

## **Policy Statement of Southern Bancorp, Inc.**

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### **CODE OF CONDUCT POLICY**

This Code of Conduct (“Code”) articulates to Southern Bancorp, Inc., personnel general principles for their conduct on all aspects of business activities involving Southern Bancorp, Inc. and its subsidiary and affiliated organizations (hereinafter collectively referred to as employees) are based on merit, without favoritism or prejudice, and that all employees are aware of the high standards of conduct which must be followed at all times to serve the best interests of Southern. All employees must conduct Southern business in an honest, legal, and ethical manner.

### **APPLICABILITY**

This Code applies to all Southern employees (holding company, bank and nonprofit). This Code governs the conduct of Southern employees whether or not applicable law or custom requires its observance.

### **COMPLIANCE WITH CODE OF CONDUCT AND BANK BRIBERY LAWS**

Federal and state bank regulatory agencies mandate all banks adopt internal codes of conduct or written policies, or to amend their present codes of conduct, to include provisions that explain the general prohibitions of the bank bribery law. Southern’s policy is to adhere to all national, state, and local statutes, rules, and regulations.

Each Southern employee is responsible for compliance with this Code and for taking steps to see that employees under his or her supervision comply fully. Each Southern employee will be provided a copy of this Code upon employment. Employees should consult with their supervisor, someone in management, Human Resources or the Director of Internal Audit concerning the application of the Code to particular situations. Any employees having information, knowledge, or suspicion of any proposal or transaction in violation of this Code must promptly report the matter to their supervisor, someone in management, Human Resources or the Director of Internal Audit.

All employees must provide full assistance and disclosure to both internal and outside auditors in connection with any compliance review. The person responsible for evaluation, interpretation and decisions pursuant to this Code is the Director of Internal Audit in collaboration with appropriate management or the Audit Committee Chair. The Audit Committee of Southern’s Board of Directors will review compliance with the Code on an as needed basis, using the services of internal auditors, outside auditors or others as may be required.

### **CONFLICTS OF INTEREST**

Southern employees are prohibited from self-dealing or otherwise exploiting their positions with Southern in order to obtain an opportunity not available to other persons or that is available only because of the

representative's position with the Company. Southern employees are required to disclose all potential conflicts of interest to their immediate supervisor or Human Resources, including conflicts arising from personal relationships with customers, suppliers, business associates, or competitors.

The following guidelines apply to potential conflicts of interest:

- a) An employee cannot have a significant financial interest in any business or organization if that position or interest would interfere in any way with the performance of the employee's duties with Southern or his or her ability to place Southern's interest first in any business transaction. Employees shall disclose to their supervisor any significant financial interest, which they, or members of their immediate family, have in any organization doing business with Southern.
- b) Any Southern employee's appointment or election to membership on the board of directors, committee, or similar body of any outside company, organization, or governmental agency (other than religious organizations) must be reviewed and approved by the employee's supervisor to ensure no conflict of interest.
- c) Southern employees cannot buy or sell any tangible or intangible property, such as real estate, equipment patents, or securities, the purchase or sale of which Southern may be considering from or to third parties, or inform others of such contemplated transactions.
- d) Southern employees cannot receive payments, gifts or other favors from suppliers or customers beyond the common courtesies normally extended in business relationships.
- e) Except when directly related to matters of benefit to Southern or required by legal authority, employees must not assist others in planning, implementation, or marketing of products or services which are substantially the same as or similar to those sold or provided by Southern.

## **EXCEPTIONS TO THE CONFLICTS OF INTEREST**

Consistent with the intent of bank bribery statutes, this Code prohibits any Southern employee, officer, or director, agent or attorney, its subsidiaries or affiliate organizations from soliciting for themselves or for a third party anything of value from anyone in return for any business, service or confidential information of Southern, its subsidiaries or affiliates, and accepting anything of value (other than bona fide salary, wages and fees) from anyone in connection with the business of Southern, either before or after a transaction is discussed or consummated.

General exceptions to the prohibition regarding accepting items of value in connection with Southern's business are as follows:

1. Acceptance is based on a family or personal relationship existing independent of any business of Southern.
2. A benefit is available to the general public under the same conditions on which it is available to the Southern employee.
3. A benefit would be paid for by Southern as a reasonable business expense if not paid for by another party.

Specific exceptions to the prohibition regarding acceptance of items of value in connection with Southern business include:

1. Acceptance of gifts, gratuities, amenities, or favors based on obvious family or personal relationships (such as those between parents, children, or spouse of a Southern representative) where the circumstances make it clear that it is those relationships, rather than the business of Southern, which are the motivating factors.
2. Acceptance of meals, refreshments, entertainment, accommodations, or travel arrangements, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is for bona fide business discussions or to foster better business relations, provided that Southern would pay for the expense if not paid for by another party.
3. Acceptance of loans from other banks or financial institutions on customary terms to finance proper and usual activities of Southern representatives, such as home mortgage loans, except where prohibited by law.
4. Acceptance of advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars, and similar items.
5. Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers.
6. Acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday, or birthday.
7. Acceptance of civic, charitable, educational or religious organization awards for recognition of service and/or accomplishment.

By adopting a Code of Conduct with appropriate allowances for circumstances such as those mentioned above, Southern recognizes that acceptance of certain benefits by its representatives does not amount to a corrupting influence on the Company's transactions.

On a case by case basis, the Company may approve other circumstances, not identified above, in which a representative accepts something of value in connection with Company business provided that such approval is made in writing on the basis of a full written disclosure of all relevant facts and is consistent with the bank bribery statute. This approval should be documented and Internal Audit notified with the document being filed with Human Resources.

Any Southern representative who receives something of value from a customer beyond what is authorized in this Code is subject to a policy violation and should consult with the Director of Internal Audit.

## **PROTECTING INFORMATION**

During the normal course of business, employees learn many things about the Company's business, employees, clients, and customers. Much, if not all of the information will be the type of information that must remain strictly confidential. To reveal proprietary, confidential, business, financial, personnel or personal information to anyone, unless work requires it, is a breach of the trust and confidence placed in the Company.

- a) Confidential information is not to be discussed or made available to anyone outside of Southern.

- b) Any request for confidential information, whether by telephone or otherwise, should be referred to the immediate supervisor or management unless the employee is specifically authorized to release that information.

### **CORPORATE POLITICAL CONTRIBUTIONS**

No political contributions may be made at any time with corporate funds, directly or indirectly, except where contributions are legal under applicable laws. However contributions to support issues that would normally be considered non-partisan, such as a campaign to renew a county welfare levy or to raise funds for some civic purpose, are exempted from this policy. Moreover, this policy does not prevent Southern from continuing to take public positions on issues important to its business and to the welfare of its employees and shareholders.

### **PERSONAL POLITICAL CONTRIBUTIONS**

Southern encourages its employees to participate in appropriate community, civic, and political activities of their individual choice. Such participation, whether in the form of time, money, or property, must be a purely personal decision. No attempt will be made to influence any employee to contribute personally to any political party or candidate against his own personal inclinations. However, this policy does not preclude Southern from affording employees the opportunity to contribute personally to a political party or candidate through a political action committee or otherwise, should they wish to do so voluntarily.

### **SPECIAL PAYMENT TO OTHERS**

Company funds or other assets shall not be used for improper payments and employees shall not at any time make any improper payment or “kickback”, or pay any extra-contractual commission, discount or fee, or authorize or knowingly allow any employee reporting to him or her to make such improper payment to any government official or employee, to employees of customers or to any other person, or participate in any transaction which such employee understands or believes will not be properly recorded in Southern’s books of account in connection with any business activity of Southern.

### **RECORDS**

The results of Southern’s operations must be recorded in accordance with the requirements of law and general accepted accounting principles. It is Company policy, as well as a requirement of law, to maintain books, records, and accounting which, in reasonable detail, accurately and fairly reflect the business transactions and disposition of assets of Southern. In order to carry out this policy and assure compliance with applicable laws, no employee should take, or permit to be taken, any action in a manner where-by Southern’s books, records, and accounts would not accurately, fairly and completely reflect the action taken. No false or misleading entries can be made in any books or records of Southern for any reason, and no fund, asset or account of the Company may be established or acquired for any purpose unless such fund, asset or account is accurately reflected in the books and records of the Southern. No corporate funds or assets can be used for any unlawful purpose. Company records, including personnel records, are confidential and should be disclosed only to authorized persons or in accordance with legal process.

Southern employees shall always provide complete and accurate information in response to inquiries from Southern's internal auditors, independent outside auditors or regulators and shall not make misleading statements to or withhold significant information from Southern's auditors or regulators.

Upon employment by Southern, all employees will be provided a copy of this policy and will be asked to sign an acknowledgement of the Code of Conduct Policy and an agreement to comply with it.