



ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

BOARD APPROVED POLICY			
Environmental, Social and Governance Policy			
Approval Date:	May 7, 2020	Prior Approval Date:	New

I. INTRODUCTION

At First Choice Bancorp (“we,” “our,” or the “Company”), a main focus of our business is responsible growth and Environmental, Social and Governance (“ESG”) leadership. We acknowledge that every business decision we make has the potential to impact the environment and surrounding communities. We believe that balancing environmental and societal issues with financial priorities is fundamental to sound risk management and a core part of our corporate responsibility.

II. POLICY STATEMENT

To this effect, we have developed and adopted an ESG Policy that will guide our business decisions and relationships with our stakeholders, including employees, customers, vendors and the communities in which we operate. We are committed to ensuring that we adhere to best environmental practices, including such areas as resource management and waste minimization; as well as best social practices, such as financial inclusion and the equal treatment of all individuals.

We believe that our ESG Policy will not only promote positive environmental stewardship but also have an impact on our business sustainability as attention to environmental and social issues helps us to better manage risk, attract and retain critical talent, develop expertise and serve our customers better. Our Company’s ESG guidelines help determine how we use our capital and resources, as well as how and when we use our voice in support of our values. These guidelines further demonstrate how we hold ourselves accountable and allow us to create shared success with our clients and communities. Our ESG risk management process includes a proactive approach to ongoing identification and evaluation of risks that jeopardize the safety, human dignity and equal treatment of our employees, clients and communities; as well as global risks that threaten our environment. We have evaluated this process to ensure it is on par with industry best practices, with the Company’s Compensation, Nominating and Corporate Governance (“CNG”) Committee ultimate responsibility for its oversight. The ESG Policy is reviewed and approved at least annually by the CNG Committee and the full Board of Directors of the Company.

III. CLIENT RELATIONSHIPS

Our wholly-owned subsidiary, First Choice Bank (the “Bank”), serves a wide breadth of clients, from individuals and small businesses to larger commercial and charitable organizations, offering premier banking products and services tailored to each client’s needs. The Bank also serves local communities, particularly low-to-moderate income (“LMI”) neighborhoods, with investments and donations, community development lending and volunteer service hours, with a specific focus on financial literacy and in an aim to reach those individuals in typically financially-underserved areas.

Before moving forward with any new client, the Bank completes the necessary due diligence and a thorough risk evaluation to determine if a proposed transaction or relationship presents any potential risks, including those identified by the ESG Policy.

IV. ESG-RELATED DUE DILIGENCE

As detailed in Company policy and procedures, there are varying levels of due diligence required in advance of moving forward with any new client relationship or transaction. This due diligence includes the ESG-related items noted in this policy, such as cross-checking the Prohibited Activities list below. Standard ESG-related due diligence is performed when environmental and social

risks are well understood or expected to be relatively low based on the client or the type of business activity, industry or geography. If during the standard ESG-related due diligence process, any potentially heightened risk issues are identified, then enhanced ESG-related due diligence is performed. Enhanced due diligence involves a more in-depth review, including such tasks as direct client discussion on related environmental and social risks and review of regulatory filings, environmental and social impact reports, and other related assessments.

Prohibited Activities List

First Choice will not knowingly engage in illegal activities including:

- Bribery- including giving, offering, receiving or requesting bribes
- Child labor, forced labor or human trafficking- including engaging with companies or transactions in which a client is directly involved in child labor, forced labor or human trafficking
- Illegal logging or uncontrolled fire- including transactions in which a client engages in illegal logging or uncontrolled use of fire for clearing forest lands
- Transactions for illegal purposes- including transactions involving internet gaming in certain jurisdictions

V. POSITIONS ON KEY ISSUES

Climate change and energy

At First Choice Bancorp, we recognize that climate change poses a significant risk to our business, our clients and the communities where we live and work. We believe we have a responsibility to help mitigate and build resilience to climate change and support key sectors in the transition from a high-carbon to a low-carbon society, primarily through loan originations within the SBA's 504 loan program, including:

- Energy efficient design and retrofitting of buildings; in particular, deep retrofits required to meet climate goals
- Decarbonization of the power sector, including the enhancement and expansion of renewable energy, advanced nuclear and carbon capture, and storage/use technologies
- Electrification and low-carbon fuels for industry, transport and building heating
- Sustainable agriculture and reforestation
- New technologies, products and services as they evolve

As part of our strategy to address climate change, we have partnered closely with clients to finance the adoption of low-carbon solutions that are now in widespread commercial use; for instance, Leadership in Energy and Environmental Design ("LEED") and Energy Star-certified building construction, solar and wind power generation, electric vehicles and charging infrastructure, resource efficient agriculture, and canopy protection and reforestation.

Human Rights

In our operations throughout Southern California, we strive to conduct our business in a manner that meets our responsibilities to respect human rights and human dignity across all operations, including encouraging the Company's third-party vendors and other service providers to do the same.

VI. OUR OPERATIONS AND VENDORS

Operations Management

First Choice Bancorp recognizes that a focus on environmental and social issues must begin with addressing impacts from our own operations. We are therefore committed to make ongoing efforts to reduce paper and water consumption.

Our Vendors

We strive to work with vendors whose policies and practices are consistent with our own – from having diverse leadership, to paying an economically viable wage, to working to reduce their environmental footprints. We are committed to supporting minority-owned vendors because we believe this strengthens communities as well as our supply chain by driving innovation and competition. These initiatives are helping to drive positive impact while building resiliency throughout our supply chain.

VII. OUR WORKFORCE AND EMPLOYMENT PRACTICES

Our employees are central to everything we do and critical to our long-term success as a company. Accordingly, we are committed to ensuring First Choice Bank is a great place to work for our employees. We deliver on this commitment by being an inclusive workplace for all of our employees, creating opportunities for growth and development, recognizing and rewarding performance, and supporting our employees' physical, emotional and financial wellness.

Diversity and Inclusion

Being a diverse and inclusive company is core to our ability to serve the needs of our clients. We are strengthened by the diverse backgrounds, experiences and perspectives of our employees, and we strive to ensure our workforce represents the communities we serve — in thought, style, experience, culture, race, ethnicity, gender identity, and sexual orientation.

We are committed to maintaining a diverse and inclusive workplace free of discrimination. Our company's culture is to support in both policy and practice equal opportunities for employment, advancement and professional development, and prohibit discrimination or harassment of any kind on the basis of race, color, religious creed, religion, sex (including pregnancy, childbirth or related medical condition), genetic information, gender, gender identity, gender expression, sexual orientation, national origin, citizenship status, age, ancestry, marital status, medical condition, physical or mental disability status, military and veteran status, or any other factor that is irrelevant to employment and advancement or prohibited by law. Examples of the tools and processes we have in place to ensure that every employee is treated with dignity and respect can be found in our Diversity and Inclusion Policy (<https://www.firstchoicebankca.com/sites/www.firstchoicebankca.com/files/DiversityInclusionPolicy.pdf>).

We are also committed to continue to comply with Senate Bill (SB) 826, which mandates each publicly-held company headquartered in California to have at least one or more females on its board of directors by the end of 2021.

Fair Wages and Benefits

Paying fair and competitive wages and supporting all aspects of our employees' wellness are critical components of being a great place to work. We pay our employees competitively based on market rates for their roles and how they perform, and we regularly benchmark against other companies both within and outside our industry to ensure our pay is competitive in the market for comparable roles. Our company is committed to compensating all of our employees fairly and equitably based on performance, with equal pay for equal work, regardless of race or gender.

VIII. CONCLUSION

Environmental and social issues affect all companies operating in today's global economy. Properly managing these risks is a critical component of business success. Equally important is communicating the process by which those risks are managed to stakeholders. This ESG Policy outlines First Choice Bancorp's approach to environmental and social issues, and how that aligns with our fundamental business strategy of responsible growth. Moving forward, we will continually review this policy in light of feedback from stakeholders, future materiality assessments, market developments, evolving best practices and regulatory developments.