



Anti-Bribery and Anti-Corruption Policy

INTRODUCTION

This document sets out Mercantile's Policy on Anti-Bribery and Anti-Corruption. It must be read in conjunction with other company documents, such as the Code of Ethics and other related documents which the Company may adopt from time to time. Mercantile is committed to doing business with integrity and the highest ethical standards, in accordance with all applicable anti-bribery and anti-corruption laws and regulations.

PURPOSE

The purpose of this policy is to set standards for the prevention of corruption and bribery, to outline clear guidance for compliance with all applicable anti-bribery and anti-corruption laws, and provide direction for the reporting of any suspected violations.

WHO IS COVERED

This policy applies to all individuals working at all levels of the Company, including directors, officers, managers, employees (whether temporary or permanent), interns (collective, Employees); and to any third party (Third Party) working on Mercantile's behalf. Third Party includes all relevant suppliers, contractors, business partners and relevant customers.

DEFINITION OF BRIBERY AND CORRUPTION

Bribery is offering, giving, promising, soliciting, or accepting anything of value (financial or non-financial) to a government official or any other person, directly or indirectly through a third party, to improperly influence that person in the performance of a duty or to obtain or retain business or any undue business advantage. Corruption is the abuse of entrusted power for personal gain. Bribery and fraud are considered corrupt practices. All Employees and Third Parties are prohibited from engaging in any acts of bribery or corruption, either directly or through a third party.

FACILITATION OF PAYMENTS AND KICKBACKS

Facilitating payments are a type of bribe. They are usually defined as payments made to expedite or facilitate the performance of a public official for a non-discretionary, routine governmental action. Kickbacks are the sellers' return of part of an item's purchase price to a buyer or buyer's representative to induce a purchase or improperly influence future purchases. Facilitating payments and kickbacks, whether legal or not in a country, are prohibited under this Policy.

Employees must notify the **Internal Audit Director** or **Chief Risk Officer** when a facilitation payment request is identified.

DEFINITION OF GOVERNMENT OFFICIALS

All interactions with government officials must comply with this Policy, Mercantile's Code of Ethics and with all applicable laws, rules, and regulations. All such interactions must adhere to Mercantile's commitment to act in compliance with the highest ethical standards and to conduct business honestly and legally, and Employees and Third Parties should not create the appearance of impropriety regardless of whether there was any improper intent. A government official may include anyone, regardless of rank or title, who is:

- An officer or employee of any local, provincial or national government, including government agencies (for example, police officers, firefighters, members of the military, tax authorities, customs inspectors, food and drug agency regulators, etc.);
- A director, officer, representative, agent or employee of any government-owned or controlled business or company;
- Any person with the responsibility to allocate or influence expenditures of government funds, including persons serving in unpaid, honorary or advisory positions;
- An officer or employee of a public international organization (for example, the United Nations, International Red Cross, World Bank, etc.);
- Any person acting in an official capacity or on behalf of any government or public international organization (for example, an official advisor to a government);
- Any officer or employee of a political party;
- Any candidate for political office; and
- A close relative (for example, parent, sibling, spouse or child) of any of the above.

GIFTS, HOSPITALITY, TRAVEL & ENTERTAINMENT

Gifts, hospitality, travel, and entertainment may not be used to influence any person or to obtain or retain an improper business advantage for the Company. Employees and Third Parties must not offer, give, promise, solicit, or accept any gift, hospitality, or any other thing of value to any person:

- Which could be regarded as illegal or improper, or which violates the recipient's policies; or
- Which was intended to improperly affect or influence the outcome of a business transaction; or
- Which could be regarded as affecting a business transaction.

It is Mercantile's policy that employees, regardless of their capacity, cannot accept for their personal benefit, gifts, gratuities, trips, entertainment from anyone buying from us or selling to us, or in any way serving our Bank with a cumulative value greater than \$200 annually without preapproval by the employee's supervisor. Gifts and gratuities are defined to include, but are not limited to: kickbacks in the form of money or merchandise, "special" discounts only to one employee, vendor-paid trips, holiday or birthday gifts. Any gift, hospitality or other expense which exceeds \$200 for any individual or event or that exceeds \$200 for any individual or event in the aggregate in any given calendar year must be preapproved prior to payment.

GIFTS NOT ALLOWED

- Cash or the equivalent (e.g., gift cards or vouchers)
- Gifts, travel or hospitality costs to family members of government officials
- Gifts that violate local customs, rules or regulations governing the conduct of the government official, or that would reflect badly on the Mercantile.

CHARITABLE CONTRIBUTIONS

From time to time, the Company may make charitable donations in the form of in-kind services, knowledge, time, or direct financial contributions. Charitable contributions are acceptable, provided:

- The request for a donation is made in writing and sufficiently describes the charitable purpose of the donation, any business reason for the donation, and all details about the recipient;
- The donation is legal and ethical under local laws and practices;
- Proper due diligence is performed to ensure that the recipient is a bona fide charitable organization and the recipient has no connection to a government official who is in a position to act or take a decision in favor of the Company;
- The donation will not be misused in exchange for a business benefit or advantage;
- It is approved in writing by the **Giving Committee** or **Bank President** in advance;
- It is accurately recorded in Mercantile's books and accounting records.

WORKING WITH THIRD PARTIES

As noted above, because anti-bribery laws prohibit "indirect" as well as direct offers and payments, the Company and you may be held liable for the conduct of Third Parties such as Mercantile's agents and business partners when we know or reasonably should have known of the unlawful conduct. Turning a "blind eye" or ignoring "red flags" that something may be wrong does not exonerate you or the Company from liability. Authorizing a Third Party to do something that you cannot do directly is a violation of this Policy.

DUE DILIGENCE & CONTRACT REQUIREMENTS

Before entering into a relationship with a Third Party, the responsible Officer must first conduct a reasonable investigation into the Third Party's background, reputation, and business capabilities through Mercantile's **Vendor and Risk Management Department**. This investigation is called due diligence and should be documented by using the policies and procedures developed for this purpose.

All Third Parties engaged by the Company to provide services require a valid and approved contract. No contract with a Third Party should be concluded until the due diligence has been completed and the Vendor Risk Management Office has deemed it satisfactory and approved it.

REPORTING AND ANTI-RETALIATION

It is the responsibility of Employees and Third Parties to prevent, detect, and report bribery and corruption. You must notify the **Internal Audit Director** or **Chief Risk Officer** without delay if you believe or suspect that a violation of any bribery or corruption laws or this Policy has occurred or will occur in the future. If you are unsure whether an act constitutes bribery or corruption, or if you have other questions or concerns, you must raise your concerns with the **Internal Audit Director** or **Chief Risk Officer**.

Alternatively, if you wish to report such matters anonymously, you may submit a description of the concern or complaint using the "Business Conduct Contact Form" on Mercantile's website by selecting "Investor Relations" at the bottom of the main page, then "Resources", then "Business Conduct Contact Form", or click here [Feedback | Mercantile Bank](#)

Mercantile prohibits any form of discrimination, harassment or retaliation against any person who raises a concern in good faith or refused to participate in conduct that would violate law or this Policy. All reports will be investigated and appropriately addressed. The Company will attempt to keep its discussions with any person reporting a violation or concern confidential to the extent reasonably possible, subject to applicable law.

RESPONSIBILITIES

Employees who see something suspicious are required to say something, even if it is their manager or other superior who may be violating the policy. Employees are obligated to cooperate with all Company investigations into any type of misconduct. Failure to comply with any provision of this Policy is a serious violation, and may result in disciplinary action, up to and including termination, as well as civil or criminal charges.