



WHISTLEBLOWER POLICY

Policy Owner	<i>Chief Human Resources Executive</i>
Policy Reviewer	<i>Risk Oversight Committee of the Board of Directors</i>
Policy Approver	<i>Board of Directors</i>
Policy Review Frequency	<i>Annually, unless change management warrants an earlier update</i>
Date of Last Review/Update	<i>4/3/20</i>
Policy Effective Date	<i>4/3/20</i>

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1. Executive Summary

The Whistleblower Policy is intended to promote and maintain a strong culture of ethics, integrity, and professional conduct across the enterprise. It outlines the process to report, investigate, and oversee financial and ethical related concerns and helps ensure protection against retaliation. This Policy should be read in conjunction with the Code of Business Conduct and Ethics and Code of Ethics for CFO, Senior Financial Officers and CEO.

1.1. Rationale

The purpose of the Whistleblower Policy is to outline the receipt, review, investigation, response, retention, and treatment of complaints or concerns received by the company as outlined in this Policy regarding (a) financial matters, including, but not limited to: irregular accounting methods; internal accounting controls and procedures; irregular internal or external auditing conduct; unusual or dubious payments, amounts or arrangements; violations of state or federal securities laws (including Sarbanes-Oxley or Dodd-Frank); or violations of the company's Code of Ethics for CFO, Senior Financial Officers and CEO ("Financial Concerns"); or (b) alleged violations by any company director, officer or employee of the company's Code of Business Conduct and Ethics ("Ethical Concerns"). This Policy is intended to comply with the requirements of Section 301 of the Sarbanes-Oxley Act and Section 922 of the Dodd-Frank Act.

1.2. Scope

This Policy applies to all employees and contingent workers (collectively "Personnel") of Financial Institutions, Inc. and its consolidated subsidiaries, including Five Star Bank, SDN Insurance Agency, LLC, Courier Capital, LLC, HNP Capital, LLC, and Five Star REIT, Inc. (collectively the "Company").

1.3. Related Policies

The following policies are related to the Whistleblower Policy:

- Code of Business Conduct and Ethics
- Code of Ethics for CFO, Senior Financial Officers and CEO
- Sexual Harassment Prevention Policy
- Equal Employment Opportunity
- Employee Practices Policy

2. Policy

While the intent of this Policy relates to processing financial and ethical complaints, it is recognized that complaints and concerns which are not financial or ethical concerns, including concerns about employment, operational or consumer law matters, may be submitted through the described processes as well. Accordingly, the Policy includes a process for identifying complaints that are not financial or ethical concerns. Once referred, these complaints are handled through existing complaint investigation and resolution processes.

Complaints or concerns regarding financial or ethical Concerns may be made in one of the following 4 manners:

1. Communication to the Company's Chief Human Resources Officer ("CHRO")
2. Communication to the Company's General Counsel
3. Communication to the HR Business Partner assigned to the business unit that is the subject of the concern or complaint ("HR Business Partner")
4. Reporting through Red Flag Reporting, an independent Hotline

The Company established Red Flag Reporting to provide employees a mechanism to report financial, ethical, or other concerns anonymously through an independent third party. Red Flag Reporting provides a hotline (1-877-

647-3335) and a web-site (redflagreporting.com) that are accessible to all Company employees 24 hours a day, 7 days a week. The client code used to identify Financial Institutions and its subsidiaries is 8772678625. All complaints received through the Hotline are electronically transmitted to the Chief Human Resources Officer, HR Business Partner, and General Counsel.

If a complainant would like to keep their identity anonymous, they may also place communication in a sealed envelope addressed to the CHRO, HR Business Partner and/or General Counsel with “confidential and anonymous” on the outside of the envelope.

Complainants are encouraged to report complaints or concerns as soon as possible. Although complainants are not expected to prove the truth of an allegation, they should be able to demonstrate that the report is being made in good faith with reasonable factual support. Nothing under this Policy is intended nor should it be construed to prevent an individual from reporting information to the appropriate government agency, such as the Securities and Exchange Commission or Department of Justice, when the employee has reasonable cause to believe that a violation of law has occurred.

2.1. Investigation Process

Upon receipt of a complaint or concern through one of the four means outlined above, the CHRO or HR Business Partner, in consultation with the Company’s General Counsel, will determine if the complaint is a financial or ethical concern and investigate and involve all applicable stakeholders into the investigation and resolution (e.g. Compliance, Risk, Audit, Legal, etc.). If it is determined that a complaint is not be a financial or ethical concern it will be handled through existing complaint investigation and resolution processes.

The specific action taken the investigation of any financial or ethical concern depends on the nature and gravity of the conduct or circumstances reported and the facts determined during the investigation. Persons responsible for misconduct, or those failing to cooperate or who provide false information during an investigation, will be subject to discipline, which may include termination.

If appropriate and during the investigation it is determined that the results of an investigation so warrant, the Company may refer the matter to the Securities and Exchange Commission, United States Department of Justice, New York Attorney General’s Office or other law enforcement or federal or state governmental agency, as necessary.

Financial and ethical concerns shall be processed and resolved in a timely manner, and the complainant shall be notified that a resolution has been reached. 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.

2.2. Reporting

The CHRO or his/her designee will maintain a log of all complaints that contain ethical or financial concerns. The log will contain the date and general nature of the complaint, the date the complaint was reported to the Audit Committee, and the date and nature of the resolution of the complaint.

The CHRO will timely communicate concerns involving unethical behavior to the Company’s Chief Ethics Officer and concerns that present potential risk to the Company to the Chief Risk Officer. The Chief Ethics Officer and Chief Risk Officer will determine whether mandatory regulatory reporting and subsequent regulatory updates are required. The Chief Risk Officer will report the general nature and result of ethical and financial related concerns to the Audit Committee of the Board of Directors.

2.3. Access to Complaints

All complaints and concerns and all information disclosed during the investigation will remain confidential, except as necessary to conduct and conclude the investigation, correct any violative conduct, and, if appropriate, take legal action.

All reports and records associated with this Policy will be restricted to the CHRO, HR Business Partner, the Board's Audit Committee and the Office of General Counsel.

2.4. *Retaliation*

The Company will not retaliate and shall not tolerate any retaliation by any member of management, employee or any other person, against an employee in the terms and conditions of employment, because of any lawful act of such employee with respect to good faith reporting of complaints or concerns pursuant to this Policy or participating in an investigation conducted under this Policy. If an employee or vendor believes that he or she has been or will be retaliated against, the employee or vendor should immediately report those facts to the CHRO.

Notwithstanding anything else in this Policy, when necessary to ensure the integrity, completeness and confidentiality of an investigation or determination undertaken pursuant to this Policy, the CHRO or Office of General Counsel may limit the participation, whether in part or in whole, any individual in any such investigation or determination.

2.5. *Waivers*

The provisions of this Policy may not be waived for any director, officer, or employee.

3. **Standard 1**

Employees should not feel hesitant to report something that they see is wrong. This policy is implemented to make Financial Institutions Inc an honest and accountable work place.

4. **Policy Assurance Methods**

4.1. *Awareness and Training Methods*

Human Resources will keep all employees aware of this policy. There will be training on whistleblowing during general orientation, and other trainings will be implemented if and when Human Resources sees fit.

4.2. *Policy Adherence Methods*

Adherence to this policy will be communicated with the Risk Oversight Committee, the Board of Directors and Human Resources.

4.3. *Update Requirements*

This policy will be reviewed annually. The Risk Oversight Committee will be responsible for reviewing, updating, and approving the Whistleblower Policy. The Board of Directors will also have decision making responsibility when approving the updated policy.

4.4. *Consequences of Violating the Policy*

Failure to comply with this Policy may subject employees to a range of disciplinary actions, up to and including termination of employment. Furthermore, violations of this Policy may also be violations of the law and result in monetary and other damages and civil or criminal penalties for you, your supervisors and the company.

4.5. *Exceptions and Exemptions*

Requests for exceptions or exemptions to this Policy must be made in writing to and approved by Valerie Benjamin. Requests include a rationale and any supporting documentation. Evidence of the communication and any corresponding approvals must be properly maintained by Human Resources.

5. Governance

The key governance committees and personnel that will have specific roles and responsibilities for this policy include:

- Board of Directors
- Risk Oversight Committee
- Compliance Committee
- CHRO
- HR Business Partner
- Chief Ethics Officer/CCO
- General Counsel
- CRO

6. Reference Information

The Equal Opportunity Policy and the Sexual Harassment Prevention Policy both relate to the Whistleblower Policy and should be read in accordance.

7. Appendix

Financial Institutions Inc is in compliance with the Fair Labor Standards Act, Department of Labor requirements, Dodd Frank Wall Street Reform and Consumer Protection Act, and other state/federal regulations surrounding compensation practices and to ensure that all employees are paid in accordance with the law.

8. Version History

Version #	Sections Updated	Description of Changes	Date of Last Review/Update
2.0	All	Implementation of new Policy format	4/3/20