



HUMAN RIGHTS POLICY

Policy Owner	<i>Chief Human Resources Officer</i>
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Policy Reviewer	<i>Risk Oversight Committee</i>
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Policy Approver	<i>Board of Directors</i>
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Policy Review Frequency	<i>Annually, unless change management warrants an earlier update</i>
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Policy Effective Date	<i>January 25, 2023</i>
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1. Executive Summary

At Five Star, we care deeply about promoting sustainable business practices that deliver long-term shareholder value and help to ensure that the communities we serve thrive.

Grounded in the legacy of our community-oriented traditions representing rural Western New York State for more than 200 years, Environmental-Social-Governance (“ESG”) is a fundamental pillar of our three-year strategic plan and includes our steadfast commitment to promoting diversity, equity, inclusion (“DEI”), and social justice.

Five Star believes that it is our responsibility to provide financial services that enable growth and economic progress. In doing so, Five Star recognizes that its operations have the potential to impact human rights, placing a serious responsibility on us.

This policy statement provides an overview of how Five Star strives to meet our responsibility to respect human rights with regard to our employees, suppliers, customers and clients, as well as in communities affected by our operations, products and services.

Our approach is implemented through the policies and standards described below and related human rights due diligence and training.

1.1. Scope

The Board of Directors of Financial Institutions, Inc. has approved this policy. It applies to all of the company’s subsidiaries and affiliated entities, including but not limited to Five Star Bank, Courier Capital LLC, HNP Capital, LLC, SDN Insurance Agency, LLC, Corn Hill Innovations Labs, LLC and Five Star REIT, Inc. (collectively “Five Star”) and is intended to address the diverse and complex human rights issues that confront the communities that Five Star serves and larger international and global concerns. The Board will review and update this policy at least annually.

2. Regulatory Compliance

Five Star will comply with both the letter and spirit of human rights laws and regulations applicable to our business operations. In conducting its operations, Five Star will also be guided by the standards embodied in the United Nations Universal Declaration of Human Rights.

3. Human Rights Risks

Five Star’s financing activities will strive to avoid causing, contributing to or being directly linked to adverse human rights impacts. Our Enterprise Risk Management (“ERM”) Program sets out the framework for identifying and managing material risks impacting our company including environmental and social risks in financed activities and relevant human rights risks.

Key areas of focus Company focus will include promoting DEI in our employment practices, promoting access to financial products and services, and safeguarding the privacy of information shared with us by our customers and our employees.

Addressing these risks are intended to be part of our broader sustainability efforts to mitigate the impacts of our operational footprint.

4. Modern Slavery

Across our operations, we will seek to avoid the risk that we might become linked through our business relationships to any form of modern slavery, including forced labor or human trafficking. We will maintain the policies reflected in our Code of Conduct to promote the respectful treatment of our

employees, and maintain a Third-Party Vendor Code of Conduct to communicate our expectations of our vendors that they identify and seek to prevent practices constituting forced labor, slavery or human trafficking, and that they follow applicable laws relating to child labor restrictions, discrimination or harassment and safe workplace conditions.

We will continually monitor clients for risks linked to modern slavery, such as human traffickers attempting to launder their illicit proceeds through Bank products and services, through our Bank Secrecy Act and Anti-Money Laundering (“BSA/AML”) Program. Under our BSA/AML Program, we will continue to monitor transactions, assess potentially suspicious activity, coordinate with law enforcement where appropriate, and report suspect activity to the Financial Crimes Enforcement Network.

5. Our Employees

Our Five Star Promise is the shared commitment by our company and our associates to building a culture of teamwork, excellence, and integrity. We are committed to continually building an environment where everyone feels welcome, valued, respected and appreciated. We will take appropriate steps to empower our associates to live our Promise and be an active part of evolving our culture.

We will maintain our commitment to equal employment opportunity through a robust affirmative action plan which includes annual compensation analyses and ongoing reviews of our selection and hiring practices alongside a continued focus on building and maintaining a diverse workforce.

Our commitment to a diverse and inclusive team of employees is based on knowing that we are better together with our combined wisdom and intellect. Our DEI commitment includes focus on understanding, accepting, and valuing the differences between people. To further advance our DEI goals, our Diversity and Inclusion Advisory Council will help foster an environment that values and welcomes the diversity of perspectives and life-experiences.

5.1. *Freedom from discrimination*

Five Star’s policies are intended to promote workforce diversity and do not tolerate unlawful discrimination or harassment based on a person’s race, sex, gender, pregnancy, gender identity or expression, color, creed, religion, national origin, nationality, citizenship, age, physical or mental disability or medical condition as defined under applicable law, genetic information, marital status (including domestic partnerships and civil unions as defined and recognized by applicable law), sexual orientation, culture, ancestry, familial or caregiver status, military status, veteran’s status, socioeconomic status, unemployment status, status as a victim of domestic violence, or other basis prohibited by law, regardless of whether such individual protections are legally mandated.

5.2. *Our employees’ privacy rights*

Five Star respects our employees’ privacy rights. We will strive to ensure that our employees are supported in maintaining their own privacy and that of others through training and awareness of the importance of careful handling of their own data and that of our customers.

5.3. *Accountability to our employees*

Five Star will maintain appropriate channels and encourage employees to raise ethics, discrimination, harassment or retaliation concerns, along with reporting suspected violations of applicable law, regulations, or rule or breaches of Five Star policy or procedure. This includes maintaining a channel for employees to report their concerns anonymously. Five Star will take appropriate steps to ensure a thorough, fair, and timely investigation and resolution of concerns raised. Retaliation for raising any concern in good faith is strictly prohibited.

6. Our Suppliers

Five Star will strive to respect human rights through its supply chain by encouraging our suppliers to conform their practices to the objectives in our Third-Party Vendor Code of Conduct, and by making efforts to do business with vendors whose corporate values and performance is consistent with our own. We expect that our suppliers will respect human rights by prohibiting the use of forced or trafficked labor and harmful child labor, enforcing fair and competitive compensation and benefits that meet or exceed applicable law requirements, respecting diversity in the workplace, and providing healthy and safe working conditions.

7. Our Retail Customers

Five Star strives to prevent impacts to the rights of our customers and prospective customers. Our business touches the lives of both customers and prospective customers in ways that can enhance and empower them but could risk impacting their rights, including the risk of discrimination in who receives our financial services and risks to privacy rights through our collection of data.

7.1. Preventing discrimination

We will take all appropriate steps and action to ensure that we do not deny customers access to finance based on race, religion, gender, sexual orientation, or socio-economic status. Customer-facing employees will receive appropriate annual training on fair lending to reinforce this commitment. We will also strive to ensure that our products and services are accessible and designed to serve our customers' varied needs.

7.2. Respecting our customers' privacy rights

We will prioritize the fair, ethical and lawful collection, use, processing and protection of customers' personal information, which respects individual privacy rights.

8. Policy Assurance Methods

8.1. Related Procedures

This Policy advances core objectives set forth in Five Star's overarching Environmental-Social-Governance Program, informs our Vendor Code of Conduct, and works in concert with our Environmental Responsibility Policy. Material risks, including material DEI and social risks, are integrated into Five Star's Enterprise Risk Management Program. Further policy expectations relative to governance are set forth in Item 9 below.

8.2. Awareness and Training Methods

This policy will be maintained on the Company's intranet site. The Company will deploy an annual acknowledgement process for employees to acknowledge that they read and understand the terms of all company policies, inclusive of this policy. Because ESG touches upon all aspects of our operations, senior and executive leaders are expected to stay abreast of ESG developments and advance ESG related objectives in areas within their primary oversight, including ensuring appropriate awareness and training, in collaboration with our Corporate Secretary who provides day to day ESG leadership and our Chief Human Relations Officer who oversees all human capital functions including talent development and training.

8.3. Policy Adherence Methods

Management will take appropriate steps to ensure adherence to this policy, inform the Chief Risk Officer and Corporate Secretary of any compliance related issues or concerns, and report relevant ESG matters within their respective span of control to applicable Management-Level and Board Committees.

8.4. *Update Requirements*

At least annually, this policy will be updated by the Chief Human Resources Officer and reviewed and approved by the Company Risk Committee, the Board's Risk Oversight Committee, and the Board of Directors to ensure that it remains current and relevant of evolving risk and industry practices.

8.5. *Consequences of Violating the Policy*

Failure to comply with this Policy may subject Five Star 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.

8.6. *Exceptions and Exemptions*

Any exception to this policy must be pre-approved by the Chief Human Resources Officer and Corporate Secretary. The Company Risk Committee and the Board's Risk Oversight Committee shall be informed of any policy exceptions at their respective next scheduled Committee meetings.

9. **Governance**

Because sustainable business practices are a fundamental pillar of Five Star's three-year strategic plan, ESG is regularly reviewed the Board of Directors and its Executive Committee.

The Board's Nominating and Governance Committee regularly reviews the efficacy of the Company's governance framework, the Board's Risk Oversight Committee oversees all material risks including ESG related risks such as DEI and human rights risks, and the Board's Audit Committee oversees financial disclosure, including disclosure relative to the Company's ESG practices.

Five Star also maintains an Enterprise Risk Management Program, based on the COSO1 framework. Our ERM Program is designed to identify and manage risks, including relevant DEI and human rights risks, within our Board-approved risk appetite and is aligned to Five Star's objectives to assist in meeting our strategic objectives. The Company Risk Committee, chaired by our Chief Risk Officer, will regularly review the administration of the ERM Program, with ensuing oversight provided by the Board's Risk Oversight Committee. The ERM Program and Company's Risk Appetite Statement are updated and approved by the Board at least annually to ensure that they remain current and relevant.

10. **Public Disclosure**

Five Star will report on material ESG matters through public channels, including our company website and our Annual Report.

11. **Version History**

Provide a version history of the policy, including sections updated, brief high level description of material changes to the policy and date of last review/update.

Version #	Sections Updated	Description of Changes	Date of Last Review/Update
1.0	All	Implementation of new Policy format	4/14/2022

¹ The Committee of Sponsoring Organizations of the Treadway Commission, updated 2017.