

# NICOLET BANKSHARES, INC. WHISTLEBLOWER (ANTI-FRAUD) POLICY

## **PURPOSE**

The purpose of the Whistleblower (Anti-fraud) Policy (the “Policy”) is to facilitate the development of controls which will aid in the detection and prevention of fraud at Nicolet Bankshares, Inc. and its subsidiaries (“Nicolet”). The Policy supports Nicolet’s commitment to protecting its employees, shareholders, customers, revenue, property, reputation, financial reporting integrity and other assets.

It is the intent of Nicolet to promote consistent organizational behavior by providing guidelines and assigning responsibility for the prevention and detection of fraud to each employee, through the development of controls and the conduct of investigations. Nicolet needs the collective commitment of all employees to effectively identify and manage the challenges and exposures that fraud and misconduct can present.

## **SCOPE OF POLICY**

Applies to every Nicolet associate, officer and the Board of Directors without exception.

Nicolet has a zero tolerance policy regarding fraud and corruption. All matters raised by any source will be taken seriously and properly investigated.

This Policy applies to any fraud, or suspected fraud, involving Nicolet’s directors, officers and employees.

Any investigative activity will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship to the Company.

## **DEFINITIONS**

### **Fraud Investigation Team**

- Consists of those internal staff responsible for Nicolet’s compliance, audit and key control functions, as well as members of the Senior Management Oversight Committee as deemed necessary. See the Whistleblower Policy-Addendum (“Addendum”) for named participants of the Fraud Investigation Team;
- Is responsible for investigating, fact gathering and reporting of the details substantiating or dispelling the potential fraudulent actions;
- Has free and unrestricted access to all Nicolet records and premises;
- Has the authority to examine, copy and/or remove all or any portion of the contents of computers, files, desks, cabinets and other storage facilities on the Nicolet premises without prior knowledge and consent of any individual when within the scope of their investigation.

### **Senior Management Oversight Committee**

- Is led by the Chief Credit Officer/Compliance & Risk Manager and includes but is not limited to Nicolet’s Senior Risk Officers. See the Addendum for named participants of the Oversight Committee;
- Is responsible for communication to designated Nicolet personnel and the Audit and Compliance Committee, and ultimately to the Board, of all material and or reportable events or matters;

- Is responsible for decisions to prosecute or refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation after consultation with legal counsel and/or the Audit and Compliance Committee;
- For associates, has the authority to decide, based on the facts as presented by the Fraud Investigation Team, appropriate disciplinary action, up to and including termination of the employee involved in the fraudulent act. Should the members of the Fraud Investigative Team or the Senior Management Oversight Committee members disagree on the appropriate action to be taken, Management may present the facts directly to the Audit and Compliance Committee. Depending upon the circumstances and/or severity of the matter, the Audit and Compliance Committee may determine the appropriate action, or they may recommend an action and present it to the full Board of Directors.
- For officers and directors, has the authority to recommend to the Audit and Compliance Committee, based on the facts as presented by the Fraud Investigation Team, appropriate action, up to and including removal of the officer or director involved in the fraudulent act. Depending upon the circumstances and/or severity of the matter, the Audit and Compliance Committee may determine the appropriate action, or they may recommend an action and present it to the full Board of Directors.

#### **ACTIONS CONSTITUTING FRAUD OR CORRUPTION**

The following actions constitute fraud or corruption. This list is not exclusive.

- Any dishonest or fraudulent act
- Forgery or alteration of any document, check or other financial document or account
- Unauthorized use or disposition of funds, inventory, equipment, records or other assets
- Misappropriation of funds, securities, supplies, property or other assets
- Impropriety in the handling of or reporting of money or financial transactions
- Knowingly misrepresenting the financial strength and/or results of the organization including, but not limited to earnings management, improper revenue recognition, overstatement of assets or understatement of liabilities
- Profiteering as a result of insider knowledge of company activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing securities activities engaged in or contemplated by the company
- The offering, giving, soliciting or accepting of a material inducement or reward that may improperly influence the action of a person or entity.
- Providing, accepting or seeking anything of material value to/from customers, vendors or other persons (bribery, kickbacks) that are intended to influence a business decision or selection process
- Destruction, removal or inappropriate use of records, furniture, fixtures, equipment or assets
- Any substantially similar or related inappropriate conduct concerning an employee's moral, ethical or behavioral conduct that would contradict acceptable business conduct

## **REPORTING AN ACCOUNTING PROBLEM OR A VIOLATION OF LAW**

**It is the responsibility of every employee to immediately report suspected actions constituting fraud or corruption to his/her immediate supervisor, any member of the Fraud Investigation Team or Oversight Committee (see the Addendum), or submit an anonymous complaint or concern through the Ethics Hotline.** Nicolet engages an independent provider, to administer the Ethics Hotline. A complaint or concern can be submitted anonymously or on a confidential basis in any of the following ways:

- **Toll-Free Telephone:** (844) 410-0008
- **Website:** [www.lighthouse-services.com/nicoletbank](http://www.lighthouse-services.com/nicoletbank)
- **Email:** [reports@lighthouse-services.com](mailto:reports@lighthouse-services.com) (must include company name with report)
- **Fax alternative for written documents:** (215) 689-3885 (must include company name with report)

Individuals who report through the Ethics Hotline will have the ability to remain anonymous if they choose. Please note that the information provided by you may become the basis of an internal and/or external investigation into the issue you are reporting and your anonymity will be protected to the extent possible by law. However, your identity may become known during the course of the investigation because of the information you have provided. Reports are submitted by the Ethics Hotline to three individuals simultaneously (i.e. Nicolet's Audit and Compliance Committee Chair, the VP Human Resources Director/Legal Counsel, and the VP of Internal Audit, who shall confer and, in their collective sole discretion determine the course of action to take and by whom). The earlier a concern is expressed, the sooner we may be able to address or remedy the matter.

The reporting individual should never:

- Contact the suspected individual in an effort to determine facts or demand restitution.
- Discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Fraud Investigation Team, where legally permissible.

Any and all supervisors and or managers, once aware of such potential acts, must immediately report such acts through the Ethics Hotline or to the Fraud Investigation Team. Additionally, in the normal course of their duties, employees with supervisory/management responsibilities have ongoing deterrence and detection duties as follows:

- Must be knowledgeable of what wrongdoing can occur in their area of authority.
- Must implement and maintain effective monitoring, review and control procedures that are designed to prevent acts of wrongdoing.
- Must implement and maintain effective monitoring, review and control procedures that will detect acts of wrongdoing promptly should prevention efforts fail.

Authority to carry out these three additional responsibilities may be delegated to or shared with subordinates. However, accountability for their effectiveness cannot be delegated and will remain with supervisors and managers.

## **REPORTING OTHER VIOLATIONS OF THE CODE OF ETHICS OR EMPLOYMENT MATTERS**

While the Ethics Hotline is always available for your use, if you are aware of or suspect a violation of the Code of Ethics that does not involve our Bank's financial accounting, internal control or auditing practices, you may report it to your immediate manager, to Human Resources or through submission of an anonymous support ticket on Nicolet's intranet (such tickets are routed exclusively to the VP of Human Resources and the VP of Internal Audit). Employment-related concerns should continue to be reported through your

normal channels such as your supervisor or to Human Resources. For further details consult the Code of Ethics.

If you do not feel comfortable discussing a matter through the Ethics Hotline or an anonymous support ticket, you may report it directly to a Nicolet's Chairman & CEO, President & CEO, CFO, the Internal Audit Manager or the Audit and Compliance Committee Chair.

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### **INVESTIGATION AND REPORTING RESPONSIBILITIES**

The Fraud Investigation Team has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the Policy and to report its findings to the Senior Management Oversight Committee. Once a suspected fraud is reported, immediate action to prevent the theft, alteration or destruction of relevant records needs to occur. Failure to act can jeopardize insurance coverage under Nicolet's Blanket Bond policy.

The Senior Management Oversight Committee has the primary responsibility for communicating as appropriate to Nicolet personnel and the Audit and Compliance Committee. This Committee is responsible for the annual policy review.

### **CONFIDENTIALITY**

The Fraud Investigation Team/Senior Management Oversight Committee will protect the details and results of the investigation with the highest degree of confidentiality to the extent possible. Occasionally as deemed appropriate by the Senior Management Oversight Committee, various members of management may need to be consulted in conjunction with the investigation. Such members of management are expected to maintain strict confidentiality regarding the details of the investigation, where legally permissible.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is critical to avoid damaging the reputations of persons suspected that are subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

### **INFORMANT PROTECTION**

Any reprisal against any employee solely because that individual, in good faith, reported a suspected violation is strictly forbidden.

No employee of Nicolet or person acting on behalf of Nicolet in attempting to comply with the Policy, as related to reporting an incident or participating in an investigation in accordance with the requirements of this policy, shall be:

- Dismissed or threatened to be dismissed;
- Disciplined or suspended, or threatened to be disciplined or suspended;
- Penalized or any other retribution imposed, or
- Intimidated or coerced.

Violation of this section of the Policy will result in disciplinary action to the violator, up to and including dismissal.

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If, however, individuals make malicious allegations or routine unsupported allegations, action may be considered against the individual making the allegation.

### **ADMINISTRATION**

Management will review the Policy and its Addendum annually, provide revisions as needed, and present the Policy to the Audit and Compliance Committee for approval.

*Effective October 2018*

*For website distribution the Addendum is not included*