



Financial Institutions, Inc.
Director and Executive Stock Ownership Requirements
Amended: June 21, 2023

I. Purpose

The Board of Directors (“Board”) of Financial Institutions, Inc. (“FII”) believes that it is in the best interest of FII to align the financial interests of directors, the Company’s President and Chief Executive Officer (“CEO”), and Section 16 executive officers reporting to the CEO with those of FII’s shareholders. In this regard, the Board’s Nominating and Governance (“NG”) and Management Development & Compensation (“MD&C”) Committees recommended, and the Board adopted, the minimum stock ownership and retention requirements (“Requirements”) set forth herein as of the date noted above.

II. Participation and Effective Date

These amended Requirements become effective on June 21, 2023 for the calendar year commencing on January 1, 2023 and for each calendar year thereafter until modified or terminated. The Requirements apply to the following positions (collectively “Participants”):

- CEO and Section 16 Officers that report to the CEO
- Other Company executives as determined by the MD&C Committee, and
- Non-employee Directors of FII (“Directors”)

III. Determination of Requirements

The Requirements are determined at the start of each calendar year by FII’s Finance Department as a multiple of an Executive’s annual base salary and a Director’s cash-based retainer (“Requirement”). Individual requirements are established for each Participant as set forth below.

A. Executives

- 3.0x annual base salary for the President and Chief Executive Officer
- 1.5x annual base salary for Executive Vice Presidents (“EVPs”) of FII or Five Star Bank (“FSB”)
- 1.0x annual base salary for other executives that serve on the Executive Management Committee of FII or FSB.

The above multiples are subject to change by the Board on recommendation of the MD&C Committee.

B. Directors

- 3.0x Annual Board Cash Retainer

The above multiple is subject to change by the Board on recommendation of the NG Committee.

IV. Satisfaction of Requirements

Participants may satisfy the Requirements with common stock in the following categories (“Holdings”):

- Shares owned directly;
- Shares owned indirectly (e.g. by a spouse or a trust) if the Participant has a pecuniary interest in such shares;
- Vested restricted stock or other vested stock-based awards (excluding options) granted under FII of Five Star Bank’s incentive plans or other equity compensation arrangements;
- Unvested restricted stock/units subject only to time-based vesting requirements
- Shares held in FII's 401(k) Retirement Savings Plan;
- Unexercised options and unvested performance-contingent shares/units are not counted toward meeting the requirements; and
- Shares held in trust on approval of the MD&C Committee. Due to the complexities of trust accounts, requests to include shares held in trust must be submitted in writing to the leader of FII’s Human Resources Department who will review the request with the MD&C Committee for final decision.

The value of a Participant’s Holdings is based on the average closing price of the Corporation’s common stock over the 20 trading days preceding December 31 of the applicable calendar year. A Participant’s Requirement is based on the Participant’s role and the annual base salary or annual cash board retainer, as applicable, as of December 31 of the applicable calendar year (the “Determination Date”).

V. Retention Requirement

Barring an exception set forth below, Participants may not sell or dispose of any FII stock (whether by way of new share grants or the exercise of previously granted stock options or otherwise) until they achieve share Holdings equating to the Requirement. Once achieved,

barring an exception set forth below, Participants must maintain share Holdings equating to the Requirement for as long as the Participant is subject to the Requirement.

As example, barring an exception noted below, a Director with an annual cash retainer of \$100,000 on the Determination Date and the 3.0x multiple noted above, may not sell any FII stock (whether by way of new share grants or the exercise of previously granted stock options or otherwise) (except as needed to cover taxes associated with a stock award*) until they reach their \$300,000 Requirement, and any future sale or disposition must maintain at least \$300,000 in Holdings. Similarly, as example, barring an exception noted below, an EVP with an annual base salary of \$300,000 on the Determination Date and the 1.5x multiple noted above, may not sell any FII stock (except as needed to cover taxes associated with a stock award*) until they reach their \$450,000 Requirement, and any future sale or disposition must maintain at least \$450,000 in Holdings.

While FII performs periodic monitoring and oversight of these Guidelines, each Participant is ultimately responsible for ensuring their compliance with these Requirements and meeting and maintaining the retention Requirement.

*Notwithstanding any provision in these Requirements to the contrary, no Participant shall be precluded from selling or forfeiting any equity awards for the sole purpose of paying any applicable exercise price or satisfying mandatory tax withholding obligations arising in connection with the vesting of any equity awards.

To be excluded from their Requirement for any purpose, a Participant must request an exception as set forth in Item VI below.

VI. Exceptions

The MD&C Committee has the discretion to enforce the Requirements of Executive Participants and the NG Committee has the discretion to enforce the Requirements of Director Participants on a case-by-case basis.

There may be instances in which the Requirements would place a severe hardship on the Participant or prevent the Participant from complying with a court order, such as in the case of a divorce settlement. It is expected that these instances will be rare. In these instances, the MD&C or NG Committee, respectively, will make the final decision regarding development of an alternative stock ownership requirement for the Participant that reflects both the intention of these Requirements and the personal circumstances of the Participant.

Exception requests related to the retention requirement above must include the reason for the exclusion, current status with respect to the Requirements, and a description of the stock transactions for which the exclusion is being requested.

VII. Reporting and Compliance

The MD&C Committee administers the Requirements of Executive Participants and the NG Committee administers the Requirements of Director Participants. Progress and compliance in achieving the minimum ownership guidelines will be reviewed at the end of each calendar year and reported to each Committee.

At the beginning of each calendar year, all Participants will receive notification from the Human Resources Department of the status of their respective Retention Requirement. Participants that have not met the minimum Retention Requirement may not sell or dispose of any stock as set forth in these Guidelines until the Participant provides notification and documentation to the respective Chair of the NG or MD&C Committees and to FII's Corporate Secretary indicating that he or she has met the applicable Requirement based on the valuation used for the most recent Determination Date.

Because a Participant is subject to the Retention Requirement until he or she satisfies the specified guideline level of ownership and must maintain Holdings that thereafter meet the Requirement as set forth in these Guidelines, there is no minimum time-period required to initially achieve the Requirement. A Participant will not be deemed to be in violation of these Requirements prior to initially satisfying the guideline level of ownership so long as he or she complies with the Retention Requirement during that time.

The NG and MD&C Committee each have respective discretion to enforce these Requirements on a case-by-case basis and to recommend changes to these Requirements to the Board as said Committees deem appropriate.

Violations of the Retention Requirement may result in the Participant not receiving future grants of incentive plan awards.

Repeated violation of the Retention Requirement may also result in a Participant receiving all or a portion of otherwise cash compensation in the form of stock.

VIII. Administration

The NG and MD&C Committee, respectively, will check on the status of compliance with the

Requirements annually. In the event of any conflict or inconsistency between these Requirements and any other policies, plans or other materials of FII, these Requirements shall govern.