

# **Apple Financial Holdings, Inc.**

## **Pandemic Policy**

**November 19, 2021**

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***POLICY NAME: Pandemic Policy***

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**REVIEW AND TRACKING CHART**

<b>Effective Date*:</b>	November 19, 2021
Version Number:	5.0
Policy Level:	Policy Level 3
Corresponding Board Review Frequency:	Triennial (Every 3 Years)
Board or Designated Board Committee:	Board Operations & Technology (O&T)
Last Board Review Date*:	November 18, 2020
<b>Next Board Review Date*:</b>	November 2023
Designated Management Committee:	Technology Operations Planning Committee (TOPC)
Last Management Review Date*:	November 19, 2021
<b>Next Management Review Date*:</b>	November 19, 2022
Policy Owner:	David R James Technology, IT GRC-CM, BCP/DR

## I. POLICY PURPOSE STATEMENT AND SCOPE

Organizations, including the Bank, perform essential functions and provide services that may be affected in the event of a disaster, including a Pandemic (defined herein). Continuing to perform essential functions and provide optimal services is vital to an organization's ability to remain a viable entity during times of increased threats. Accordingly, the threat to continuity of the Bank's operations is great during a Pandemic outbreak and it is critical to have a Pandemic Policy to help ensure that it can carry out essential functions and services.

Considering the possibility of a Pandemic virus or any other highly-infectious disease in our community or worldwide, the Pandemic Policy for Apple Bank for Savings (the "Bank" or "ABS") has been developed in the case where a threat of this magnitude impedes the delivery of critical financial services. The Policy was prepared taking into consideration the Federal and State agencies (e.g., Center for Disease Control [CDC], New York State [NYS] Department of Health, and subject matter specialists). Also, the Federal Financial Institutions Examination Council (FFIEC) Guidance and pertinent agency recommendations were taken into consideration.

The Pandemic Policy (the "Policy") applies to the implementation and management at Apple Financial Holdings, Inc. ("AFH"), inclusive of Apple Bank for Savings and its subsidiaries (collectively, "ABS," "Apple," or the "Bank"), to the extent applicable to such entity, in accordance with applicable state and federal statutes, rules and regulations.

All ABS employees and third-party resources engaged by the Bank must comply with the terms of this Policy to the degree applicable to them.

## II. DEFINITIONS

- **Annual or Annually:** Every twelve (12) months.
- **Control Form:** The form to be submitted to the PPA (defined in this Section) in connection with revised Policies, Standards, Procedures, or Manuals. The Control Form is available on AppleNet.
- **Immaterial Change:** A change that does not alter the substance of the policy in any way, but rather is a change only to grammar, formatting, template, typos, and the like.
- **Legal Contact:** The attorney from the Legal Department assigned to the group responsible for this Policy. The attorney does initial and ongoing reviews of the Policy; serves in an advisory capacity.
- **Material Change:** A change that alters the substance of the policy in any way or how it is applied, such as a change to a definition, phrase, vendor name, threshold, or anything beyond an Immaterial Change as defined above.
- **Pandemic:** An epidemic that has spread over several countries or continents, usually affecting a

large number of people. Epidemics occur when an agent and susceptible hosts are present in adequate numbers, and the agent can be effectively conveyed from a source to the hosts.

- **Policy Level 3:** A Regular Board Review Cycle level for a Policy, designated by Risk Management in consultation with Legal. Level 3 Policies require Triennial approval by the Board or a Designated Board Committee.
- **Policy Owner:** The person responsible for management and tracking of the Policy. This includes initiating the review of the relevant Policy and recommending updates to the Policy, to the extent needed. Policy Owners are responsible for obtaining the appropriate level of approval and providing the approved documents to the PPA (as defined in this Section) for upload to AppleNet. Additionally, the Policy Owner is responsible for presenting revisions and Policy exception requests for consideration.
- **Policies and Procedures Administrator (PPA):** The PPA is a member of Risk Management. The PPA monitors the occurrence and timeliness of scheduled Policy and Procedure reviews, obtains the updated versions of Policies, and ensures they are uploaded to AppleNet. The PPA shall review Policies and advise the Policy Owner if procedures have been errantly included in the Policy, and the Policy Owner shall revise accordingly. The PPA will also provide guidance regarding the use of the PPGP (as defined in this section) to Bank personnel.
- **Policy, Standards, Procedures, and Manual Index:** An index, maintained by the PPA, which sets out the Policy, Standards, Procedures, or Manual name, Owner, regularly scheduled review dates, Regular Board Review Cycle (to the extent applicable), Designated Management Committee, and Designated
- **Policy and Procedures Governance Policy (PPGP):** The PPGP establishes a standardized and consistent approach to the creation, review, approval and maintenance of Policies, Standards, Procedures, and Manuals across the Bank.
- **Regular Board Review Cycle:** The required periodic Board or Designated Board Committee approval process for a Policy, the frequency of which is determined by the designation of a Policy as a Level 1, Level 2, or Level 3 Policy.
- **Triennial or Triennially:** Every thirty-six (36) months

### III. KEY POLICY COMPONENTS

#### 1. Executive Summary

This document outlines ABS's requirements with respect to the implementation, management, monitoring, and compliance with its Pandemic Policy in the event of a Pandemic affecting its business operations. It defines and outlines the principles and guidelines that the Bank will apply the following core elements:

- Pandemic Response Coordination

- Identification of Essential Personnel
- Remote Work Locations Options
- Infection Control Measures

## **2. Objectives**

The objective of this policy is to establish a standardized and consistent approach to:

- ensuring the welfare and health of the Bank's employees and customers,
- minimizing the disruptions of its critical functions and services, and
- help the Bank maintain the trust and confidence of its customers by:
  - providing guidance to assist personnel in performing their respective duties and responsibilities, and
  - ensuring the availability of the Bank's critical financial services.

## **3. Key Components of Policy**

Pandemics are defined as an outbreak of a disease that occurs over a wide geographic area and affects an exceptionally high proportion of the population, possibly worldwide. The adverse economic effects of a Pandemic could be significant, both nationally and internationally. Due to their crucial financial and economic role, financial institutions should have policies and plans in place that describe how they will manage through a Pandemic event.

The Federal Financial Institutions Examination Council's (FFIEC) guidance indicates that Pandemic preparedness is an important of a financial institution's business continuity planning. Financial institutions should periodically review related risk management plans, including continuity plans to ensure their ability to continue to deliver products and services in a wide range of scenarios and with minimal disruption. This policy and subsequent Pandemic Plan will address the following:

### **a) Pandemic Response Plan Coordination**

It is the duty of the Pandemic Response Plan Coordinators to:

- Evaluate information provided by the Business Continuity Team and HR regarding the then current Pandemic situation.
- Recommend any changes to the Pandemic Plan, as circumstances warrant.
- Communicate with public health agencies, emergency responders and others regarding our plan and understand their functions and capabilities should an outbreak occur.
- Activate this plan should it become necessary.

The Board also appoints a team of management level and other appropriate staff to assist the Coordinators known as the Pandemic Response Team. The members of this team will include members of senior management.

Team member will select a back-up employee to assume their duties in case of their

own illness. This person works with his respective team member to be kept current on all emergency procedures. In addition, at least one person from each department/branch office will be appointed to act as coordinator for the activities affecting the department/branch in the event of a declared Pandemic.

**b) Service Levels**

During a Pandemic, federal, state and local government authorities might prohibit or severely curtail individuals' access to and use of public services and public transportation; close or prevent access to buildings or public highways; isolate or quarantine buildings' occupants; and prevent interstate or intrastate delivery of goods and services. The Bank cannot predict and has no control over the authorities' actions and acknowledges an obligation to follow the lawful directives of such authorities.

As circumstances warrant, the Bank must be prepared to reduce the service level for those operations that would require physical interaction between employees and customers; e.g., branch operations/hours. Reduction of staff is covered in the Recovery Strategy section of the departmental Business Continuity Plans.

**c) Identification of Essential Personnel**

The Bank has identified personnel, in the departmental Business Impact Analysis (BIA) whose jobs are vital to the Bank's continued operation in such emergencies. Although we expect that designated essential personnel would be available for work during a Pandemic, we acknowledge that essential personnel might become unavailable to work or unable to reach the worksite because of conditions beyond their control. Consequently, departments/business units within the Bank have identified alternate personnel that are designated as backups and are trained and equipped to fulfill the duties of essential employees that are not available.

**d) Remote Work Locations**

The Bank acknowledges that during a Pandemic, local, state or federal authorities might prohibit or severely curtail individuals' access to and use of public services and public transportation; close or prevent access to buildings or public highways; isolate or quarantine buildings' occupants; and prevent inter- or intrastate delivery of goods and services. The Bank cannot predict and has no control over such authorities' actions and the Bank acknowledges our legal duty to comply with external authorities' directives.

The Bank must be prepared to continue key operations from alternate work locations, including employees' home offices. The Bank must utilize technology (e.g., laptops and Virtual Private Network (VPN) access) allowing essential employees to telecommute.

Refer to the Bank's "Work from Home (WFH) Policy" on AppleNet for additional information and guidance.

**e) Infection-Control Measures**

In the event of a Pandemic the Bank will take a number of steps to minimize, to the extent practicable, exposure to and the spread of infection in the workplace, which workers' close proximity to one another potentially could facilitate. As appropriate, the Bank should employ the following measures for employees and/or customers to help protect

them outside of the workplace and encourage its employees to discuss their specific needs with a personal physician(s) and/or other appropriate medical, health and wellness professionals.

- **Customers:** (1) Encourage social distancing between employees and customers, and between employees and other employees. (2) Set forth reasonable distancing guidelines for waiting customers (e.g., based upon CDC and/or other official recommendations of the authorities). (3) Promote customer use of electronic banking services; e.g., online services, mobile banking and/or telephone banking, automated teller machines (ATMs) direct deposits, etc..
- **Ill employees:** The Bank expects employees who become sick and/or have been exposed to infected family members or others with whom employees have been in contact, to stay at home and seek medical attention as necessary and appropriate. The Bank expects staff members to notify the company as soon as possible after exposure or illness.
- **Mandatory employee training:** All employees are at risk of exposure to viruses, both in and outside the workplace; therefore, the Bank must provide and requires all employees to participate in training annually to become informed about what to do when a Pandemic outbreak is announced.
- **Personal-Protection Equipment (PPE):** The Bank must maintain adequate supplies of recommended PPE; e.g., face masks, rubber gloves and anti-bacterial hand gels and wipes. All employees are urged to speak with a physician about the types and proper use of PPE in and outside of the home.
- **Facilities maintenance:** The Bank's Facilities Management business unit must coordinate closely with the cleaning and waste-removal contractors to maintain our physical sites. The Bank must approve the installation or use, wherever possible, of equipment and/or cleaning methods to guard against the spread of infection in the workplace.
- **Employee Leave and Pay**  
In the event of infection from a Pandemic, the Bank will allow staff to use sick time, personal time and/or vacation time to address absences. In addition the Bank will also allow:
  - **Family and medical leave:** If applicable, the Bank will use *Family and Medical Leave* for any workers who fall ill or must be absent from work to care for a family member who falls ill. The Bank requires such employees to notify their manager/supervisor as soon as possible regarding the need for *Family and Medical Leave*. The Bank allows employees to use accrued paid annual and sick leave in lieu of unpaid *Family and Medical Leave*. Staff members are required to take unpaid *Family and Medical Leave* once all accrued paid leave is used.



- **Health Screenings**

To the extent there are symptoms associated with the infectious diseases that has created the pandemic, the Bank requires all employees and guest visiting one of the Bank's offices to complete a health screening prior to enter an office of the Bank.

- **Vaccinations**

To the extent a vaccine is available and approved for use by the Federal Drug Administration ("FDA"), the Bank will follow available public health guidance with respect to the vaccines effectiveness and efficacy and determine whether to encourage its employees to get vaccinated. If the Bank chooses to encourage its employees to receive the vaccine the Bank will determine at that time if it will provide paid time off to get the vaccine, if such requirement is not already required by the laws and regulations applicable to the Bank..

- **Business Travel**

The Bank makes all reasonable efforts to eliminate the need for business travel by taking advantage of technology that allows employees to communicate or otherwise operate from a remote location. Generally, in the event of a Pandemic, travel on the company's behalf is immediately suspended and limited to a select group of essential personnel who have obtained required travel authorizations from Human Resources.

**f) Communications**

- **Outside Entities:** The Bank, its Pandemic Response Team, and Business Continuity Team will monitor information from local, State, and Federal Agencies (e.g., CDC, NYS Department of Health, NYC Department of Health) to ensure legal compliance with emergency response protocols to which the Bank is subject and to coordinate efforts to maintain safety and security in and outside of the workplace. The principle authority agencies are as follows:

- World Health Organization: <http://www.who.int/en/>
- United States Health and Human Service: <http://www.hhs.gov/>
- Center for Disease Control & Prevention: <http://www.cdc.gov/>
- New York State Department of Health: <https://health.ny.gov/>
- New York City Department of Health: <https://www1.nyc.gov/site/doh/index.page>

In addition, the Bank should also monitor the following Offices of Emergency Management:

- New York: <http://www.dhSES.ny.gov/oem/>
- New York City: <http://www1.nyc.gov/site/em/index.page>
- New Jersey: <http://www.state.nj.us/njoem/> or <http://www.ready.nj.gov/>
- Connecticut: <http://www.ct.gov/demhs/site/default.asp>

In the event of a conflict between directives issued by the Bank and those issued by local, State, or Federal authorities; (e.g., Center of Disease Control [CDC]), the Bank will direct employees to obey the orders issued by local, State, and/or Federal law.

- **Action Escalation:** The Bank's Pandemic Response Team, which is responsible for ensuring our company's ability to continue operating in emergencies, will use existing corporate communication resources; e.g., corporate email, call tree, to direct specific actions based on the team's decision (e.g., "Full Site Shutdown", implementation of a "Work From Home" strategy) that take into account the seriousness of conditions at hand.

**g) Plan Testing**

The Pandemic Response plan will be reviewed on an annual basis. The Bank will validate the ability for staff to work remotely, where applicable on an annual basis. A table top exercise will be conducted every 3 years. Testing of the plan will include:

- Roles and responsibilities of management, employees, key suppliers, and customers;
- Increased reliance on online banking, telebanking, and call center services; and
- Remote access and telecommuting capabilities

#### **4. Escalation Procedures**

The Policy Owner will monitor this Policy. Any non-compliance with the Policy will be escalated to the Designated Management Committee for resolution. If the Designated Management Committee cannot resolve the issue, it will be further escalated to the Executive Management Steering Committee ("EMSC") for consideration. If the issue cannot be resolved by the EMSC, then it will be escalated to Board or Designated Board Committee for further consideration.

### **IV. REQUIRED PERIODIC REVIEW AND APPROVAL CYCLE**

#### **(A) Required Triennial (36 Month) Board Review and Approval Cycle (Policy Level 3)**

The Policy Owner is responsible for initiating a Regular Board Review Cycle on a Triennial (every 36 months) basis prior to the Next Board Review Date. The Policy Owner will track the Next Board Review Date for the Policy and begin the review process early enough to provide ample time for all necessary approvals to occur in a timely manner.

Once an updated Policy has been approved by the Designated Board Committee (or the Board, as the case may be), the updated Policy shall go into effect and the Policy Owner shall be responsible for delivering the approved Policy document to the PPA within seven days of the approval date so that it can be loaded in a timely manner to AppleNet or such other intranet site where Policies are stored and made available to the employees of the Bank.

#### **(B) Required Annual (12 Month) Management Review (Policy Level 3)**

This Policy shall be reviewed Annually by the Policy Owner, in consultation with the Legal Contact, and updated (if necessary).

If the changes are Immaterial Changes (i.e., no change to any substance of this Policy, but rather grammar, formatting, template, typos, etc.), or Material Changes that do not alter the scope and purpose of this Policy or do not lessen a requirement for transactions or actions governed under

this Policy (e.g., lowering a loan review threshold from \$5k to \$3k), such changes shall be submitted to the Designated Management Committee for final approval and no further approval is required. A record of all such changes shall be kept and submitted for reference to the Designated Board Committee (or the Board, as the case may be) during the Regular Board Review Cycle (or the next time the Policy requires interim Board approval, whichever comes first).

If the changes are Material Changes that alter the scope and purpose of this Policy or lessen a requirement for transactions or actions governed under this Policy (e.g., lowering a loan review threshold from \$5k to \$3k), then this Policy shall be submitted to the Designated Management Committee for review and recommendation of the updated Policy to the Designated Board Committee for review and final approval. If the Designated Management Committee cannot agree on an issue or a change to the Code, it shall be submitted to the EMSC for consideration.

Once the updated Policy has received final approval by either the Designated Management Committee or the Designated Board Committee (or the Board, as the case may be), the updated Policy shall go into effect and the Policy Owner shall be responsible for delivering the approved Policy document to the PPA within seven days of the approval date so that it can be loaded in a timely manner to AppleNet or such other intranet site where Policies are stored and made available to the employees of the Bank.

## **V. OFF-CYCLE REVIEW AND APPROVAL PROCESS**

If the Policy requires changes to be made outside the Regular Board Review Cycle outlined in the previous section, review and approval shall follow the Required Annual (12 Month) Management Review process outlined in Section IV(B) above.

## **VI. DESIGNATED COMMITTEES AND POLICY LEVEL REVIEW**

Risk Management, in conjunction with Legal, identifies the Designated Management Committee, Designated Board Committee (or the Board, as appropriate), and Policy Level for this Policy, and re-evaluates the same at least Annually. Changes, if any, will be communicated to the Policy Owner, who shall update the Policy accordingly, as well as the PPA.

## **VII. EXCEPTIONS TO THE POLICY**

Requests for exceptions to this Policy must be specific and may only be granted on specific items, rather than to entire sections. Any exception to this Policy must be made in accordance with the requirements set forth in Apple Bank's Exception Policy.

## **VIII. RETIREMENT OF POLICIES**

In the event this Policy needs to be retired or merged with or into another Policy, the Policy Owner must notify the PPA and provide a rationale for the proposed retirement or merger. The Bank's General Counsel and Chief Risk Officer will review the rationale and determine whether the requested action is appropriate. Notice of retired Policies shall be provided to the Board or relevant Designated Board Committee on a semi-annual basis.

## IX. ROLES AND RESPONSIBILITIES

The key roles and responsibilities for this Policy are summarized below:

**Bank Personnel:** Bank Personnel are responsible for understanding and following relevant Policies. Bank Personnel participate in the development or updates of Policies that exist within their business unit. When creating or updating Policies, Bank Personnel should follow the PPGP and utilize the associated Policy template which is available on AppleNet.

**Designated Board Committee:** The Designated Board Committee provides general oversight over management's administration of the Policy. The Designated Board Committee is responsible for initially approving this Policy and reviewing the Policy on a Triennial basis according to the Policy Level (refer to the Review and Tracking Chart).

**Designated Management Committee:** The Designated Management Committee is responsible for reviewing and approving changes to the Policy as set forth herein on an Annual basis (except in the year designated for Board approval) and submitting Material Changes to the Designated Board Committee, or Board, as appropriate.

**Executive Management Steering Committee (EMSC):** To the extent necessary, the EMSC shall consider matters that cannot be decided by the Designated Management Committee.

**Risk Management:** Risk Management, in conjunction with Legal, determines the initial Designated Management Committee, Designated Board Committee (or Board, as appropriate), and Policy Level of the Policy and the Regular Board Review Cycle for this Policy, and re-evaluates the same at least Annually.

**Chief Executive Officer (CEO):** The CEO is ultimately responsible for and assumes ownership and leadership of the strategic planning process and ongoing reporting to the Board of Directors as it relates to key HR matters and monitors the way senior management manages the businesses.

**Pandemic Response Coordinators:** The Board has appointed the CEO, and Head of Human Resources, as Coordinators for the Pandemic Response Plan. It is the duty of the Coordinators to:

- Evaluate information provided by the Business Continuity Team and HR regarding the current Pandemic situation.
- Recommend any changes to the plan as circumstances warrant.
- Communicate with public health agencies, emergency responders and others regarding our plan and understand their capabilities should an outbreak occur.
- Implement this plan should it become necessary.

**Senior Management:** Senior management, along with the CEO, have the responsibility to lead the Bank to align and integrate business line goals with ABS's strategic plan and is responsible for running the day-to-day operations of the Bank in compliance with applicable laws, rules, regulations and the principles of safety and soundness. This responsibility includes implementing appropriate HR policies and business objectives. Senior management will anticipate changes in the internal and external environment and proactively respond to changing circumstances. Senior management will be results- oriented but not at the expense of sound banking practices.

**Policy Owner:** *See Section II – Definitions.*

**Policies and Procedures Administrator (“PPA”):** *See Section II – Definitions.*

**Legal Contact:** *See Section II – Definitions.*

**Internal Audit:** The internal audit team is responsible for the periodic audit of this Policy. Internal Audit will review the processes and any related gaps will be identified as findings to be monitored and remediated.

## **X. RECORD RETENTION**

Any records created as a result of this Policy should be held pursuant to the Bank’s Record Retention and Disposal Policy. Should records created as a result of this Policy require a different retention period (either a shorter or longer time period), the Policy Owner (in conjunction with the relevant business area leader) must describe the rationale for a different retention period and share the rationale with the Designated Management Committee.

## **XI. QUESTIONS AND CONTACT INFORMATION**

Questions regarding compliance with this Policy may be addressed to the Policy Owner listed in the tracking chart on the first page.

## **XII. LIST OF REFERENCE DOCUMENTS**

- Work from Home (WFH) Policy

## **XIII. REVISION HISTORY**

Version	Date	Description of Change	Author	Approver
4.0	11/18/2020	Creation of a separate Pandemic Policy	David James, AVP BC/DR Specialist	Debi Gupta
5.0	11/19/2021	Realignment to policy template; added sections on Health Screenings and Vaccinations; added Contact information for Offices of Emergency Management for Tri-State Area	David James, VP BC/DR Mgr.  Sean Friedman AVP BC/DR Specialist	TOPC