of Consumer Financial Information Policy, Privacy Notice and Information Security Policy.

## **Employees Responsibilities**

While working for the Company and after you cease your employment or association with the Company, you have an obligation to safeguard and not use confidential information (including, but not limited to, trade secrets and other similarly protected data) that you obtained or created in connection with your activities for the Company, regardless of its form.

All confidential information that is developed while working for the Company must be disclosed to the Company and it cannot be used externally or published without express prior written permission of the Company.

You must protect your user ID's, passwords, and PINs. Whether in the office or traveling, you must always keep any device you may use to access confidential information safe and secure.

You must take precautionary measures to prevent the unauthorized disclosure of confidential information. Accordingly, you should take steps to ensure that business related documents are produced, copied, faxed, delivered, circulated, transported, filed, stored and disposed of by means designed to prevent unauthorized access or disclosure to unauthorized persons of such information. You should also ensure that access to work areas and computers is properly secured and that they are safeguarded in accordance with Company policies. You should not leave anything on your desk that may result in the disclosure of confidential information.

You should not discuss confidential information in public places such as elevators, hallways, restaurants, restrooms, and public transportation, or on the Internet or any other electronic media (including blogs and social networking sites); and you should be cautious when using mobile phones or other communication devices. You should take great care when discussing such information in open workplace areas, such as cubicles or on speaker phones, in order to avoid unauthorized or unintended disclosure.

In addition, once your employment with the Company ends, you may not divulge or use Company's confidential information, and you must immediately return to us any records which contain confidential information.

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## Employee Financial Responsibility Policy

Employees are expected to handle their accounts in a manner that will serve as an example to our customers. Maintaining a Five Star Bank banking relationship that is free from late/non-payments and overdrafts is therefore important not only as a personal matter, but also as a professional matter. The Company acknowledges that financial errors and challenges do occur and this policy can assist in understanding the Bank's expectations for employee financial responsibility. Frequent overdrafts do not signify good judgment in handling of accounts.

Overdrafts in excess of 6 occurrences\* in a calendar year will result in the following actions:

- Pay Advantage privileges will be removed.
- Financial responsibility training will be assigned.
- Items presented against a negative account will result in those items being returned.
- Additional accounts with Pay Advantage will not be allowed.
- Where there are 4 or more additional occurrences in the same calendar year, the account will be closed.
- Employees subject to any adverse action under this policy will not be considered eligible to open a new or additional demand account, including joint accounts, for 12 full calendar months following the most recent occurrence.
- Formal disciplinary action may occur up to and including termination.

\*An occurrence is identified as one (1) day with one or more items presenting against the account resulting in a negative balance.

As an employee of the Company, you may be granted the ability to process transactions for clients in order to perform job related duties. Employees are not permitted to perform personal transactions or transactions of family members or persons sharing the same home, whether or not they are relatives. This includes accessing any account for any reason not directly related to bank or customer business. No employee with lending authority shall approve an extension of credit to himself or herself, a family member, or persons sharing the same home, or to a business interest of either the employee or any of his or her family members. Violation of this policy will result in disciplinary action, up to and including termination of employment.

## Commitment to Our Customers

### Fair and Responsible Banking

The Company is firmly committed to fair and responsible banking and meeting the credit and banking needs of all segments of the communities we serve, with a focus on complying with both the letter and spirit of federal and state fair lending laws and the Community Reinvestment Act.

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The Company is similarly committed to dealing fairly with our clients, and complying with federal and state laws that prohibit unfair, deceptive, and abusive acts and practices.

No employee or other person acting on behalf of the Company may take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, misrepresentation of material facts, or other unfair dealings or practices.

The Company is committed to providing fair access to its products and services, and to making credit decisions based on objective criteria.

The United States has “fair lending” laws that specifically prohibit discrimination against prospective or actual clients on the basis of race, sex, religion, or other factors. Please read this in conjunction with the Company’s Fair Lending Policy, Fair Housing Act Policy, Unfair Deceptive or Abusive Acts or Practices Policy, and Equal Credit Opportunity Act Policy. If you have any questions, please consult the Fair and Responsible Banking Officer.

## **Acting as a Fiduciary or Power of Attorney (POA)**

Employees shall not, without the prior written approval of a member of Executive Management Committee, act as an agent on an account maintained at the Company whether as a fiduciary (e.g., administrator, trustee, executor, guardian, or other similar role) or power of attorney, unless such account is beneficially held by a personal family member of such Company employee. Beneficial ownership is when a person, directly or indirectly, has or shares voting or investment power. When a Company employee serves in a permitted fiduciary capacity, the Company employee shall take appropriate measures to avoid any conflict of interest or self-dealing.

## **Tying Arrangements**

Employees are prohibited from extending credit, leasing, or selling property, furnishing services, or varying prices on the condition that clients:

- Obtain an additional product or service from or provide an additional product or service from the Company; or
- Not obtain an additional product or service from competitors of the Company.

However, there are exceptions to tying which include:

- Traditional bank products. A bank holding company or any bank or nonbank subsidiary may vary the price charged for a traditional bank product on the condition or requirement that a client also obtain a traditional bank product from an affiliate.
- Securities brokerage services. A bank holding company or any bank or nonbank subsidiary thereof may vary the price charged for securities brokerage services on the condition or requirement that a customer also obtain a traditional bank

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product from that bank holding company, bank, nonbank subsidiary, or any affiliate of such company or subsidiary.

- Discounts on tie-in arrangements not involving banks. A bank holding company or any nonbank subsidiary thereof may vary the price for any extension of credit, lease or sale of property of any kind, or service, on the condition or requirement that the customer obtain some additional credit, property, or service from itself or a nonbank affiliate.

If you have questions whether certain transactions or activities are in line with anti-tying requirements, please contact the Director of Regulatory Compliance.

## **Antitrust Compliance**

The Company is subject to United States laws designed to preserve competition among enterprises and to protect consumers from unfair business arrangements and practices. As an employee, you are expected to be aware and comply with these laws at all times. United States antitrust laws prohibit agreements among competitors that are deemed collusive or anti-competitive. Examples of situations that could create the potential for unlawful anti-competitive conduct and should be avoided include:

- Proposals from competitors to share price or other competitive marketing information or to allocate markets or clients;
- Reducing or eliminating competition in a competitive bidding process;
- Dividing customers, territories, markets or products;
- Attempts by clients or potential clients to preclude the Company from doing business with, or contracting with another client;
- Discussions at industry trade association meetings on competitively sensitive topics, such as price, pricing policies, costs and marketing strategies.

If you have any questions regarding anti-trust laws or if a competitor or customer tries to discuss subjects with you that raise concerns about anti-competitive conduct, you should refuse to do so and promptly report the matter to the Office of General Counsel.

## **Commitment to Each Other**

### **Fair Employment Practices and Diversity**

The Company is committed to fair employment practices and diversity. The Company believes that diversity in our staff is critical to the Company's success. The Company seeks to recruit, develop and retain the most talented people from a diverse candidate pool. The Company is fully committed to equal employment opportunity and compliance with the letter and spirit of the laws regarding fair employment practices and nondiscrimination.

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The Company promotes a work environment where diversity is embraced, and where our differences are valued and respected. The Company prohibits unlawful discrimination, harassment or retaliation against, or committed by a supervisor, co-worker, client, supplier, or visitor. The Company will not tolerate any unlawful discrimination and harassment, whether based on person's race, gender, gender identity or expression, color, creed, religion, national origin, age, disability, genetic information, marital status, sexual orientation, veteran's status, or other legally protected personal characteristics.

## **Unlawful Discrimination and Harassment**

The Company will not tolerate the use of its systems, including, but not limited to email, internet services, in any manner that violates this Code or Company policies, or creates a hostile, intimidating or coercive work environment. This includes transmitting or exchanging, "jokes", pictures, videos, or other communications and stories that are harassing, demeaning, threatening or that interfere with the job performance of fellow employees. If you receive an email that runs afoul of this Code or Company policies, from any source, you should a.) report it immediately to a HR representative (if it is from an employee) or to the Information Security Office (if it is from a non-employee), b.) delete it and c.) advise the sender not to forward you similar emails in the future.

Do not forward any email that runs afoul of this Code or Company policies to any employee, other to report it to a HR representative or the Information Security Officer. Employees should not forward any email that violates this Code or Company policies to any external address, including your personal email address.

If you believe that you are being subjected to unlawful discrimination or harassment, or if you observe or receive a complaint regarding such behavior, you should immediately report it to Chief Human Resources Executive, HR representative, or to Red Flag Reporting as outlined above and as further discussed in the Whistleblower Policy, as well as the Sexual Harassment Prevention Policy.

## **Safety Within the Workplace**

A safe and healthy workplace is important to the well-being of every employee. We rely on you to comply with applicable laws and Company policies as they relate to the health, safety and security of our workforce, our customers and others who may be present on our premises.

We are committed to a non-violent working environment, free of threats, intimidation and physical harm. Any acts or threats of violence towards another person or Company property should be reported immediately. Employees should:

- Practice good physical security habits, and be alert to ensure the safety of co-workers and customers

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- Don't allow unauthorized individuals into secure areas. Anyone asking to make a delivery or provide a service should be able to show valid identification, which should indicate, where appropriate, their affiliation with the organization they represent
- We rely on you to promptly report any criminal activity or situations that could pose a threat to you or to others.

Report any hazardous conditions in the workplace: if you become aware of any actual or potential health or safety hazard, report it immediately to your supervisor, HR representative, or Corporate Security Department, as appropriate.

## **Drug-Free Workplace**

The Company must maintain a healthy and productive work environment. Misusing controlled substances or selling, manufacturing, distributing, possessing, using, or being under the influence of illegal drugs while performing work-related duties is strictly prohibited. You are strictly prohibited from manufacturing, distributing, possessing, selling or attempting to sell, receive or use illegal drugs, including drug paraphernalia, or be under the influence of illegal drugs (or abuse controlled substances) on Company property or while conducting Company business.

Bringing alcohol for consumption in the workplace, drinking or being under the influence of alcoholic beverages in the workplace or while conducting Company business is also prohibited, except for moderate and reasonable consumption of alcoholic beverages in appropriate social situations where alcohol is served during a Company-sanctioned event.

Any employee who suspects that they have an alcohol or drug dependency should seek advice from a medical professional immediately. Any employee of the Company may be required to submit for a drug test at any time with result to be sent to the Chief Human Resources Executive.

In accordance with New York State laws, smoking is prohibited in any office, department or facility within the Company. Employees should refrain from smoking near any building entrance.

## **Commitment to Our Company**

### **Raising Business Concerns**

It is critical to the Company's reputation that we exercise appropriate judgement and common sense in every action we take, and that we consider all aspects of the potential impact of transactions in which we engage. It is every employee's responsibility to raise any concerns regarding potential reputational risk to your manager, the Office of General Counsel, Director of Regulatory Compliance, or Chief Risk Officer.

### **Investigations**

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You are required to cooperate fully with any investigations conducted by or at the direction of the Company, including, but not limited to, those involving ethical issues or complaints of discrimination or harassment. You should never withhold, tamper with or fail to communicate relevant information.

## **Off-Duty Conduct – Obligation to Report**

The Company respects the rights of its employees to pursue lawful activities when not at work, and does not wish to regulate employee's conduct during non-working hours. The Company must concern itself however when employee's off-duty conduct interferes with the employee's ability to perform effectively in his or her position, interferes with the Company's ability to fulfill its commitments to its customers, or presents reputation or other risk to the Company. The Company is also prohibited by law from employing individuals in certain positions who are convicted of particular offenses, such as those involving dishonesty and breach of trust.

For the Company to properly ensure that the Company's legitimate interests and reputation are protected, all employees are required to immediately report any instance of off-duty conduct that may harm the Company's reputation or an employee's ability to perform his or her duties, or interfere with the ability of other employees to perform their duties to a HR representative. Off-duty conduct that must be reported include, but are not limited to:

- Arrests and convictions that occur post-hire.
- Being named a defendant in a civil lawsuit or other proceeding that alleges dishonesty or unethical conduct.
- Breach of trust, fraud or the like, and any other circumstances involving an employee that will likely result in negative or unfavorable media coverage.

A report of the conduct must be made to the Company's HR Department on or before the next business day after the issue occurs. Each report that is submitted under this policy will be reviewed on a case-by-case basis, in light of legitimate, business-related factors, such as:

- Did the incident have a direct relationship between the employee and the employee's employment; or
- Would continued employment create an unreasonable risk of harm to the Company, specific individuals or the general public.

## **Protecting the Company's Assets**

As an employee, you are responsible for safeguarding the tangible and intangible assets of the Company and our customers, suppliers and distributors that are under your control. The Company's assets may only be used in accordance with applicable policies. Assets include, but are not limited to:

- Cash
- Securities

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- Physical property and services
- Business plans
- Client and employee information
- Supplier information
- Distributor information
- Intellectual property
- And all other confidential information.

Misappropriation or unauthorized disclosure of the Company's assets is a breach of your duty to the Company and may constitute an act of fraud against the Company. Similarly, carelessness, waste or unauthorized use in regard to the Company's assets is also a breach of your duty to the Company.

Additionally, you shall not directly or indirectly attempt to hire or solicit any employee of the Company on behalf of another employer, encourage or induce any employee to leave employment with Five Star Bank during employment or for the twelve (12) month period immediately following separation for any reason.

## **Accepting Gifts and Entertainment and Third Party/Vendor Relationships**

The Company is committed to promoting the values of honesty, integrity, and fairness in the conduct of its business and sustaining a work environment that fosters mutual respect, openness and individual integrity.

Employees are expected to deal honestly, fairly and respectfully with the Company's clients, suppliers, competitors and other third parties.

Employees shall not:

- Make false or misleading statements to clients, suppliers, or other third parties;
- Make false or misleading statements about competitors;
- Solicit or accept from any person that does business with the Company, or offer to extend to any such person:
  - Cash of any amount; or
  - Gifts, gratuities, meals, entertainment that could influence or reasonably give the appearance in influencing the Company's business relationship with that person, or go beyond common courtesies usually associated with accepted business practices unless one of three (3) requirements outlined below apply;
- Solicit or accept any fee, commission, or other compensation for referring customers to third-party vendors; or
- Otherwise take unfair advantage of the Company's clients or suppliers, or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practices.

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As an employee, you may not accept gifts or the conveyance of anything of value (including entertainment) from current or prospective clients or suppliers of the Company unless one of the three (3) requirements outlined below apply. If one of the three (3) requirements below are satisfied, you may accept the gift or the conveyance of anything of value. Employees may never accept a gift under circumstances in which it could appear to others that your business judgement may be compromised. Similarly, you may not accept or allow a close family member to accept gifts, services, loans, or preferential treatment from anyone – clients, suppliers, or other – in exchange for a past, current or future business relationship with the Company.

Cash gifts or their equivalent (e.g., gift cards or vouchers) may not be accepted under any circumstance. Noncash gifts may be accepted when permitted under applicable law if any of the three (3) requirements are met:

- (1) nominal in value (i.e., less than or equal to US \$100);
- (2) appropriate, customary and reasonable meals and entertainment at which the giver is present, such as an occasional business meal or sporting event;
- (3) appropriate, customary and reasonable gifts based on family personal relationships, and clearly not meant to influence Company business.

Suppliers or clients occasionally sponsor events where raffles or prizes are awarded to attendees. The criteria for selecting winners and the value of the prizes can vary greatly, and could raise the appearance of impropriety. If you have any questions about the appropriateness of accepting a gift, innovation, raffle, or other prize, you should discuss the matter with a HR representative.

In some situations, it may be appropriate to accept a gift and place it on display at the Company, or to donate the item to a charity in the name of the Company. Consult with a HR representative for further guidance.

## **Giving Gifts and Providing Entertainment**

In certain circumstances, the giving of gifts and entertainment may be seen by others as a conflict of interest or, in extreme cases, bribery. If giving any gift or entertainment could be seen as consideration for corporate, labor union or government business for any governmental favor, you must not give the gift or provide the entertainment. Appropriate gifts and entertainment may be offered to clients by persons authorized to do so. This authorization must be provided by a member of Executive Management Committee in consultation with the Director or Regulatory Compliance and Chief Risk Officer.

Employees may not distribute literature or printed materials of any kind, solicit for financial contributions, or solicit for any other cause in working areas during the working time.

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## Information and Records Creation and Management

Information and records (collectively, “business records”) that are owned, collected, used and managed by the Company should be accurate and complete. You are responsible for the integrity of the Company’s business records, including reports and documents, under your control.

- Business records must be maintained in sufficient detail to accurately reflect Company transactions and in accordance with appropriate accounting standards and internal financial controls
- Employees should use “common sense” and observe expected professional standards regarding the content and language when creating business records and other documents, including email, SMS messages and instant messaging that may be viewed, used or retained by the Company or a third-party, including regulatory agencies
- Employees should keep in mind that at a future date, the Company or a third-party may rely on or interpret the document solely as it appears, without the benefit of other recollections or context
- Employees are prohibited from destroying or altering any records that are potentially relevant to a violation of law, legal claim or any litigation, or to any pending, threatened or foreseeable government investigation, proceeding, or to any regulatory examination. Questions / concerns regarding retention or disposal of business records should be directed to the Company’s Office of General Counsel or Information Security Officer. This should be read in conjunction with the Destruction Disposal of Customer and Consumer Information.

## Insider Trading

Insider trading laws and this Code prohibit trading securities while in possession of material, nonpublic information (also known as “insider information”) regarding the Company and sharing material non-public information to third parties.

Employees who fail to follow this policy or violate laws relating to insider trading could be subject to extensive ramifications including termination of employment, criminal liability (including imprisonment), civil liability, monetary damages, fines and penalties.

If you believe you have come into possession of insider information, you may not execute any trade in the securities of the subject company. If you have questions whether you have come into possession with insider information, contact a member of the Office of General Counsel.

The definition of “material, nonpublic information” is broad. Information is “material” if there is a substantial likelihood that a reasonable investor would consider the information important in determining whether to trade in a security, or if the information, if made public, would likely affect the market price of a company’s securities. Information may be material even if it relates

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to future, speculative of contingent events, and even if it is significant only when considered in combination with publicly available information. Information is considered to be “nonpublic” unless it has been publicly disclosed and adequate time has passed for the security markets to digest the information.

It is illegal to provide confidential information to any person if you know or suspect that that individual will misuse the information by trading in securities, or passing the information on to someone else who could benefit from the confidential information.

Trading on or conveying material nonpublic information may also breach contractual obligations assumed by the Company to or on behalf of clients. This should be read in conjunction with the Insider Trading Policy.

## **Conflicts of Interest**

A “conflict of interest” is a circumstance that presents an actual, potential, perceived, or implicit interference with an employee’s ability to effectively carry out the duties of his/her position. It is important to remember that conflicts of interest can arise within a variety of different contexts, ranging from an employee’s own individual actions/activities or his/her personal relationships with fellow employee, vendors, etc.

Directors, officers and employees should not be involved in any activity that creates or gives the appearance of a conflict of interest between their personal interests and the Company’s interests. Directors, officers and employees complete questionnaires annually to notify the Chief Human Resources Executive of the existence of any actual or potential conflict of interest. You must timely and accurately complete the questionnaire as outlined by the Chief Human Resources Executive. If you have any questions relating to this questionnaire, please contact a HR representative immediately.

Activities which might cause conflicts and which should be fully reported to the Company’s Chief Human Resources Executive of the existence of any actual or potential conflict of interest.

In particular, no director, officer or employee shall:

- Be a consultant to, or a director, officer or employee of, or otherwise operate an outside business: 1) that markets products or services in competition with the Company’s current or potential products and services; 2) that supplies products or services to the Company, provided outside the normal course of business; or 3) that purchases products or services from the Company, provided outside the normal course of business.
- Solicit or accept for themselves or for a third party (other than the Company) anything of value from anyone in return for any business, service or confidential information of the Company;

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- Have any financial interest, including stock ownership, except where such interest consists of securities of a publicly-owned corporation and such securities are regularly traded on the open market, in any such outside business that might create or give the appearance of a conflict of interest;
- Process or perform personal transactions or transactions of family members or persons sharing the same home, whether or not they are relatives;
- Approve an extension of credit to himself or herself, a family member, or persons sharing the same home, or to a business interest of either the employee or any of his or her family members.

The topics below are only some of the areas in which real or perceived conflicts of interest may arise. If you have any questions regarding conflicts of interest, please contact a HR representative or the Director of Compliance.

- **Outside Business Activities:** You may not engage in other outside business activities, such as holding a political office or accepting secondary employment with another organization, if real or perceived conflict of interest exists or could exist. You are responsible for identifying and raising any such activity or relationship that may pose an apparent or potential conflict of interest, and to evaluate with your supervisor and Chief Risk Officer the possible conflicts that could result while the Company is deeply committed to the communications in which we are located, and encourages volunteer activities to support not-for-profit educational and charitable organizations, employees should be mindful of any service to not-for-profit organization that may pose an apparent of potential conflict of interest and discuss any concerns with their supervisors or the Director of Compliance.
- **Related Party Business Dealings:** You must notify your supervisor of any business relationship or proposed business transactions that the Company may have with any company in which you or a related party has a direct or indirect, or from which you or a related party derive a benefit, or where a related party is employed, if such a relationship or transaction might give rise to the appearance of a conflict of interest.
- **Personal Business Dealings:** The Company's employees and their families are encouraged to use the Company for their personal financial service's needs. Such services, however, are to be provided on the same terms that they are provided to all other similarly situated persons. Any nonstandard business arrangements between the Company's employees and the Company must be pre-approved by your department head and the Director of Compliance. Similarly, you should not receive preferential treatment from suppliers or clients without pre-approval from your department head and the Director of

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Compliance, unless such preferential treatment is available on the same terms to all similarly situated persons.

## Media Interaction and Public Relations

Employees must refer all inquiries from the media relating to the Company to the Director of Investor and External Relations. It is imperative that one person speaks for the Company to deliver an appropriate message, comply with applicable laws regarding disclosure and non-disclosure, and avoid giving misinformation to the media. Accordingly, only individuals officially designated by the Director of Investor and External Relations may speak for the Company to provide comments to the media, either on or off the record, or materials for publication. If a member of the media contacts you, you must advise them that you are not authorized to speak on behalf of the Company and refer them to the Director of Investor and External Relations.

Employees may not consent to or engage in any public relations activity relating to the Company's business activities with clients, suppliers or others without prior approval from the Director of Investor and External Relations.

Before publishing or posting any material in written or electronic format, making speeches, giving interviews or making public appearances regarding the Company, our operations, clients, or services, review our Social Media Policy and consult with the Digital Marketing Specialist and the Director of Investor and External Relations. This section should be read in conjunction with the Company's Disclosure and External Communications Policy.

## Commitment to Our Investors

The Company is committed to providing investors with full, fair, accurate, timely and understandable disclosure in the periodic reports that it is required to file. To this end, all directors, officers and employees shall strive to enable the Company to:

- Comply with generally accepted accounting principles at all times;
- Maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded;
- Maintain books and records that accurately and fairly reflect the Company's transactions;
- Prohibit the establishment of any undisclosed or unrecorded funds or assets;
- Maintain a system of internal controls that will provide reasonable assurances to management that material information about the Company is made known to management, particularly during the periods in which the Company's periodic reports are being prepared; and
- Present information in a clear and orderly manner and avoid the use of legal and financial jargon in the Company's periodic reports.

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All directors, officers, and employees shall respond honestly and candidly when dealing with the Company's independent and internal auditors, regulators and attorneys.

## **Five Star Bank Written Policies and Procedures**

The Company has written policies that govern many of the activities discussed in this Code of Business Conduct and Ethics. These policies may be found on StarNet. If you have questions on any policy, you should consult with your supervisor or the policy owner.