



WHISTLEBLOWER POLICY

Penns Woods Bancorp, Inc. (“PWOD”) and subsidiaries will investigate any possible fraudulent or dishonest use or misuse of Penns Woods Bancorp, Inc. and subsidiaries (the “Company”) resources or property by management or staff. Anyone found to have engaged in a fraudulent or dishonest conduct is subject to disciplinary action by the Company up to and including civil or criminal prosecution when warranted.

All members of the Company’s staff are encouraged to report possible fraudulent or dishonest conduct (i.e., act as a whistleblower). An employee should report his or her concerns to a supervisor or manager. If for any reason an employee finds it difficult to report his or her concern to a manager or supervisor, the employee can report it directly to the Audit Committee Chairperson, Daniel Brewer.

Managers or supervisors are required to report suspected fraudulent or dishonest conduct to the Chairperson of the Audit Committee.

Definitions

Baseless Allegations are allegations made with reckless disregard for their truth or falsity; people making such allegations may be subject to institutional disciplinary action and /or legal claims by individuals accused of such conduct.

Fraudulent or Dishonest Conduct is a deliberate act or failure to act with the intention of obtaining an unauthorized benefit; examples of such conduct include, but are not limited to:

- forgery or alteration of documents
- unauthorized alteration or manipulation of computer files
- fraudulent financial reporting
- misappropriation or misuse of the Company’s resources, such as funds, supplies, or other assets, including but not limited to electronic and other communication devices and assets
- authorizing or receiving compensation for goods not received or services not performed
- authorizing or receiving payment or reimbursement for expenses not incurred or expenses not incurred for valid reasons related to Company business
- authorizing or receiving compensation for hours not worked

Whistleblower is an employee who informs a manager, supervisor, Human Resources Manager or the Audit Committee Chairperson about an activity which that person believes to be fraudulent or dishonest.

Rights and Responsibilities

Managers or Supervisors:

Managers or supervisors are required to:

- report suspected fraudulent or dishonest conduct to the Human Resources Manager or the Audit Committee Chairperson.
- responsible for maintaining a system of management controls, which detect and deter fraudulent or dishonest conduct; managers or supervisors who fail to establish management controls or report misconduct within the scope of this policy may face disciplinary action up to and including dismissal.
- should take reasonable care in dealing with suspected misconduct to avoid asserting or taking action upon baseless allegations
- refrain from providing premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation; or violations of a person's rights under law
- refrain from contacting the person suspected to further investigate the matter or demand restitution, when faced with a suspected misconduct situation
- refrain from discussing the case with anyone other than the Human Resources Manager, Audit Committee Chairperson, the Bank Counsel or a duly authorized law enforcement officer
- direct all inquiries from any attorney retained by the suspected individual to the Bank Counsel
- direct all inquiries from the media to the Chief Executive Officer.

Whistleblower Protection:

The Company will use best efforts to protect whistleblowers against retaliation, as described below. It cannot guarantee confidentiality as there is no such thing as an "unofficial" or "off the record" report. The Company will keep the whistleblower's identity confidential, unless (1) the person agrees to be identified; (2) identification is necessary to allow the Company or law enforcement officials to investigate or respond effectively to the report; (3) identification is required by law; or (4) the person accused of Fraud Policy violations is entitled to the information as a matter of legal right in disciplinary proceedings or administrative or legal proceedings.

The Company's employees may not retaliate against a whistleblower with the intent or effect of adversely affecting the terms or conditions of employment (including but not limited to, threats of physical harm, loss of job or future opportunities, punitive work assignments, or negative impact on salary or wages). Whistleblowers who believe that they have been retaliated against may file a written complaint to the Human Resources Manager. A proven complaint of retaliation shall result in a proper remedy for the person harmed and the initiation of disciplinary action, up to and including dismissal, against the retaliating person. This protection from retaliation is not intended to prohibit managers or supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on inappropriate conduct or valid performance-related factors. Similarly, the Company shall not be prohibited or limited with regard to changes

to individuals' employment status for valid business reasons unrelated to whistleblower activity.

Whistleblowers must be cautious to avoid baseless allegations (as described earlier in the definitions section of this policy).

Accounting and Auditing Matters

Receipt of Employee Complaints

Employees with concerns regarding Accounting Matters may report their concerns on a confidential, anonymous basis to the Audit Committee Chairman of Penns Woods Bancorp, by calling the independent voice mail box established by PWOD for that purpose. The Complaint Hotline telephone number is 570-567-2083 or internal extension 2083.

All complaints and concerns may be made via the Complaint Hotline or in writing and/or may be signed (with or without a request for confidentiality) or may be anonymous.

The Board directs management of the Company to publish this procedure on sites which could include, but are not limited to, shareholder correspondence, handbooks, the Company's 10-K and proxy statement if required, the Company's corporate website and such other sites as the Board deems appropriate.

Scope of Matters Covered by These Procedures

These procedures relate to employee complaints relating to any questionable accounting or auditing matters, including, without limitation, the following:

- fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of Penns Woods Bancorp;
- fraud or deliberate error in the recording and maintaining of financial records of Penns Woods Bancorp;
- deficiencies in or noncompliance with Penns Woods Bancorp's internal accounting;
- misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of Penns Woods Bancorp; or
- deviation from full and fair reporting of Penns Woods Bancorp's financial condition.

Treatment of Complaints

All calls/complaints received will be accepted, verified and logged. Any such calls may be transcribed.

Upon receipt of a complaint, the Chair of the Audit Committee, will determine whether the complaint actually pertains to Accounting Matters.

Complaints relating to Accounting Matters will be reviewed under Audit Committee direction and oversight. The Audit Committee will determine the appropriate internal or external independent parties to investigate the complaint.

Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.

Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee.

Reporting and Retention of Complaints and Investigations

A log of all complaints will be maintained, tracking their receipt, investigation and resolution, and a periodic summary report thereof will be made for the Audit Committee. Copies of complaints and such log will be maintained in accordance with Penns Woods Bancorp's document retention policy.

Anonymous and Confidential Complaints

The Board acknowledges that employees may confidentially, anonymously submit concerns regarding questionable accounting or auditing matters under this procedure in accordance with Section 301 of the Sarbanes-Oxley Act of 2002 (the "Act"). The Board believes that it is in the best interest of the Company to protect and preserve the confidentiality and anonymity of any employee who submits a confidential, anonymous complaint under this policy. 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 employee who anonymously submits a complaint or disclose the identity of any employee who provides confidential information regarding any complaint, unless so advised by outside counsel or otherwise required by a court of competent jurisdiction or by applicable federal, state or local law or regulation.

Contacts

Questions related to the interpretation of this policy should be directed to the Human Resources Manager.

Policy Updated: June, 2017

Board Approved: March 10, 2015

PWB Board Approved: