

# Peapack - Gladstone Financial Corporation

## Code of Business Conduct and Conflict of Interest Policy

### GENERAL POLICY STATEMENT / INTRODUCTION

The success and reputation of Peapack-Gladstone Financial Corporation will be determined, in no small part, on the standard of personal and professional integrity with which its employees, officers, and directors conduct themselves. In pursuit of Peapack-Gladstone Financial Corporation's goals, each employee, officer and director is expected to adhere to business procedures and practices that are in accordance with the letter and spirit of applicable federal and state banking laws and regulations, and is expected to conduct himself or herself on the basis of moral and ethical principles reflecting the highest standards of business and individual behavior.

The Board of Directors has adopted this Code of Business Conduct and Conflict of Interest Policy to assist our employees and directors in understanding the principles of conduct to which they must adhere in order to fulfill the legal, moral and ethical obligations each assumes as an employee or director. It serves both as a method to review and reaffirm the high standards of conduct that are associated with ethical business practices and as a corporate-wide statement of Peapack-Gladstone Financial Corporation's commitment to these standards.

Individual employee and director standards produce company standards. Therefore, employees and directors are requested annually to affirm in writing that they adhere to this Code of Conduct. This Code of Conduct covers Peapack-Gladstone Financial Corporation and its affiliates. Any violation of this Code of Conduct by any employee, as defined, may result in disciplinary action, up to and including discharge.

### DEFINITIONS

*Affiliate* - a company that Peapack-Gladstone Financial Corporation owns or controls, or that owns or controls Peapack-Gladstone Financial Corporation, or that is owned or controlled by the same company that owns or controls Peapack-Gladstone Financial Corporation. Ownership does not mean complete ownerships, but means owning enough to have control.

*Bank* - Peapack-Gladstone Financial Corporation and all of its affiliates, including but not limited to Peapack-Gladstone Bank and PGB Trust & Investments.

*Code of Conduct* - This Code of Business Conduct and Conflict of Interest Policy.

*Employee* - Except where otherwise specifically indicated, includes all employees of Peapack-Gladstone Financial Corporation and its affiliates.

*Review Procedure* - The means by which approval for a particular course of action may be requested by an employee or director. Employees shall seek review by the senior management officer in the employee's department or group, usually a senior vice president or an executive vice president. Senior vice presidents and above should seek review from their immediate supervisors, in most cases the President. Requests and the reviewers' responses must be by email and shall be forwarded to the Director of Human Resources to be retained in the employee's personnel file. Directors and the Chief Executive Officer shall seek review by the Chairman of the Board and the Lead Director.

As a written code cannot answer all questions raised in the context of business relationships, each employee shall accept his or her primary responsibility to recognize and respond to specific situations as they arise. Questions and concerns about doubtful situations, potential misconduct and conflicts of interest should be addressed as follows:

- Questions from Employees: To the Director of Human Resources.
- Questions from Directors and the CEO: To the Chairman of the Board and the Lead Director.

## **CONFIDENTIAL and NON-CONFIDENTIAL INFORMATION**

### **A. Customer Confidential and Non-Confidential Information**

*The Bank takes the privacy of its customers very seriously.* All employees and directors must safeguard all information about the Bank's customers, former customers, potential customers, shareholders, or employees, and their accounts, *whether or not the information is confidential.* In particular:

1. Discussion or dissemination of information or documents known to an employee or director through his or her connection with the Bank, *whether or not this information is confidential*, with (a) anyone who is not an employee or director of the Bank or (b) anyone who is an employee or director of the Bank but does not have a "need to know" the information, is strictly prohibited.
  - a) **Example:** you cannot disclose to your spouse the amount of money a customer keeps in his bank or trust account.
  - b) **Example:** you cannot tell your neighbor how big a customer's mortgage is, even though this information has been made public by way of the filing of the mortgage.
  - c) **Example:** you cannot tell your cousin that a customer is in financial difficulty and has missed payments on her loan.
  - d) **Example:** you cannot show your friend a copy of a court document relating to a dispute over money, which you obtained through your

position with the Bank, even though the court document is a matter of public record.

- e) **Example:** you cannot gossip about customers with employees, directors or anybody else.
- 2. Requests for information regarding current or former employees should be referred to the Director of Human Resources.
- 3. The disclosure of information concerning an applicant or customer is permitted when it complies with applicable federal or state laws. For example, the Bank has adopted specific guidelines and/or policies which govern the exchange of credit information with third parties.
- 4. Inquiries for confidential information by tax authorities, law enforcement agencies, attorneys, or private parties involved in litigation shall not be divulged unless the Bank has received either written consent of the individual, or the appropriate court order or subpoena, and release has been authorized under normal operational procedures.
- 5. Employees and directors should act in good faith in matters involving a customer or prospect of the Bank when that customer or prospect is a competitor, customer, or supplier of the employee or director. In such instances, the employee or director should use proper judgment when participating in any matters or discussions involving such accounts, and in all cases should abstain on any matters during discussion or pertaining to a decision involving such accounts.

#### **B. The Bank's Confidential Information**

The Bank provides its employees with access to its physical resources and proprietary information and with knowledge and experience in the technologies developed or used by the Bank. Employees are responsible for the proper use of the Bank's physical resources and proprietary information and for taking appropriate steps to assure the security of such resources and information. Accordingly, employees may not disseminate, sell or otherwise use the Bank's physical resources or proprietary information for their personal benefit or for the benefit of a third party. This restriction continues to apply after employment terminates, regardless of the reason for termination. The proper use of the Bank's resources includes uses only for those activities that are directly related to the Bank's business or that have been approved in advance by management.

Financial information about the Bank is not to be discussed with or released to any person or entity unless it has been published in reports to our shareholders or otherwise made generally available to the public in the ordinary course of business as so determined by the Board of Directors, Chief Executive Officer, and/or Chief Financial Officer.

Employees must refer all inquiries from the media to the attention of the Chief Executive Officer. Employees must obtain prior approval before discussing the Bank's policies, procedures or affairs with an outside party. This policy ensures that the message being conveyed to the media and other groups is consistent throughout the Bank.

Employees should be aware that any product, program, file or writing developed or produced by Bank employees during work time, by using the Bank facilities or as a result of performing their responsibilities, is the property of the Bank. Any improper use of this property either during or after employment may be subject to legal action.

**Example:** If you take a position at a competitor after working for the Bank, you cannot use customer lists or information that were developed or obtained by you while you were at the Bank, to lure customers from the Bank to your new employer. Customer lists or information includes lists and information relating to past, present and prospective customers.

Employees should take appropriate steps to protect all the Bank proprietary interests, both while employed by the Bank and after leaving its employ. Further, copying any records for any purpose other than a necessary job-related activity is strictly prohibited. *No Bank records, information or copies thereof may be retained by an employee following termination of employment.*

### **C. Third-Party Proprietary Information**

Employees are responsible for using the patented, copyrighted, or other proprietary material or information of a third party in compliance with applicable provisions of any contract between the Bank and the third party.

The Bank, as well as individual employees, may be held liable for both civil damages and criminal penalties for copyright, trademark, or patent infringement and for any other illegal or improper use of another's property. Employees must also be aware that other uses of third party materials or information, such as the duplication of computer software and the downloading of data from information retrieval services (data bases), may also require the holder's/owner's permission. Employees are encouraged to consult their immediate supervisor, the General Counsel or the President regarding the photocopying, duplication, reproduction, data downloading, or other use of proprietary material or information owned by a third party.

### **CONFLICTS OF INTEREST**

A possible conflict of interest exists whenever an employee or director has an interest in any entity or matter that may influence a decision or cloud the individual's judgment in the discharge of his or her responsibilities. All individuals should conduct their personal affairs so as to avoid conflict of interest situations. As a result, joint business ventures amongst employees and directors are discouraged because the venture may imply bank sponsorship. In case of doubt, it is the individual's obligation to secure clarification by means of the Review Procedure.

It is the duty of every employee and director to avoid any situation in which he or she, or a family member, might profit personally (directly or indirectly), or give the appearance of profiting personally, through a conflict of interest.

Should a situation arise where an employee or director becomes aware of irregularities, or non-compliance with provisions of the Code of Conduct, on the part of another employee, confidential disclosure of such should be directed to the CEO or to the Director of Human Resources, as appropriate.

### **HANDLING PERSONAL TRANSACTIONS**

Transactions, including maintenance updates, involving an employee's own accounts or the accounts of family members or any other relative must be referred to another employee or the manager to process. An employee may not make decisions, approve transactions, or direct others to approve transactions on such accounts in any manner that would inappropriately influence the results of those transactions. As used here in the Code of Conduct, family member means your spouse, child, grandchild, parent, grandparent, sibling, domestic partners, civil union partners, any step relationship, parent-in-law, other family members, or any other individual with whom you have an especially close relationship.

### **COMPENSATION AND GIFTS**

#### **A. Compensation and Gifts**

The Comprehensive Crime Control Act of 1984, as amended by the Bank Bribery Amendment Act of 1985, prohibits any Banker from corruptly offering or receiving anything of value, where the item of value is offered with the intent of influencing the Banker or a business transaction. This law is broad and carries severe criminal penalties, including fines and/or imprisonment.

No employee shall solicit or receive anything of value (be it money, goods, or services) in any amount, as a quid pro quo (something received or given as a personal reward for preferential action or service by a Banker) or as a "gratuity," in connection with the business of the Bank. This includes, for example, compensation of any kind from any source for rendering services of a type which might properly be performed by the Bank as one of its regular services. An employee may not do indirectly what he or she is prohibited from doing directly; e.g. arrange to have a prohibited gift made to a member of his or her family. Any gift of a beneficial interest or legacy under wills or trusts of customers of the Bank, other than a relative, must be reported to the Human Resource Director at such time as the employee or employee's spouse learns of such designation. Similarly, an employee should avoid giving gifts, meals, or entertainment intended to influence unfairly, or that might give the appearance of unfairly influencing, a business decision. An employee should never give any gift, meal or entertainment, which is unreasonable or extravagant.

*Permissible Gifts*

Employees may give or accept gifts to or from outside sources only if:

- a) the gift is not a quid pro quo;
- b) is not intended to influence any decision by the employee;
- c) is unsolicited;
- d) is infrequent; and
- e) reasonable in value. ( no more than \$25)

*Under no circumstances shall money (including gift certificates, gift cards or anything of a similar nature) be given or accepted, even within the above guidelines.*

Examples of gifts which are likely to meet the above conditions and would therefore be permissible are advertising or promotional materials, such as pens, pencils, note pads, key chains, calendars and similar items; discounts or rebates on merchandise or services that do not exceed those available to other customers; gifts that are related to commonly-recognized events or occasions, such as a promotion, new job, wedding, retirement, Christmas, Bar or Bat Mitzvah; and civic, charitable, educational, or religious organizational awards for recognition of service and accomplishment. As a rule, gifts of any type from a business, customer, vendor or client, may not exceed \$25 per year. Generally, there is no threat of a violation of the Bank Bribery statute if acceptance of a gift or benefit is based on an obvious family or personal relationship (such as those with the parents, children or spouse of an employee) existing independent of any business of the Bank, or if the gift or benefit is available to the general public under the same conditions on which it is available to a Banker.

If an employee is offered or receives something of value, which he or she believes may be impermissible under this Code of Conduct, he or she shall disclose the matter by means of the Review Procedure. The reviewer, in turn, shall render a determination in writing that the item of value should be accepted or returned, giving due consideration to such issues as whether the item is reasonable in value and whether receipt poses a threat to the integrity of the Bank. Such disclosures and resulting determinations shall be retained in the employee's personnel file.

**B. Business Meals, Refreshments, Travel, Accommodations and Entertainment**

Payments for meals, refreshments, travel, accommodations or entertainment by an outside source are permitted, if they (a) are reasonable in amount, (b) are expended in the course of a meeting or other occasion the purpose of which is to hold a bona fide business discussion or to foster better business relations, (c) are unsolicited, and (d) the expense would be paid for by the Bank as a business expense if not paid for by the outside source. Permissible items could include business luncheons or dinners, golf or tennis outings, cab fare, attending a customer's annual holiday party, entertainment, and travel arrangements and accommodations if reasonable in value.

Payment by an outside source for business meals, refreshments, travel, accommodations, and entertainment which is extravagant, a quid pro quo, or confers an unreasonable benefit on the employee or his or her spouse rather than the Bank is impermissible.

**Example:** The use of a customer's Florida condominium for a weekend would not be permitted.

If an employee is offered payments for business meals, refreshments, travel, accommodations or entertainment which he/she believes may be impermissible under the Code of Conduct, the individual shall disclose the matter by means of the Review Procedure. The reviewer shall render a determination by email if payment for such service should be accepted, giving due consideration to the bona fides of the business purpose involved and the reasonableness of the value of such service under the circumstances.

### **LOANS (Borrowing)**

An employee may not borrow from, or lend personal funds to, customers or suppliers. Although employees may borrow from banks or other lending institutions on customary terms, designated Executive Officers and directors of the Bank are subject to the limitations of Regulation O of the Federal Reserve Board. Additional requirements regarding compliance with Regulation O are outlined in the Regulation O Policy.

### **INSIDER TRANSACTIONS**

#### **Personal Investments - Prohibitions on Insider Trading**

Personal investments in any customer or supplier of goods or services which has credit or other relationships with the Bank should not be made by an employee or director except for investments in securities which are actively traded on recognized markets, or only upon approval obtained by means of the Review Procedure; and subject in all cases to the rules described below concerning insider trading. Employees and directors may be asked to disclose such information in an annual statement. Even if a personal investment has been approved, an employee or director should not take part in a Bank decision or attempt to influence a decision about that customer or supplier.

Employees are responsible for observing the Securities and Exchange Commission regulations which prohibit purchase or sales of securities by persons having material inside information, and should be aware that material inside information concerning a company's plans or operations which has not been released to the public is confidential. "Material inside information" is defined as information which would affect a person's decision to purchase or sell a security and which has not been sufficiently disclosed to ensure its availability to the investing public.

Bank employees and directors are prohibited from using material inside information for personal gain, from using such information for security transactions made on behalf of the Bank or its affiliates, and from disseminating such information to others. To assure

compliance with applicable law, the actions of every employee and director should be governed according to the following guidelines:

1. Material inside information must not be disclosed to anyone other than the Bank employees or directors who establish their need to know. This information should not be discussed in public places.
2. Employees and directors possessing material inside information relating to the Bank shall not sell or buy the Bank securities, or disclose such information to persons outside the Bank until the information has been effectively disclosed to the public and the public has had sufficient time to absorb and evaluate it.
3. Since material inside information may also have a material effect on the purchase or sale of securities of companies with which the Bank is dealing, anyone possessing such information concerning such a company must not sell or buy the securities of that company or disclose this information to persons outside the Bank until the information has been effectively disclosed to the public and the public has had sufficient time to absorb and evaluate it.
4. Inquiries from financial analysts and investors and others affiliated with the financial investment communities must be answered only by the Chief Executive Officer, the Chief Financial Officer, or their respective designees.

Securities laws impose severe sanctions upon any individual who fails to comply with the above guidelines, and liability can also extend to the Bank. The penalties range from monetary penalties to criminal fines and imprisonment. In summary, no employee shall buy or sell the Bank securities, or any other securities, based on material inside information.

## **OUTSIDE ACTIVITIES / CIVIC AND POLITICAL ACTIVITIES**

### **A. Community, Charitable and Professional Activities**

The Bank encourages employees to actively participate in and provide leadership to community, charitable, and professional activities. If an employee or director participates in or provides leadership to a community, charitable or professional organization as a representative, in fact or by implication, of the Bank, then he or she must obtain approval by means of the Review Procedure.

### **B. Business-Related Positions**

*Note: this section does not apply to Directors.*

The appointment of employees to business-related positions (either as an officer or a director) must be approved through the Review Procedure in advance. All requests for such approval must be by email and must specify whether the business has a relationship with the Bank and, if so, the nature and extent of that relationship. The employee's request, and management's response, shall be retained in the employee's personnel folder.

### **C. Outside Employment**

The Bank generally discourages outside employment for full time employees because the additional employment might affect the employee's performance of his or her principal duties at the bank and might possibly subject the bank to criticism or adverse publicity. Prior approval of outside employment must be obtained by means of the Review Procedure unless such employment was made known to and approved by the Bank at time of hire. The approver/reviewer shall consult with the Director of Human Resources and both give particular scrutiny to factors bearing on the question of whether a conflict, or potential conflict, of interest could arise, such as whether the outside employer has a relationship with the Bank (and, if so, its nature and extent) and whether the employee would be in a position to influence impermissibly any decision by the Bank concerning the outside employer.

### **D. Outside Business Interests**

Employees shall avoid situations in which they or their family members profit from a relationship with a company or other entity with which the employee deals in the course of his or her duties at the Bank.

### **E. Political Activity**

Approval must be obtained via the Review Procedure before an employee seeks or accepts nomination for appointment to any public office, whether paid or unpaid. Any employee that holds any public office shall obey the conflict of interest rules of both the Bank and the public office.

### **F. Management Interlocks**

Employees should be aware of the various statutes and regulations either prohibiting completely, or permitting only within certain specific limits, dual service by a Bank employee in the following areas:

1. Service as a director, officer or employee of any other commercial bank, banking association, trust company, savings bank, savings and loan association or credit union; or
2. Service in an organization primarily engaged in the issue, flotation, underwriting, public sale or distribution of stocks, bonds or other securities.

### **SERVING AS A FIDUCIARY**

When serving as a fiduciary it should be clearly stated and understood by the party for whom the employee or director is acting as a fiduciary that the employee or director is acting as an individual without implying or imputing that he or she is representing the Bank, or acting in any Bank-related capacity.

### **FINANCIAL RESPONSIBILITIES**

All employees of the bank should conduct their financial affairs in such a responsible manner as to be above criticism. The following list is intended to be a guide, but not a complete nor exhaustive list:

- Prompt payment of personal bills and debts;

- Avoidance of overdrafts in personal checking accounts;
- Use of any bank credit cards, expense account reimbursements, equipment, and supplies only for official bank use; and
- Timely filing of income tax returns.

## **PROFESSIONAL RELATIONSHIPS**

### **Anti-Discrimination Policy**

Bank employees and directors must conduct their relationships with Bank employees, customers, and the general public with courtesy and mutual respect. The Bank operates under sound personnel policies and applies an equitable standard of fair treatment to all of its employees. It also conducts its business dealings in a non-discriminatory manner and employs persons of varied backgrounds based upon their qualifications, without regard to age, color, gender, national origin, sexual orientation, marital status, race, religion, disability, or veteran status. The Bank does not tolerate any improper conduct among Bank employees, such as harassment of one Bank employee by another, either directly, by mail, telephone, or other indirect means, such as email, or any other method. Appropriate corrective and disciplinary action will be taken if such improper conduct occurs. Supervisors and managers are expected to ensure that no employee is subjected to harassment, intimidation, coercion, or retaliation.

*Note: This section does not supersede the Bank's personnel policy manual. It is intended to provide a summary of the requirements detailed in that guide.*

For purposes of this policy, harassment includes:

- derogatory expressions describing a member of the particular group;
- offensive jokes;
- graphics or cartoons that disparage a specific group or individual employee;
- physical assault or threat of physical assault; and
- behavior clearly outside the bounds of professional interaction in a business environment.

*Any discrimination in lending or other banking activities is strictly prohibited.*

### **Sexual Harassment Policy**

It is the Bank's policy that all employees have a right to work in an environment free from sexual harassment. Sexual harassment is a violation of federal law under Title VII of the Civil Rights Act of 1964 and is also against state law. The Bank will not tolerate or permit any employee to engage in sexual harassment, in any form, and such conduct will result in disciplinary action, up to and including discharge.

Federal and state law defines sexual harassment as follows:

"Unwelcome sexual advances, request for sexual favors, and other verbal or physical conduct of a sexual nature, constitute sexual harassment when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (2) submission to or rejection of such conduct by an individual is used as the basis for an employment decision affecting such individual; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment."

Sexual harassment may take various forms and may be verbal, physical or visual. Sexual harassment may include repeated offenses of sexual flirtations, advances or propositions, continual or repeated verbal abuse of a sexual nature, graphic or verbal comments about an individual's or individuals' bodies, degrading words or names, or sexually suggestive displays, pictures or objects in the workplace. A threat or insinuation, either explicitly or implicitly, that an employee's refusal to submit to sexual advances will adversely affect the employee's work environment or any conditions of employment may also be sexual harassment. While these examples do not provide a complete list of what might be deemed to be sexual harassment under the law, it is hoped that any harassment problems will be avoided if everyone acts professionally and treats each other with respect.

#### *Complaint Procedure*

If any individual believes that he or she has been sexually harassed, he or she should notify his or her manager or supervisor, or if the employee chooses, the Human Resources Director. Any retaliation against an employee bringing a complaint in good faith will not be tolerated. Any complaint will be immediately and confidentially (to the extent possible) investigated, and any remedial action which is necessary and appropriate will be taken, up to and including termination of employment.

#### **OTHER PROHIBITIONS IMPOSED BY VARIOUS REGULATIONS**

No affiliated person of the bank may receive, directly or indirectly, from the bank, or its affiliates, or from any other source, any fee or other compensation of any kind in connection with the procurement of a loan from the bank or any subsidiary of the bank.

No person, including an affiliated person, may give or receive any fee, kickback, or thing of value for referring business incident to a real estate settlement service, and no person may give or accept any portion, split, or percentage of any charges made for rendering such settlement service, in connection with any real estate loan made by the bank.

No employee may corruptly ask for or corruptly receive anything of value from any person for or in connection with any transaction or business of the bank.

The Bank may not grant any loan on the prior condition, agreement, or understanding that a borrower contract with a specific person for title or other insurance, building materials, construction, legal, real estate agency, brokerage or property management services.

#### **BUSINESS CONDUCT**

The Bank conducts its affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures, and the highest standards of business ethics. The following rules govern the application of this general policy to the areas of business and accounting practices and political contributions.

#### **A. Business and Accounting Practices**

1. No funds or assets of the Bank shall be used for any unlawful purpose.
2. No unrecorded fund or asset of the Bank shall be established or maintained for any purpose.
3. No false or misleading entries shall be made in the books and records of the Bank for any purpose. All items of income or expense shall be appropriately recorded.
4. No payment by the Bank shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Bank.
5. No payment on behalf of the Bank shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.
6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.
7. Full, fair, accurate, timely and understandable disclosure must be made in all financial, regulatory and other reports which are required to be filed by the Bank.
8. Compliance is required with all applicable governmental rules and regulations.
9. Any employee who has or obtains knowledge of, or information concerning, any actions prohibited by this section shall promptly notify the President and/or the Internal Auditor of the Bank.
10. The Bank may require submission of reports or statements with respect to compliance with this section by such officers and other employees, at such time or times, and in such form, as the Bank may specify.

#### **B. Political Contributions and Other Expenditures for Political Purposes**

1. No funds or assets of the Bank are to be used to make any unlawful political contribution. For purposes of this section, the term "political contribution" shall be deemed to include not only the direct or indirect delivery of cash or property of the Bank to a political party, candidate, committee or organization, but also (a) the reimbursement by the Bank of any employee of the Bank or any other person for a political contribution made, or to be made, by such employee or other

person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Bank, except in the ordinary course of Bank business and on customary commercial terms.

Note: Purchases of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions and are not reimbursable.

2. Neither the Bank, nor any person acting on its behalf, shall establish any unlawful program to solicit, collect or distribute political contributions from employees of the Bank.
3. No person receiving payment from the Bank, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Bank to utilize any amount of any such payment for the making of any political contribution and no employee of the Bank, or any other person acting on its behalf, shall seek to create or enforce any such obligation.
4. Any employee who has or obtains knowledge of, or information concerning, any action prohibited by this section shall promptly notify the President and/or the Internal Auditor of the Bank.
5. Directors and senior officers are prohibited from making political contributions which exceed \$300 in any one election cycle (which includes the primary and general election) to any person (or any political organization which in turn contributes to a person) seeking election or who has been elected to a public office of the state of New Jersey or of a New Jersey county, municipality, school district or fire district. Political contributions of a spouse, or a child still living at home, shall be deemed contributions of the director or employee. Any political contribution in violation of this prohibition will trigger a burdensome reporting requirement on the part of the Bank.
6. Directors and all employees are strictly prohibited from making any political contribution in currency (i.e., bills or coins).

#### **C. Use of Bank Letterhead**

No employee will use official bank stationery for personal or non-job related purposes, particularly when such use would imply endorsement by the Bank, or make reference to Bank employment in matters of personal dispute.

#### **D. False or Misleading Remarks**

False or intentionally misleading remarks must not be made about vendors, customers, competitors, or other employees. You also must not make false statements about the financial condition of the company. False, misleading, or intentionally incomplete statements to auditors, examiners or other investigators are strictly prohibited.

### **ADMINISTRATION AND RESPONSIBILITIES**

The Bank conducts itself in business dealings so as to obey all applicable laws and regulations. Where the requirements of such laws and regulations are unclear, the advice of the Bank's General Counsel or President should be sought to secure interpretation and to ensure compliance.

Employees are urged to re-read the Code of Conduct from time to time so as to refresh their recollection of the statutory and regulatory matters involved and the policies outlined herein.

### **Reporting Unethical Behavior and/or Possible Crimes**

Under federal law, any company can be held criminally liable when one of its employees, directors, or agents commits a crime, especially while functioning in their capacity as employee, director or agent of the Bank. In addition, safeguarding the ethical culture of the Bank requires a mechanism to report any unethical behavior to management.

*Accordingly, any Bank employee who has knowledge of, or information about, conduct by another employee, director, or agent of the Bank that he or she believes might represent unethical behavior or constitute a crime, must promptly report the relevant facts as follows:*

1. If appropriate, telephone or email to the Director of Human Resources or the President or the CEO.
2. If appropriate, or for the concerns involving compliance with accounting or audit requirements, employees may also report their concerns directly to the Chair of the Audit Committee of the Board of Directors:

Mr. Rus Consi

Email: [rconsi@gmail.com](mailto:rconsi@gmail.com)

**Telephone-** The Bank has retained the services of a telephone voice mail service to allow individuals to confidentially leave a voice message for the Chair of the Audit Committee, Mr. Rus Consi. Mr. Consi is notified by an automated telephone system when a message is received. He has been given a code that enables him to retrieve the message. Leaving a voice message is simple. Please call (908) 412-2996 and leave a detailed message explaining the nature of your concern. This can be done anonymously or you may leave your name and phone number.

Employees may choose to report their concerns anonymously or under his or her name. Reports may be made either orally or in writing. Employees will not be retaliated against for reporting information in good faith in accordance with this procedure.



**EMPLOYEE ACKNOWLEDGEMENT**

I acknowledge that I have received a copy of the Code of Conduct. I have read the Code of Conduct and understand it. I agree to comply with the requirements outlined in the Code of Conduct.

Except as listed below, I neither have nor am aware of any conflict, potential conflict, or perceived conflict of interest or violation of the Bank Code of Conduct.

Exception(s):

If any situation involving a conflict, potential conflict, or perceived conflict of interest or violation of the Bank Code of Conduct occurs, I agree to report it immediately.

Except as listed below, I do not have any outside employment nor do I engage in any activities that could conflict with my duties to the Bank, interfere with my job with the Bank, or damage the reputation of the Bank in any way.

Exception(s):

I understand that a violation of this policy may result in disciplinary action, including possible termination, and/or legal action.

**EMPLOYEE Signature:** \_\_\_\_\_

Date: \_\_\_\_\_

Name (please print): \_\_\_\_\_

Branch/Department: \_\_\_\_\_

**BOARD OF DIRECTORS ACKNOWLEDGEMENT**

I acknowledge that I have received a copy of the Bank Code of Conduct. I have read the Code of Conduct and understand it. I agree to comply with the requirements outlined in the Code of Conduct.

Except as listed below, I neither have nor am aware of any conflict, potential conflict, or perceived conflict of interest or violation of the Bank Code of Conduct.

Exception(s):

If any situation involving a conflict, potential conflict, or perceived conflict of interest or violation of the Bank Code of Conduct occurs, I agree to report it immediately.

Except as listed below, I do not engage in any activities that could conflict with my duties to the Bank, interfere with my fiduciary obligations to the Shareholders, or damage the reputation of the Bank in any way.

Exception(s):

**DIRECTOR Signature:** \_\_\_\_\_

Date: \_\_\_\_\_

Name (please print): \_\_\_\_\_

## **Policy Changes**

*This Policy will be submitted to the Board of Directors for approval on an annual basis.*

*Policies that are completely/substantially rewritten must be submitted to the Board of Directors for approval.*

*Interim policy changes may be enacted with the approval of a Policy Making Officer of the Bank. Interim policy changes include changes made in accordance with regulatory, organizational, procedural and technological changes, policy recommendations and comments made by the Bank's regulators, auditors and consultants as well as correction of typos and grammar.*

*All interim policy changes will be recorded on the policy cover page, and the revised policy file name amended to include "R#" to indicate the current interim revision number. All revisions will be submitted to the Board of Directors in conjunction with the annual approval.*