

**FRANKLIN FINANCIAL SERVICES CORPORATION**  
**SHAREHOLDER AND EMPLOYEE COMMUNICATION POLICY**

**Amended and Restated: July 13, 2017**

**1. Communications with Board Members.** Shareholders of Franklin Financial Services Corporation (the "Company") and employees of the Company and its subsidiaries may communicate directly and confidentially with the Board of Directors of the Company (the "Board") by sending a letter to the Company addressed "To the Attention of the Chairman of the Board." The Board directs the Corporate Secretary of the Company to collect and hold any communications received by the Company and so addressed.

**2. Publication of address.** The Board directs the management of the Company to publish this Policy on such sites as are required and on such sites as management deems appropriate, which sites may include, but not be limited to, reports to shareholders, correspondence with shareholders, employee handbooks, the Company's Form 10-K, the Company's proxy statement, and the Company's corporate website.

**3. Purpose of Policy.** Shareholders and employees may use this procedure for communicating to the Board:

- (a) any concern regarding accounting, internal controls or auditing matters;
- or
- (b) any other complaint or concern.

All communications must be in writing and may be signed (with or without a request for confidentiality) or may be anonymous.

**4. Review Process.**

(a) Inventory Log. The Chairman of the Board shall prepare an inventory log of each communication received, which will include the date the communication was received by the Chairman and a summary of the matter.

(b) Review Procedures for Accounting and Auditing Matters. The Chairman of the Board shall forward to the Chairman of the Audit Committee a copy of each communication received regarding an accounting, internal controls or auditing matter. The Chairman of the Audit Committee shall determine, in his sole discretion and, if he elects, after consulting with outside counsel, the appropriate process for review and disposition of each communication received, which process may include one or more of the following:

(i) Audit Committee Review. The Chairman of the Audit Committee may transmit any matter to the Audit Committee for disposition, which may include review or investigation of the matter or no action, depending on its tenor. The Audit Committee may engage outside counsel, outside accountants or other third-party professionals to provide such assistance as the Audit Committee deems necessary or appropriate in connection with its review or investigation of a matter.

(ii) Panel Review. The Chairman of the Audit Committee may appoint a panel composed of members of the Audit Committee and, unless he determines inappropriate under the circumstances, a representative from the firm which then provides internal audit services to the Company (the "Internal Auditor"), to conduct a review or investigation of the matter. The panel will provide to the Chairman of the Audit Committee, on a periodic basis determined to be appropriate by the Chairman of the Audit Committee, a written report regarding the status and/or disposition of each matter assigned to the panel. Upon written authorization from the Chairman of the Audit Committee, the panel may engage any outside counsel, outside accountants or other third-party professionals to provide such assistance as the panel deems necessary or appropriate in connection with its review or investigation of a matter.

(iii) Reports to the Board and Officers. The Audit Committee will provide to either the full Board of the Company or to the independent directors of the Board, in its sole discretion, on a monthly basis, a report regarding the status and/or disposition of each matter. Upon the disposition of each matter, the Audit Committee will provide a written report of the disposition to the Company's Chief Executive Officer, Chief Financial Officer, and, unless assigned to the panel under subsection 4(a)(ii) hereof, and the Company's Internal Auditor.

(c) Review Procedures for Non-Accounting and Non-Auditing Matters. The Chairman of the Board shall determine, in his sole discretion and, if he elects, after consulting with outside counsel, the appropriate process for review and disposition of each communication received that does not involve an accounting, internal controls or auditing matter, which process may include one or more of the following:

(i) Independent Directors Review. The Chairman of the Board may transmit any matter to the independent members of the Board for disposition, which may include review or investigation of the matter or no action, depending on its tenor. The independent members of the Board may engage outside counsel, outside accountants or other third-party professionals to provide such assistance as the independent members of the Board deem necessary or appropriate in connection with their review and investigation of a matter.

(ii) Committee Review. The Chairman of the Board may appoint the Audit Committee to conduct a review or investigation of the matter. The Chairman of the Audit Committee will provide to the Chairman of the Board, on a periodic basis determined to be appropriate by the Chairman of the Board, a report regarding the status and/or disposition of each matter assigned to the Committee. Upon written authorization

from the Chairman of the Board, the Audit Committee may engage outside counsel, accountants or other third-party professionals to provide such assistance as the Committee deems necessary to appropriate in connection with its review or investigation of a matter.

(iii) Panel Review. The Chairman of the Board may appoint a panel composed of the Company's outside counsel and one or more independent members of the Board and their designees to conduct a review or investigation of the matter. The panel will provide to the Chairman of the Board, on a periodic basis determined to be appropriate by the Chairman of the Board, a written report regarding the status and/or disposition of each matter assigned to the panel. Upon written authorization from the Chairman of the Board, the panel may engage outside counsel, outside accountants and other third party professionals to provide such assistance as the panel deems necessary or appropriate in connection with its review and investigation of a matter.

(iv) Management Review. The Chairman of the Board may appoint one or more of the Chief Executive Officer and any other appropriate officer to conduct a review or investigation of any matter relating to the Company's general business operations, financial results, strategic direction and similar matters that are most appropriately addressed to management. The Chief Executive Officer or other appropriate officer will provide to the Chairman of the Board, on a periodic basis determined to be appropriate by the Chairman of the Board, a written report regarding the status and/or disposition of each matter assigned to management. Management may engage outside counsel, outside accountants and other third party professionals to provide such assistance as management deems necessary or appropriate in connection with its review and investigation of a matter.

(v) Reports to the Board and Officers. The Chairman of the Board will provide to either the full Board of the Company or to the independent members of the Board, in his sole discretion, on a monthly basis, a report regarding the status and/or disposition of each matter. Upon the disposition of each matter, the Chairman of the Board will provide a written report of the disposition to the Company's Chief Executive Officer and Internal Auditor.

**5. Access to Employees**. Any person assigned responsibility to conduct a review and investigation of a matter under Section 4 hereof is authorized to contact, in person, in writing or by any electronic means, any employee of the Company or any of its affiliates, including any officer of any of them, for the purpose of conducting a review of the matter, except as prohibited under Section 6 hereof.

**6. Anonymous and Confidential Complaints**. The Board acknowledges that employees may confidentially or anonymously submit concerns regarding questionable accounting or auditing matters in accordance with Section 301 of the Sarbanes-Oxley Act of 2002 (the "Act"). The Board further believes that it is in the best interest of the Company to protect and preserve the confidentiality and anonymity of any shareholder or employee who submits a confidential or anonymous communication under this Policy whether or not the communication is subject to the Act.

In this regard, no member of the Board or any employee, including any officer of the Company or any of its affiliates, is permitted to attempt to discover the identity of any shareholder or employee who confidentially or anonymously communicates a matter pursuant to this Policy. Nor, to the extent the identity of a shareholder or employee who confidentially or anonymously communicated a matter pursuant to this Policy becomes known, no member of the Board or any employee, including any officer of the Company or any of its affiliates, is permitted to disclose the identity of any such shareholder or employee unless otherwise required by a court of competent jurisdiction or by applicable federal, state or local law or regulation as so advised by outside counsel.

Notwithstanding the foregoing, information obtained during the review and investigation of any matter may be shared with persons having a need to know for purposes of the review and investigation, including any persons who may be the subject of such review and investigation, and may be discoverable in litigation and reported to law enforcement, regulatory and other governmental agencies.

**7. No Retaliation.** No shareholder or employee who in good faith communicates any matter to the Company pursuant to this Policy shall suffer harassment, retaliation or adverse employment consequence as a result thereof. Any director, officer or employee who retaliates against a shareholder or employee who has communicated a matter to the Company pursuant to this Policy shall be subject to discipline, up to and including termination of employment. This no retaliation policy, however, is not intended to otherwise limit employee discipline in accordance with applicable law and Company policy.

**8. Report of Receipt and Disposition of Matters.** The Chairman of the Board, or the Chief Executive Officer or other appropriate officer in the case of a matter referred to management review pursuant to item 4(c)(iv), shall provide each non-anonymous shareholder or employee who has communicated a matter to the Company pursuant to this policy with written acknowledgment of the receipt of such communication within fifteen (15) days after receipt of the communication and with written notice of the disposition of such matter within a reasonable period of time following such disposition.