



Renasant Corporation
Corporate Policy

Responsible Sales Practices Policy

Sponsoring Department:
Executive Sponsor:
Board Committee:
Committee Approval Date:

Risk Management
Bo Baxter
Enterprise Risk Management Committee
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Responsible Sales Practices Policy

I. Purpose

Renasant Bank (collectively with its direct and indirect subsidiaries, the “Bank”) is committed to engaging in responsible sales practices that are consistent with applicable laws, regulations and guidance and Bank policies. This Responsible Sales Practices Policy (“Policy”) is intended to provide guiding principles that help ensure the Bank:

- Complies with applicable federal consumer protection laws and regulations, including laws that prohibit unfair, deceptive or abusive acts or practices;
- Minimizes risk of potential customer harm by requiring all employees and third party service providers to engage in responsible sales practices; and
- Develops and maintains appropriate risk-based controls to prevent, detect and correct such practices.

II. Scope

This Policy applies to all employees and third party service providers. Although the activities of employees and third party service providers who are involved directly or indirectly in the sale of consumer financial products or services are most directly impacted by this Policy, the principles set forth in this Policy apply to all of the Bank’s activities, including, without limitation, those products and services provided to commercial customers, in order to avoid any potential confusion or misleading of such customers in its acts and practices. With respect to the application of this Policy to third party service providers involved directly or indirectly in the sale of consumer financial products or services, this Policy requires that, when retaining any such provider, except in unusual circumstances the Bank will include contractual provisions requiring that the third party service provider comply with all applicable federal consumer protection laws and regulations (or applicable laws and regulations generally) and otherwise maintain its own internal policies, procedures, controls, etc. to the extent necessary (given the nature of the service provider’s involvement in the sale of consumer financial products and services) to result in such service provider’s compliance with this Policy; in connection therewith, prior to retaining any third party service provider, Bank personnel shall undertake such due diligence of the provider as determined to be necessary to verify that it can meet its contractual obligations and therefore be expected to comply with this Policy.

This Policy also applies to the Compliance, Legal and Human Resources Departments as well as executive and senior management and the Board of Directors of the Bank.

III. Overview

It is unlawful to engage in unfair, deceptive or abusive acts or practices (“UDAAP”) in connection with any transaction with a consumer or for a consumer financial product or service. The federal UDAAP laws apply to acts or practices involving the entire life cycle of a financial product or service, including marketing, sales, servicing and collections.

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Under Section 1031(c) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), an act or practice is “unfair” when: (a) it causes or is likely to cause substantial injury to consumers; (b) the injury is not reasonably avoidable by consumers; and (c) the injury is not outweighed by countervailing benefits to consumers or to competition. This term is similarly defined in Section 5 of the Federal Trade Commission Act.

Pursuant to the FTC Policy Statement on Deception, an act or practice is “deceptive” when: (a) a representation, omission, or practice misleads or is likely to mislead the consumer; (b) the consumer’s interpretation of the representation, omission, or practice is considered reasonable under the circumstances; and (c) the misleading act or practice is material.

Under Section 1031(d) of the Dodd-Frank Act, an act or practice in connection with a consumer financial product or service is “abusive” when it: (a) materially interferes with the ability of a consumer to understand a term or condition; or (b) takes unreasonable advantage of (1) a lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service; (2) the inability of the consumer to protect his or her own interests in selecting the product or service; or (3) the reasonable reliance by the consumer on a person subject to the UDAAP laws to act in the interests of the consumer.

The Consumer Financial Protection Bureau issued Bulletin 2016-03 in November 2016 on Detecting and Preventing Consumer Harm from Production Incentives that provides guidance and describes how unethical or illegal sales practices may lead to the violation of federal consumer protection laws and regulations.¹

It is the responsibility of all employees and third party service providers engaged in sales practices to adhere to this Policy to avoid engaging in unethical or illegal sales practices. It is the responsibility of all employees and third party service providers involved in the design, implementation and monitoring of sales practices to adhere to this Policy to avoid encouraging any employee or third party service provider to engage in any unethical or illegal sales practices.

IV. Policy Statement

It is the Bank’s policy to engage in responsible sales practices (with respect to both consumer and commercial sales) in a manner that is consistent with federal UDAAP laws and the Bank’s risk management program. The Bank will utilize all appropriate risk inputs across the enterprise to prevent, detect and correct potentially unethical or illegal sales practices.

Specifically, it is the Bank’s policy to:

¹ The CFPB Bulletin cites the following as examples of consumer protection laws and regulations that could be violated in connection with illegal sales practices: the Electronic Fund Transfer Act (EFTA), as implemented by Regulation E (15 USC § 1693 et seq.; 12 CFR Part 1005); the Fair Credit Reporting Act, as implemented by Regulation V (15 USC § 1681-1681x; 12 CFR Part 1022); the Truth in Lending Act (TILA), as implemented by Regulation Z (15 USC § 1601 et seq.; 12 CFR Part 1026); and the Fair Debt Collection Practices Act (15 USC § 1692- 1692p).

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- Make financial products and services available to existing or potential customers based on their qualifications and needs;
- Require, and obtain, consumers' fully-informed affirmative consent to enroll in financial products or services;
- Prohibit the use of deceptive or misleading statements to encourage existing or potential customers to consent to a financial product or service;
- Prohibit the improper use of pressure to persuade existing or potential customers to accept financial products or services;
- Prohibit employees or service providers from manipulating data or other information necessary for the Bank to monitor and assess sales practices effectively;
- Provide applicants with all disclosures and notices required by law;
- Train new and existing employees on their legal obligations in relation to responsible sales practices;
- Periodically monitor and test employee adherence to this Policy and take appropriate corrective action, if needed, in response to any findings;
- Conduct periodic risk assessments and audits of sales practices;
- Identify, track, and analyze consumer complaints and other relevant data relating to account opening and closing, sales practices, identity theft, and other fraud claims for indicia of unethical or illegal sales practices;
- Maintain a whistleblower hotline for employees to report unsanctioned or otherwise inappropriate sales practices;
- Solicit, document, and investigate allegations of employee misconduct or bank culture issues that are identified during the employee separation process;
- Contact consumers to seek confirmation of account openings or closings or transactions where there is indicia of fraud or other illegal activity, except where it is determined that such contact is not necessary and/or appropriate under the applicable circumstances; and
- Develop processes for compiling and evaluating all appropriate risk inputs in order to holistically evaluate legal or regulatory risk related to sales practices.

V. Roles and Responsibilities

The Bank's commitment to responsible sales practices is reflected in its belief that compliance with consumer protection laws is a shared responsibility at every level of the organization.

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Compliance with this Policy is the responsibility of all Bank employees and third party service providers involved directly or indirectly in the sale of any financial products or services throughout the life cycle of the product or service. All employees are expected to adhere to this Policy and should use one of the available notification methods described in the Bank's Employee Manual concerning any practices they believe to be inconsistent with this Policy. Non-compliance by employees may result in disciplinary action, up to and including termination of employment. Similarly, pursuant to contractual covenants in favor of the Bank, third party service providers are expected to adhere to this Policy (or their own internal policies that are substantially consistent with this Policy). Non-compliance by service providers may result in suspension or termination of the service agreement.

A. Salespeople

For purposes of this Policy, a "salesperson" is any employee with the ability to provide a customer with a financial product or service. The following list sets forth certain obligations and limitations on the actions of salespeople. Although this list is primarily directed to those involved in the sales of consumer financial products and services, salespeople involved in the sale of commercial financial products and services should conduct their activities in accordance with the principles underlying the obligations and limitations described below.

- All salespeople must take and process applications in a manner consistent with applicable federal and state laws, including (where applicable) consumer protection laws, and this Policy.
- All salespeople must adhere to, where applicable, the scripts, manuals, policies and procedures that have been created to guide the processes they perform.
- All salespeople must state, or provide written disclosures explaining, the terms and conditions of financial products and services, including material limitations on eligibility, accurately and completely.
- All salespeople must not enroll a consumer in a financial product or service without the consumer's affirmative consent obtained after the consumer has been informed (orally or in writing) of all of the terms and conditions.
- All salespeople must avoid steering a consumer or prospective consumer toward a particular financial product or service unless guided by the consumer's needs, requests and qualifications.
- All salespeople must avoid excessive rebuttals or high pressure sales tactics in response to a consumer or prospective consumer's decline to purchase a financial product or service or request to cancel a financial product or service.

B. Business Units

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All Business Unit personnel and management involved in the design, implementation and administration of sales plans, performance metrics, strategies, policies, procedures or training materials are responsible for ensuring such documents are consistent with applicable consumer protection laws and this Policy. The Business Unit is responsible for developing controls in conjunction with the Compliance Department (which is a part of the Bank's Risk Management Department) and maintaining controls designed to monitor adherence by Bank personnel and third party service providers to applicable laws, regulations and policies with respect to their sales practices. Included with these controls must be processes designed to compile data sufficient to enable the Incentive Compensation Committee (or any successor management committee)² and the Board of Directors to oversee the design and performance of Renasant's sales practices.

C. Compliance Department

The Compliance Department is responsible for monitoring and testing controls designed to monitor adherence by Bank personnel and third party service providers to applicable laws, regulations and policies, including consumer protection laws, regulations and policies, with respect to their sales practices. The Compliance Department must review and analyze all appropriate risk inputs that may indicate the occurrence of potentially unethical or illegal sales practices. Where issues are identified, the Compliance Department will provide reports and findings to the Incentive Compensation Committee. Where there is evidence that a potential violation of law or regulation may have occurred, the issue is promptly reviewed by senior representatives of the Compliance Department, in consultation with the Legal Department and/or outside legal counsel where necessary, who determine and take appropriate action.

The Chief Risk Officer, who oversees the Compliance Department, participates in reviews of reports received by a vendor-managed whistleblower hotline and conducts research regarding the alleged issue to determine whether or not compliance risk regarding sales practices exists. If so, the Chief Risk Officer will direct the Compliance Department to take appropriate action, in consultation with the Legal Department if necessary, to mitigate and/or eliminate risk.

D. Human Resources Department

The Human Resources Department will share necessary and appropriate information from employee exit meetings with the Compliance Department in a confidential manner where such information raises potential compliance risk regarding sales practices; the Legal Department may also be consulted, depending on the severity or extent of the compliance risk, as determined by the Chief Compliance Officer.

E. Senior Management

² The Incentive Compensation Committee is a Senior Management level committee that meets quarterly and is comprised of representatives of Senior Executive Administration, Compliance, Legal, Human Resources, Operations and Commercial, Community and Business Banking Lines charged with oversight of Sales Practices and Incentive Compensation. Summary information of Committee meetings is reported to the Compensation Committee of the Board of Directors annually.

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The Incentive Compensation Committee is responsible for overseeing key stakeholders in risk management in the execution of their responsibilities under this Policy and periodically assessing their effectiveness as well as ensuring processes and controls are in place to assess whether any sales or incentive programs create a misalignment of sales goals and compliance obligations. Representatives of the Incentive Compensation Committee will be responsible for delivering periodic reports, including summary information of material considered at Incentive Compensation Committee meetings, to the Compensation Committee of the Board of Directors regarding the status of the Bank's compliance with this Policy.

F. Board of Directors

The Bank's Board of Directors is responsible for providing oversight of the Bank's compliance management system. The Compensation Committee of the Board of Directors will receive regular reports on the status of compliance with this Policy. The Enterprise Risk Management Committee will receive regular reports on any consumer complaints related to account opening, sales practices, identity theft, and other fraud claims.

VI. Preventive Controls

A. Policies and Procedures

The Bank maintains written policies and procedures regarding the sales process that are designed to ensure compliance with federal consumer protection laws, other applicable laws and this Policy. Any new policies or procedures, or any material changes to existing policies or procedures that have sales practice implications, must be reviewed and approved by the Compliance Department, in consultation with the Legal Department and/or outside legal counsel where necessary, prior to implementation.

B. Training

The Training Department is responsible for overseeing the development and implementation of the responsible sales practices training programs based on the guidance received from the Compliance and Human Resources Departments. The Bank provides training on this Policy, responsible sales practices and ethical organizational culture to new hires and existing employees at regular intervals. These trainings address and discourage unethical sales practices as well as the regulatory and business requirements for obtaining consumer consent and methods for reporting unlawful or unethical conduct.

C. Detective Controls

The Risk Management Department has implemented a program of risk-based monitoring and testing to measure employees' adherence to this Policy and its implementing procedures. The Bank also monitors product penetration rates, employee turnover and employee satisfaction or complaint rates, and account opening/closing and product enrollment/cancellation statistics. This data is aggregated and analyzed to identify unethical or illegal sales practices.

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D. Risk Assessments and Audits

The Human Resources and Compliance Departments conduct periodic risk assessments of sales practices and essential controls, and Internal Audit conducts periodic audits of sales practices and essential controls.

E. Consumer Complaint Management

Consumer complaint monitoring is an important tool used by the Bank to identify and address emerging risks and to help ensure that adequate policies, procedures, and controls are in place to address responsible sales practices risks. The complaint management process is designed to identify and closely monitor complaints relating to account opening, sales practices, identity theft, and other fraud claims and to identify recurring or systemic incidents and trends.

Disputes filed in accordance with the Fair Credit Reporting Act that allege unauthorized credit report inquiries are also closely monitored.

F. Whistleblower Hotlines and Employee Separation Processes

The Bank has established a whistleblower hotline for employees that allows individuals to anonymously report concerns about unsanctioned or otherwise inappropriate sales practices without fear of retaliation and a process for escalating any sales practice concerns to senior management and the Board.

The Bank uses feedback from its employee separation process, including employee exit interviews, as an additional method of identifying patterns of employee fraud or misconduct.

G. Consumer Follow-Up

If suspicious activity is detected by an evaluation of a consumer complaint or any of the monitoring or testing data described above, the Bank's policy is to follow up with the consumer to confirm authorization of any transaction and to discuss the sales process except where it is determined that under the circumstances such follow-up is not necessary and/or appropriate.

VII. Review and Analysis of Risk Inputs

To ensure that potential risks or deficiencies are identified and remediated appropriately, the Bank evaluates legal and regulatory risk related to sales practices. To facilitate this review, the Bank is enhancing its process for ongoing aggregation and analysis, by product, of data and information about sales practices relating to consumer financial products and services. Such aggregation is intended to enable the Bank to identify patterns of employee or service provider fraud, determine root causes, and appropriately escalate to management.

The Compliance Department has primary responsibility over the process of aggregation and analysis and will report on any significant or systemic issues identified to Senior Management and the Board.

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VIII. Approval and Amendment

A. Approval

The Bank's Board of Directors shall annually review and approve this Policy, provided, that the Board may, and hereby does, delegate to the Enterprise Risk Management Committee of the Board the responsibility to annually approve this Policy on behalf of the full Board.

B. Amendment

The Board (and, by delegation, a board committee acting on behalf of the Board) must also approve any amendments to this Policy, whether submitted in connection with the annual approval of this Policy or at other times.

C. Policy Revision History

Date	Description	Version
Nov. 13, 2017	Initial adoption	XXX-001
Nov. 10, 2021	Amendments following annual update	XXX-002