

WebsterBank®

WEBSTER FINANCIAL CORPORATION
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020



A Letter from THE CHAIRMAN, PRESIDENT AND CEO



Dear Shareholders,

We marked Webster's 85th anniversary in 2020, a milestone for the bank in a year that brought unprecedented challenges for our organization and our country. I am proud of what we achieved, but even more proud of our bankers, who supported our customers and communities while navigating through a global pandemic.

This is our fourth annual Environmental, Social and Governance (ESG) Report and, in addition to highlighting our ongoing dedication to sustainability, equity and transparency, the Report details our pandemic responses as we supported our communities in meaningful ways.

In our regular course of business, we increased commercial lending for renewable and clean energy projects throughout the markets we serve. We also improved our internal efforts to increase energy efficiency and reduce our carbon footprint. This includes our multi-year cloud migration project focused on bringing value to our employees and customers, while reducing costs and having a long-term positive impact on the environment.

Throughout the pandemic, we prioritized the safety of our bankers and customers.

In 2020 we increased our philanthropy and Community Reinvestment Act (CRA) activities, and sponsored organizations that strengthen the well-being of our cities and towns. We responded to the tremendous demand for basic human needs by expanding our outreach to support distribution of medical supplies, food deliveries and telehealth services. In addition, our values-based bankers pivoted their volunteer efforts to virtual programs, including online mentoring and financial literacy training. At the same time, through our Employee Volunteer Recognition Grant program, we supported more than 200 non-profit organizations selected by our bankers.



Our ESG efforts are integral to the way we do business.

Beyond those additional societal resources for COVID-19 relief, we offered our employees flexible work hours and interest-free hardship loans. For our customers, we developed mortgage forbearance, loan modification, fee waiver and payment deferral programs.

While we had to work differently during this extraordinary year, we continued to earn the highest recognition from our primary regulator. We're proud to have received an "Outstanding" Community Reinvestment Act rating from the Office of the Comptroller of the Currency for a second time. This rating, the highest possible, reflects the way we manage our business, and exemplifies our priority of promoting community reinvestment and ensure fair and responsible banking.

We hired a new diversity, equity and inclusion (DE&I) officer, and as an organization we focused on social equity and justice, creating educational and awareness programs where bankers were able to engage in constructive dialogue. We also began work on a

holistic roadmap to continue building our DE&I program to make positive change both within and outside our organization. This will impact everything: the way we hire and promote, how we engage with our vendors and the way we interact with our customers and our communities. While much work remains to be done, our commitment to DE&I is a demonstration of our values and mission, and we are excited to move into our next phase.



Our values and mission are at the forefront of everything we do.

Our approach to corporate governance is paramount for our Board and senior management as we strive to model the highest personal and professional ethics and integrity. Webster was recognized by the Reputation Institute for being one of two banks in the country to receive an "excellent" score from customers in the governance category. This notable achievement in the areas of corporate reputation and citizenship earned Webster the distinction of being named the second most reputable bank in the country.

While much has changed in a year and there is much to look forward to, one thing has remained constant: our uncompromising commitment to our values and to serving all our stakeholders at the highest level. On behalf of the Board, I thank our bankers for their dedication and perseverance as we continue to make progress with purpose.

Sincerely,

John R. Ciulla
Chairman, President and Chief Executive Officer

WEBSTER at a Glance

Webster®

Founded in 1935
Headquartered in Waterbury, CT

Working Together

to achieve our mission to help individuals,
families and businesses achieve their
financial goals

155

banking centers

from Westchester, NY to Boston, MA

22

commercial banking offices

throughout the Northeast

297

ATMs

3M

HSA accounts

A leader in healthcare accounts for
two decades

The Webster Way

We take **personal responsibility** for meeting our customers' needs.

We **respect the dignity** of every individual.

We **earn trust** through ethical behavior.

We **give of ourselves** in the communities we serve.

We **work together** to achieve outstanding results.

2020 AWARDS AND RECOGNITION

In 2020, we were recognized as one of the most reputable banks in the U.S, as well as for our progress in security technology, corporate reputation, serving our customers and community citizenship efforts. This was made possible thanks to the dedication, teamwork and commitment to our values demonstrated by Webster bankers every day.

RepTrak

Named 2nd Most Reputable Bank in the U.S. by consumers

Forbes Best Banks

Listed as one of the Top 100 best publicly traded banks

Office of the Comptroller of the Currency

Earned the 'Outstanding' rating-highest possible for Community Reinvestment Act efforts

100 Most Active SBA 7(a) Lenders

Measured by lending volume for banks in the United States

SBA Lender of the Year - Connecticut

Recognized as top lender eight years in a row

#1 Call Center

Distinguished as top Customer Care Center in New England by J.D. Power

2020 Top Charitable Contributors

Ranked one of the top donors in the Boston Area

2020 Women on Boards

Named a 'W'inning company for our commitment to board diversity

CISO of the Year

Earned national recognition for Chief Information Security Officer (CISO)

WEBSTER BANK SUPPORT IN RESPONSE TO THE PANDEMIC

Consistent with our long history of supporting our customers, communities and employees in times of need, Webster is committed to providing financial flexibility to all that we serve.

Employees

WEBSTER BANKERS
transitioned to working remotely

75%

**EMPLOYEE
HARDSHIP LOANS**
aided 400+ bankers with
zero-interest loans

\$1.9M

Consumers

MICRO-GRANTS
for nonprofits selected by
banker volunteers

275

CUSTOMERS ASSISTED
with mortgage payment deferrals

2,400

Businesses

OFFERED
deferrals to small business loans

\$362M

PPP LOANS FUNDED
Helping to save 110,000 jobs
in the communities we serve

11,000+

Communities

MEALS PROVIDED
by our donations in the
communities we serve

1M

CONTRIBUTED
to nonprofit and community
organizations for pandemic
relief efforts in our footprint

\$2M

Environmental Report



A large teal number "\$145.7M" is centered within a teal rectangular frame. The frame is open on the top and bottom sides. The number is in a large, bold, sans-serif font.

**in renewable energy/
energy-efficient loans**

With ongoing support for renewable energy and energy-efficient solutions, our efforts to protect the environment while reducing expenses resulted in a winning combination for our customers, employees, shareholders and communities.

CONTINUED INNOVATION AND IMPROVEMENT

Clean Energy Loans

By financing commercial loans and with companies involved in renewable energy and energy-efficient components, we further extended our commitment to the communities we serve.

In 2020, Webster Bank created or maintained commitments for approximately \$145.7 million in loans for renewable energy and energy-efficient components, primarily in Connecticut, as well as in Massachusetts, New York, Pennsylvania and Washington D.C. Of the total, more than \$17.8 million funded renewable energy projects (solar and wind); nearly \$106.9 million in clean energy upgrades of which \$41.5 million was associated with funded LEED (silver) construction for a mixed-income, transit-oriented development; and \$20.9 million was funded for loans that included environmental remediation in project plans.

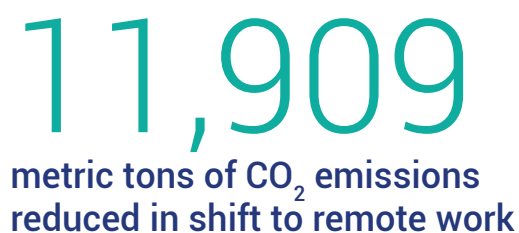
Connecticut Neighborhood Assistance Act Tax Credit Program for Energy Conservation Projects

We participated in the 2020 Connecticut Department of Revenue Services Neighborhood Assistance Tax Credit Program, which earned the bank a Connecticut state tax credit for making cash investments to qualified community programs sponsored by non-profit tax-exempt organizations or municipal agencies. Our focus was on supporting energy conservation projects in residential and commercial buildings that promote energy efficiencies for properties occupied by low-income individuals.

We contributed a total of \$85,805 to 11 energy conservation projects in cities and towns across the state.

Energy Savings from Remote Work

As a result of the pandemic, 75% of bankers moved to remote work and no longer commuted to Webster offices. Based on bankers' home addresses and average miles per gallon of motor vehicles, Webster estimates that this resulted in a reduction of 11,909 metric tons of CO₂ emissions. Emission reductions are expected to continue beyond the pandemic as more employees perform all or a portion of their jobs remotely.



11,909
metric tons of CO₂ emissions
reduced in shift to remote work

Technology

Webster's ongoing cloud migration initiative is focused on bringing value to our employees and customers, while having a positive impact on the environment and reducing costs. In 2020, we began the second phase of our cloud initiative by establishing an infrastructure migration plan for the complete elimination of one of our two existing data centers.

By January 2022, the cloud initiative will have reduced the physical space occupied by our data centers by 75%, and we estimate that power consumption will be reduced by 75% as well. Upon completion, this initiative will have significantly reduced our overall carbon footprint, while yielding facility and infrastructure cost reductions.

Paper Usage

In 2020, the shift to remote working was facilitated by moving a significant number of processes to electronic format, including digital management of some work queues.

Our Bank Operations team processed the first loans with a mix of electronic and paper-based processes, but quickly transitioned to a fully electronic process for approximately 80% of Webster's more than 11,000 PPP loans.

With a strategic focus on paperless processing, our HSA Bank division established a cross-functional team in 2019 to promote paperless conversion. In 2020, the team's efforts resulted in a 15% reduction in paper contributions.

Additionally, HSA Bank provides online access to the majority of its forms, communications, reports and tax documents; employers can access reports on a daily, weekly, monthly or annual basis through the online Employer Administration Site. Statements are available online and only mailed by request, a process that has been in place since 2019.

Digital Banking

We offer a full slate of digital banking solutions to provide self-service options for our customers for both the Community Bank and Commercial Bank. Over 50% of consumer and small business customers are digitally active, and the majority of our commercial client base uses our online treasury platform.

Our Community Banking division continues its efforts to deliver digital banking (online and mobile) solutions that meet customers' preferences for self-service transactions utilizing online, mobile and ATM channels.

The HSA Bank mobile app offers real-time access to health accounts, so there is no need to wait for mailed copies. Along with checking balances and viewing expenses, the app allows users to schedule HSA contributions, make payments and file claims with receipt images. The myHealth Portfolio, a self-service online dashboard, simplifies managing and tracking expenses and storing receipts.

75%

of Webster bankers moved to remote work as a result of the pandemic



Social Report



Our priority is the safety of our employees and customers. Photos of Webster bankers without masks included in this Report were taken prior to the pandemic and/or taken in banker homes.

A large, light blue rectangular box with a thin blue border. Inside the box, the text "\$1.5B" is displayed in a large, bold, blue font. Below it, the text "in critical PPP loan funding" is written in a smaller, bold, blue font.

\$1.5B

in critical PPP loan funding

Paycheck Protection Program and Main Street Lending Program

Paycheck Protection Program

Webster Bank participated in the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), successfully processing 11,350 applications between April and August 2020. The loans helped business owners secure nearly \$1.5 billion in critical funding, and helped save over 110,000 jobs in the communities we serve.

Nearly 350 bankers were dedicated to support the program, and another 600 bankers volunteered their time to assist with loan processing.

The average loan in this program was approximately \$125,000, while 78% of the loans were under \$100,000. Approximately 10% of the loans were provided to individuals who were not previously Webster customers.

Main Street Lending

Webster Bank is a registered lender in the Main Street Lending Program, which is administered by the Federal Reserve of Boston. The Main Street Lending program is designed to provide support to small and medium-sized businesses and their employees by supporting the provision of credit and helping to maintain business operations and payroll until conditions normalize. Webster has provided four direct loans with a total commitment of 42,000,000 to eligible U.S. based businesses that have been negatively impacted by COVID-19.

Committed to the Communities We Serve

During a year that brought incredible challenges, Webster remained committed to the communities we serve. Our philanthropy budget was increased by \$250,000 specifically to support COVID-19 relief efforts.

In addition to those funds, Webster distributed more than \$5 million to nonprofit organizations across our footprint. That total investment includes donations made through philanthropy, contributions made through the Community Reinvestment Act (CRA), and sponsorship of organizations that help strengthen the well-being of our cities and towns with a focus on business growth to help drive economic stability.

CORPORATE GIVING STRATEGY AND PHILANTHROPY

Webster's giving strategy focuses on helping organizations deliver on their support of individuals and families in our communities to live a life with dignity while helping to build self-reliance for a better life. This couldn't have been more appropriate than during 2020 – a year of great need.

Our priorities support a broad cross-section of registered nonprofit agencies focusing on basic needs such as food and shelter, financial literacy, and health and human services.

While our funding remained focused on these needs, responding to the urgency of the pandemic was critical. Organizations that had received Webster sponsorship funding for events were faced with cancellation and postponement. We quickly reassured these partners of our continued commitment, and released the sponsorship funding for redirection to support their COVID-19 responses, including virtual mentoring, online financial literacy training, medical supply and delivery, food and basic needs, and telehealth services. That best practice, as stated by [Disaster Philanthropy](#), became our practice throughout the year. In addition, the requirements for application or reporting were waived for organizations with which we had an existing relationship.

In a very challenging year, our funding remained strong, consistent and true to Webster's long-standing commitment of supporting the communities we serve.

COVID-19 Response – Corporate Giving

Webster remains committed to our nonprofit partners who provide direct services to vulnerable and low- and moderate-income families in the areas of health services, housing, childcare, and basic needs, specifically food scarcity. Funding critical services to support community needs remains a priority. Webster has contributed nearly \$2 million to nonprofit and community organizations in our footprint, including two cycles of targeted donations for urgent basic needs and disaster response, equity and economic inclusion, and virtual learning and mentoring

Urgent Basic Needs and Disaster Response

With renewed funding in 2020, Webster provided grants to all Feeding America Regional Food Banks across the Webster footprint. Given the urgent needs in the pandemic, we distributed funding earlier in the year. Our focus on basic needs, with a dedication to making sure no one goes hungry, was at the forefront of this funding, and we were able to provide more than one million meals to our communities.

Funding for our American Red Cross partners in Connecticut, Massachusetts, Rhode Island and Wisconsin included two grant cycles in support of both COVID-19 relief and disaster relief. The COVID-19 relief funding supported

technical infrastructure and changes to volunteer operations for urgent blood services. Webster also used internal communications channels to cascade an employee call to action for blood donations, following all safety and social distancing protocols.

Support for United Way COVID-19 Response Funds included the Connecticut statewide fund, United Way of Rhode Island, United Way of Massachusetts Bay, United Way of Westchester and Putnam County, United Way of Greater Milwaukee and United Way of Sheboygan County. A second distribution, made as part of Webster's Frontline Heroes Program, expanded to include United Way COVID-19 Relief Funds in Fall River, New Bedford, and Plymouth, Massachusetts.

Equity and Economic Inclusion

Webster expanded partnerships and funding focusing on equity and economic inclusion in 2020. These efforts included a \$100,000 grant to support the new Connecticut Women's Business Development Council (WBDC) Equity Match Grant Program. Webster is a founding donor of the WBDC microgrant program, which was established to promote the economic prosperity of women and minority entrepreneurs. The pandemic has caused economic challenges, especially for women-owned and minority-owned small businesses. This new microgrant program, managed by WBDC, is geared toward its clients who are women-owned and minority-owned small businesses throughout Connecticut. Funding will be used for working capital, with preference given to clients who have been negatively impacted by the COVID-19 pandemic or meet low to moderate-income requirements.

In addition to this focus on small business ownership, with a heightened sensitivity and response to the Black Lives Matter and racial injustice rising throughout the country, Webster donated a total of \$100,000 to address social injustice and racial equity efforts.

We made a \$75,000 donation to the [Equal Justice Initiative](#), a national human rights organization that advocates for criminal justice reform and racial justice. In addition, we donated \$25,000 to [RE-Center](#) Race & Equity in Education, based in Hartford, Connecticut. RE-Center will use our donation to work collaboratively with the Hartford Public Schools in developing a Peer-to-Peer program and toolkit to address the impacts of racial inequity on student mental health.



**Nearly 1,000 Webster banker
volunteers have taught 15,000
Junior Achievement students
over the years**

We also made a \$10,000 donation to the YMCA of Southeast Wisconsin to support their mission of eliminating racism and empowering women.

We remain committed to the Working Cities Challenge, a competitive grant program sponsored by the Federal Reserve Bank of Boston. The five winning cities in Connecticut, now in their third year of funding, were all faced with adjusting their focus during the pandemic. Given a deadline extension, the cities redirected their work to provide immediate assistance to their communities and reported strong overall results, thanks to the new collaborative partnerships that were developed in response to the pandemic.

Virtual Learning and Mentoring

When the coronavirus pandemic hit, we immediately expanded our 20-year relationship with The Governor's Prevention Partnership (GPP), a Connecticut organization that works with schools, mentoring organizations and communities to foster mentor-mentee relationships and anti-bullying efforts. We redirected our annual \$25,000 donation toward creating a new GPP program to train mentors in working in the virtual setting. This training enabled our mentors, and those from other organizations working with the GPP, to launch their online sessions with hundreds of students in the spring. Webster's support funded training for 320 mentoring professionals and groups who work with students in 127 communities across the state.

Webster has a long history of supporting Junior Achievement (JA) and its efforts to deliver K-12 programs that foster work readiness, financial literacy skills and entrepreneurship.

Throughout 2020, we worked with our JA partners to provide funding and expertise, helping to create opportunities such as a virtual career panel for high school students. Led by the education manager of specialty programs for JA of Southwest New England, the panel included Webster bankers in the areas of strategy, human resources and risk management. The group discussed life after high school, career readiness, and tips for preparing for a new post-shelter-in-place landscape that will likely include similar virtual interviews and pre-employment sessions. The panel was recorded and made available to partner high schools.

Webster bankers also participated in conducting mock interviews for students who were learning remotely, and shared their skills and experiences on ad hoc committees led by our JA partners as they reinvented programs and activities for the 2020-2021 school year.

Over the years, Webster has provided funding, leadership and nearly 1,000 banker volunteers who have taught 15,000 Junior Achievement students. Senior Webster officers serve on all six JA boards throughout our footprint. This established relationship and leadership was critical in responding to the moment.

Financial Empowerment Program

With continued attention to the financial literacy of our neighbors and the importance of playing a role in building that capacity, we renewed the Financial Empowerment Program for a third year. The program provides grants to nonprofit organizations at the forefront of addressing financial literacy for low- to moderate-income residents in their communities.

Working closely with our CRA and Community Development officers, grants were made in each Metropolitan Statistical Area (MSA). We offered support and funding for the agencies that moved to a virtual environment to continue to expand program offerings.

Harold Webster Smith Foundation

In addition to engaging in direct philanthropy, Webster provides funding and in-kind support to the Harold Webster Smith Foundation (HWSF), established in memory of our founder, who was a long-time advocate for the city of Waterbury, Connecticut. The HWSF makes grants in support of activities, particularly in the Waterbury region, that improve and promote economic development and community health; stabilize and revitalize low- to moderate-income communities, with a particular focus on local housing initiatives; provide community services targeted to low- to moderate-income individuals; and ensure the future prosperity of, and contribute to the economic well-being of the communities Webster serves, with special attention to the greater Waterbury region.

Webster's annual grant of \$250,000 has helped the HWSF realize its potential as a catalyst for economic and social development.

In addition, the HWSF remained focused on funding the

Connecticut Vibrant Communities Coalition under the stewardship of Local Initiatives Support Corporation-Connecticut. This effort has brought together leaders from across Connecticut to help establish city land banks, providing best practices and shared learning.

COMMUNITY SERVICE: FOSTERING GOOD CORPORATE CITIZENSHIP

As evidenced by the estimated 100,000 hours volunteered by our bankers annually, community service is a core Webster value. Webster provides bankers with two paid volunteer days to use at the organization of their choice, and our bankers are encouraged to volunteer their time where they live and work.

Volunteering opportunities turn virtual

Webster has always had a strong volunteer spirit, but the pandemic presented challenges to our many regularly scheduled volunteering opportunities. Keeping bankers safe was our first priority, and Webster acted quickly to support nonprofits as they moved their programs to a virtual setting.

In collaboration with community partners across our footprint, Webster bankers participated in a range of activities, from virtual food drives and letter writing campaigns to mask donations and virtual fundraising walks, safely maintaining their commitment to volunteerism in an unprecedented year.

Volunteer Recognition Grant Program

Now in its second year, our Volunteer Recognition Grant Program gives bankers the opportunity to apply for micro-grants, ranging from \$100 to \$250, to benefit qualified nonprofits where they volunteer. In 2020, 275 Webster bankers reported more than 26,137 hours volunteering for 231 organizations across 108 towns and cities in 12 states. Due to the overwhelming positive response, this program is continuing in 2021.

Mentoring

Webster's nationally-recognized mentoring program began as a pilot in 2002 with nine bankers. Today, it has grown to include more than 100 mentors and adheres to MENTOR (National Mentoring Partnership) quality standards. All Webster mentors receive one hour of paid time each week during the school year to fulfill their mentoring commitments. A team of cross-functional Webster bankers leads the school-based program, providing leadership around recruitment, orientation and training.

Webster bankers who mentor pledge at least one hour of volunteer time each week during the school year. All bankers are paid for that weekly hour of service, but many mentors go above and beyond, preparing for their meetings and making sure they are 'on call' for their students throughout the school year.

United Way

We pivoted to deliver on our commitment to United Way as Webster's primary charity, as we conducted our 2020 United Way Employee Campaign completely online. This new approach enabled the campaign to raise more than \$1.7 million through banker pledges, a fundraising initiative and a corporate match.

Given that many bankers were in a remote work environment, a new virtual fundraiser was created to help build engagement: "Webster Walks for United Way – Walking for Good." The fundraiser encouraged all bankers, whether working from home or the office, to get out and walk, run, ride or be with family and friends while following local safety and social distancing guidelines.

The 2020 campaign resulted in substantial support for nonprofit organizations across the country, serving more than 70 United Ways and hundreds of nonprofit organizations in 33 states. Our bankers also volunteer significant amounts of time to Webster's United Way Employee Campaign, Stock the Food Pantry (also virtual), United Way boards and Allocation Committees.

COMMUNITY REINVESTMENT ACT (CRA)

Webster is committed to meeting the banking and credit needs of the communities in which we do business. We believe that helping to meet these needs, particularly for low- and moderate-income (LMI) individuals, as well as consumers and businesses in LMI areas, is essential to the continued growth and vitality of our communities and our company. All Webster bankers share in the responsibility to support our mission to make banking and credit services available to all prospective and existing customers on a fair and consistent basis throughout our footprint.

In 2020, Webster Bank, N.A. again received an "Outstanding" rating, the highest possible, on our CRA performance evaluation. This rating was given by our primary regulator, the Office of the Comptroller of the Currency (OCC), which charts, regulates and supervises all national banks and federal savings associations. The OCC acknowledged our high performance in these key areas:

- Excellent overall lending activity in all rating areas, reflecting responsiveness and penetration given the highly competitive markets
- Very good distribution of home mortgage lending to customers of varied income levels and businesses of all sizes
- Originated a significant number of loans using innovative and flexible lending products, mainly through government programs, for consumers and small businesses
- Overall outstanding performance in community development investments and grants that were responsive to affordable housing needs, and demonstrated good responsiveness to credit and community economic development

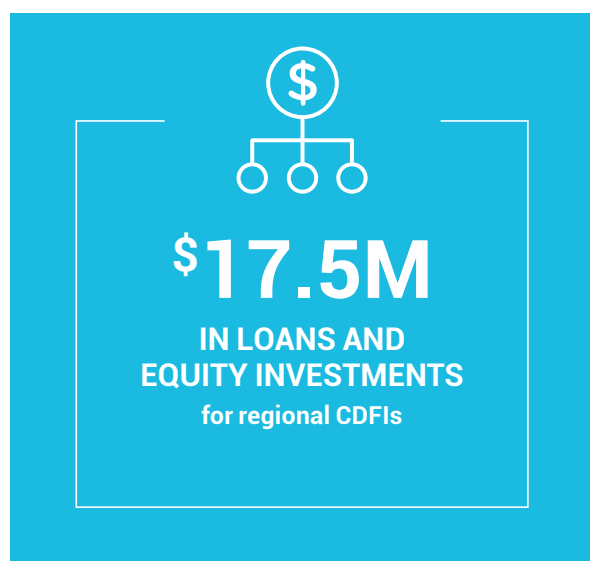
The Outstanding CRA rating is a result of the dedicated efforts of our bankers, and symbolizes the way we operate our business, deliver for our customers and support the communities where we live and work. This recognition is a testament to our enduring Webster values and sets us apart competitively in the marketplace.

Commitment to building strong communities through community reinvestment

As part of our commitment to promote community reinvestment and ensure fair and responsible banking, the Webster Executive CRA & Fair Lending Committee was established in 2005. Comprised of senior management representing all major areas of the bank, the Committee is responsible for providing leadership, strategic guidance and support to our Corporate CRA & Fair Lending Programs. Webster provided more than \$54.6 million in community development financing through December 31, 2020.

In 2020, Webster supported 24 nonprofit community development organizations, with 17 bankers actively serving on boards and development, fund raising and other committees, providing these organizations with technical assistance and financial expertise to further promote and achieve their mission.

In-person Community Development educational activities were greatly reduced in 2020 due to COVID-19 restrictions. Through December 31, 2020, bankers conducted 15 educational workshops, including financial literacy, first-time



homebuying, and the Webster-branded Bank Power program seminars, reaching 496 attendees. In addition, our bankers periodically conducted fraud prevention training sessions for individuals and businesses, as well as elder financial abuse seminars.

Revitalize low- to moderate-income communities

Our CRA investment strategy is to be responsive to our communities, and to make safe and sound investments. In 2020, Webster invested more than \$444.4 million to support local community development efforts, the majority of which were affordable housing initiatives that have been identified as a critical need across our footprint.

Our 2020 CRA investments also included 43 CRA/Community Development Grants, totaling \$350,000, which were awarded to local nonprofit organizations providing much-needed services to LMI individuals and families, and promoting economic development and the revitalization of our communities.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

Community development financial institutions (CDFIs) are private financial institutions that are dedicated to delivering responsible, affordable lending to help low-income, low-wealth, and other disadvantaged people and communities join the economic mainstream.

In 2020, due in part to the pandemic, economic downturn and social protest movements, there was an increased CDFI focus on promoting social, racial and economic equality, especially in lower-income minority-population communities.

Webster's ongoing financial and volunteer support of the country's largest CDFI, Local Initiatives Support Corporation (both the LISC National Office and regional New England Offices) was a prime example of our commitment to strengthening CDFIs during this most challenging year.

In 2020, we made or maintained commitments for approximately \$17.5 million in loans and equity investments for both Connecticut statewide and Southern New England regional CDFIs. Of the total, approximately \$7.6 million funded CDFIs providing capital to developers of affordable housing; \$3.9 million to CDFIs providing capital to small businesses (especially women- and minority-owned businesses located in low- and moderate-income census tracts); and \$6 million to a CDFI providing capital to three Rhode Island Charter Schools serving children in grades K-12 from low-and moderate-income households.

49 languages supported by Webster assistance program

MEETING THE NEEDS OF OUR DIVERSE CUSTOMERS AND COMMUNITIES

To address the needs of a diverse customer base and promote access to mainstream banking, we offer a comprehensive suite of banking products and services for consumers, small businesses and commercial customers. These include basic banking products with no or low monthly maintenance fees, as well as accounts designed for young/student savers, individuals who are just entering the banking system, and customers who are looking to reestablish a banking relationship after experiencing banking challenges in the past.

All Webster products and services are readily accessible and delivered throughout our footprint, via banking centers, business bankers, Customer Care Center bankers and alternative delivery channels such as online and mobile banking. Customer Care Center bankers are available 24/7.

Multilingual bank personnel are available to assist customers at many banking center locations and by telephone through our Customer Care Center. In addition, Webster maintains a list of bankers who speak foreign languages to assist customers when necessary. The list currently includes 49 languages spoken/written by Webster bankers. We encourage our bankers to reach out to these colleagues when language interpretation is needed.

We offer a broad range of home mortgage lending programs and participate in many specialized and/or flexible loan programs to help promote affordable and sustainable home ownership for low- and moderate-income individuals and families, as well as those with limited capacity for a down payment.

In 2020, Webster originated 7,293 mortgage loans, (including Home Equity Lines of Credit), totaling \$2.57 billion, of which 1.56% (114 loans), totaling \$18.6 million, were financed through affordable home loan and assistance programs such as the Federal Housing Administration, local housing authority programs and our own affordable housing program, 30HOPE.

In 2019, we announced a new program, offered in conjunction with the State of Connecticut, to assist homeowners financially impacted by crumbling foundations. The program was amended in 2020 to include homeowner associations as eligible borrowers. As part of this program, Webster offers a fixed rate home equity loan to help eligible borrowers impacted by crumbling foundations. The maximum loan amount is \$75,000 with a maximum term of 20 years,

with rates tied to the Federal Home Loan Bank of Boston New England Fund.

Loan Modifications and Repayment Deferrals

We are committed to assisting qualified borrowers who have encountered verified financial hardship. Understanding that customers face many difficulties and hardships during this process, we treat each customer with dignity and empathy, while seeking to find the best possible long-term solution for every individual.

The Webster Bank Loss Mitigation Program was developed in 2008, and designed with input from community and local housing organizations. This successful mortgage modification program has helped to keep thousands of borrowers in their homes by recasting payments based on borrowers' circumstances, and it continues to assist struggling customers today.

In 2020, the Webster Bank Loss Mitigation program completed 2,947 loss mitigation requests on 2,547 loans across 35 different states. This represents an increase of more than 3000% from 2019, totaling over \$575.2 million dollars in balances. Of these requests, 2,829, were COVID-related (Deferments, Forbearances & Extensions). Thirty-three customers reached resolution through Loss Mitigation Workouts, which were able to end civil litigation activities. By the end of 2020, our Loss Mitigation Program successfully completed 3,208 retention workout plans, 3,051 of which were completed as a result of a COVID-19 hardship.

For circumstances in which loan modification may not be available, we continue to work with those customers to bring accounts current and provide referrals to available community resources.

Soon after the onset of the pandemic, we significantly increased Business Banking and Commercial Banking loan modifications and payment deferrals. We offered 1,167 deferrals to 958 customers, with deferrals totaling \$362 million in small business loans. We offered primarily three-to six-month deferrals that consisted of either principal moratoriums or full payments suspensions, and completed full modifications with customer signatures for each one.

SUPPORTING SMALL BUSINESSES WITHIN OUR COMMUNITIES

The U.S. Small Business Administration (SBA) provides assistance to small businesses and partners with participating lenders to offer a guarantee that helps to mitigate some of the lenders' risk. This enables lenders to provide financing with terms and conditions that may not otherwise be available.

Webster has a long history of SBA participation, partnering with the SBA to more effectively connect small businesses with needed capital. For the most recent SBA fiscal year ending September 30, 2020, we originated 11,526 SBA loans totaling nearly \$1.52 billion.

For the SBA fiscal year ending September 30, 2020, Webster was listed as one of the [100 Most Active SBA Lenders in the United States](#), and was also named Lender of the Year in Connecticut for SBA 7(a) Loans and 504 3rd Party Lending.

WEBSTER'S COMMITMENT TO OUR BANKERS

For 85 years, Webster has been a community-minded, values-guided bank focused on helping customers achieve their financial goals. The key to our success is our people, and our inclusive and diverse workplace fosters consistent high performance, enabling our bankers to be their best in serving our customers and communities.

Our Webster Way values are at the forefront of everything we do, and sustain us as we advance Webster's mission of helping individuals, families and businesses achieve their financial goals.

Creating an energized culture

We are committed to maintaining a culture that enables bankers to be their best in serving our customers and communities, while achieving business success. This commitment has resulted in consistent "top workplace" ratings for Webster across our footprint.

Since 2010, Webster has engaged in extensive employee engagement polling with an independent survey provider. By gathering input from all bankers, we can better understand our strengths and opportunities to improve as a company, as managers and as co-workers. The "Power of We" survey, administered on a regular basis, gives bankers a chance to voice their opinions and help promote a great workplace.

Webster provides transparency to the results and accountability on the implementation of action plans to address the feedback. These actions occur at three levels: corporate-wide, line of business or function, and by manager. For the past several surveys, our strengths have remained consistent and notable:

- **Doing the right thing** – Bankers are knowledgeable about risk management and are open to reporting concerns and unethical behaviors up the line, and feel positive about safety and soundness measures.
- **Clear direction** – Bankers indicated strong confidence in the company's executive leadership, direction and future, and in the way their job contributes to our success.
- **Customer and community focus** – Bankers feel management empowers them to serve customers and the community.
- **Employee treatment** – Bankers continue to feel recognized and valued, and they believe they have their managers' support to develop professionally.

Our focus on the Power of We shows that strong engagement translates into both customer and banker satisfaction.

Webster leaders continually conduct pulse surveys and are continuously looking for ways to improve engagement across the bank, including flexible work practices and workplace environment improvements. We responded quickly to the pandemic crisis, and remote work arrangements were in place wherever possible by mid-March 2020. Our policies and practices during the pandemic have focused on several key areas:

- Bankers' health and safety
- Information security practices to protect customer and banker information
- Recognition for those bankers whose work required on-site presence
- A special zero-interest loan program for bankers experiencing financial distress; the program assisted 428 Webster bankers with nearly \$2.05 million in loans
- Significant flexibility for those whose childcare commitments could not accommodate work

A late spring pulse survey indicated 95% of respondents were proud to work for Webster Bank.

BUILDING A DIVERSE, EQUITABLE AND INCLUSIVE WORK ENVIRONMENT

Our diversity, equity and inclusion focus is a natural outgrowth of our Webster Way values: acting with responsibility, respect, ethical behavior, citizenship and teamwork.

The goal is to embrace our differences — the ideas, talents and contributions of our bankers in an inclusive work environment. In 2020, we updated our diversity and inclusion efforts to include equity. As an organization, we wanted to ensure that equity was a part of every conversation and that we were providing an equitable experience for all bankers. We also hired a new Diversity, Equity and Inclusion (DE&I) Officer with the goal of expanding our DE&I programs and growing partnerships within our local communities, as well as with colleges and universities. It is our belief that in having a workforce with diverse backgrounds and experiences, we are better prepared to help our customers and the communities we serve achieve their financial goals.

There is a clear business case to be made for diversity and inclusion: it helps us to attract and retain talent, fosters a collaborative work environment, encourages innovation and serves a more diverse customer base, all of which support improved financial performance.

We continue to look at all our lines of business (LOBs) through a DE&I lens. Every LOB leader has DE&I metrics included in their strategic goals, including efforts to engage workforce diversity, equity and inclusion in their lines of business.

Webster's DE&I Council was established in 2017 and is co-chaired by our Chairman, President and CEO John Ciulla and our EVP of Business Banking John Guy, sending a clear signal that DE&I is a priority for Webster. The Council continues to serve as the platform where senior leaders and representatives of our various employee resource groups (ERGs) shape the strategy and actions of our DE&I focus. Bankers on the Council take the lead in our DE&I programming initiatives, which include celebrations of our varied identities.

In 2020, the Council increased its membership from 16 to 20 bankers, rotating membership and sponsoring initiatives to address our national climate of anti-racism and increasing opportunities for employee engagement. To broaden the Council's scope of expertise and inclusion, new representatives were added from three functional areas (Procurement, Philanthropy and Communications) along with a Veterans ERG and a Disability ERG.



78% favorable Diversity Index rating

The DE&I Council and ERGs sponsored a number of new programs and initiatives in 2020. Adapting to COVID-19 restrictions, the celebrations shifted to virtual mode and continued throughout the year, including Black History Month, Pride Month, Hispanic Heritage Month, National Literacy Awareness Month and National Employee Disability Awareness Month.

Highlights included an interactive art show for Black History Month, a virtual panel discussion on careers for Hispanic Heritage Month, and a virtual program in collaboration with a local law firm to discuss mentorship and sponsorship.

Our first ERG, the Webster Women's Initiative Network (WeWIN) was established in 2016. Under the leadership of our CIO and Chief Audit Officer, WeWIN's mission was expanded in 2019 and pillars were created to address the holistic needs of women in the organization, from career growth to work-life success.

WeWIN's Men as Allies group promotes the important role that men play in creating an environment of allyship and an atmosphere where women can succeed. In 2020, Men as Allies also hosted a well-attended event with the authors of "Athena Rising: How Men Can Be Better Allies for Women in the Workplace." Following the program, a related training module was developed for a virtual launch in 2021.

Nearly 100 bankers are actively involved in Webster's working parents support group. In 2020, the group partnered with the DE&I Officer and WeWIN/Men as Allies to work on programming and create awareness about the additional stressors experienced by working parents during the pandemic. They compiled resources and shared information with employees; panel discussions on navigating work, housework, caregiving and homeschooling during COVID-19 are planned for 2021.

Building on the steady progress that the WeWIN ERG has made, we are looking to further revamp our ERGs to ensure diverse representation and support throughout our entire footprint.

In order to better appreciate the full extent of diversity and inclusion at Webster, we have started to measure the impact of our initiatives and how people feel about working at Webster. Our current "diversity index," as indicated by our recently-administered employee engagement survey, puts us at 78% favorable. This shows that Webster fosters an environment where people from diverse backgrounds can succeed, and that individual differences are encouraged and valued in the workplace.

Webster's overall engagement scores remain consistently high and improved three percentage points over the last survey. Overall, Webster's DE&I team has noted changing attitudes, deliberate, positive collaboration, and higher levels of awareness around issues of diversity, equity and inclusion. According to our index, POW engagement around DE&I is two points above the industry norm.

One of Webster's annual talent management review process objectives is to identify and further build a pipeline of diverse talent, and position our bankers to take advantage of growth and promotional opportunities.

At the beginning of 2020, we launched a mentorship program for high-potential diverse individuals identified through our talent and organizational review processes. Twenty-one bankers were matched with executive leaders who serve as mentors, providing career guidance and positioning mentees to advance throughout the organization. We have also shared educational content around mentorship and sponsorship, and the role it plays in the advancement of racial minorities and women in organizations.

Education and awareness continue to be a cornerstone in realizing an inclusive culture. More than 90% of our bankers have participated in "Leading A Diverse Team," a workshop focused on defining diversity and inclusion, understanding bias, and practicing inclusive leadership. In early 2020, we launched a course devoted to an in-depth look at unconscious bias; participants were actively engaged and course evaluations were overwhelmingly positive.

We also developed and launched a new curriculum called "The Antiracism Journey," which provides strategies for bankers on how to respond to issues of racism when they arise. Team activities related to diversity, equity and inclusion principles were also facilitated at several virtual forums available to bankers throughout the company.

In 2020, Webster formulated and engaged in a response to the national climate and attention that has been directed to racial injustices. We made financial contributions to organizations doing work around racial injustices, and created an internal blueprint on how to respond to racial injustice, including providing space for bankers to engage in dialogue around the topic. We launched a book club to further this dialogue, as well as a speaker series where bankers can have meaningful facilitated conversations.

Developing talent and strong teams

We actively support the success, growth and career progression of our bankers, which includes technical and leadership development and the exploration of a broad range of career options within Webster. We make significant investments in formal development programs to build our talent pipeline.

At Webster, we are committed to developing and hiring internal candidates to fill open positions; as a result, more than 100 Webster Bankers accepted internal job changes in 2020. Our career development initiatives shifted to a virtual format, enabling bankers to continue participating in important career-enhancing programs, including job shadows and career consultations.

Our unique early-career Banking Rotational Program, now in its third cohort, offers four rotational assignments in five tracks: Credit and Risk, Finance and Audit, Community Banking, Technology and Operations. Bankers participating in this program are placed into full-time positions upon graduation from the two-year program.

We have developed strong partnerships with many local educational and nonprofit institutions as a means to recruit top talent. A bank-wide internship program was created in 2017 to centralize education and mentoring programs for our interns. In 2020, Webster Bank was among the few companies that honored commitments to summer interns, quickly converting the program to a virtual format prior to its start. We were able to welcome our class of 18 interns safely and on schedule. These interns participated in multiple virtual training and networking opportunities. The program continues to have long-term benefits, and represents an excellent pool to support our full-time early career talent needs.

Our cross-functional GenNext program is comprised of 25 millennial employees from across the lines of business and shared services. GenNext participants meet regularly throughout the year to provide ongoing feedback and ensure we are considering millennial goals and needs with regard to employee engagement.

Our Talent Acquisition team continues to partner with our hiring managers to leverage various recruitment practices and sourcing strategies to attract top diverse talent. All of our senior Talent Acquisition partners are certified as Diversity and Inclusion Recruiters through the AIRS certification program. Our

recruiters strategically choose sourcing networks and candidate pools that provide us with a more diverse mix of talent.

We review and track our interview slates for those openings at or above the VP level to determine how often we are seeing a diverse slate of candidates, with the goal of continuous improvement over the prior year, eventually reaching 100%. Despite the pandemic, our commitment and ongoing efforts to improve the diversity of our interview slates continued in 2020.

We build and strengthen external networks to assist us with our goal of recruiting from a more diverse talent pool. Webster's Talent Acquisition team maintained our commitment and focused efforts to deepen partnerships with on-campus diversity organizations at many colleges and universities as well as with community organizations and associations within our footprint. In response to the pandemic, we quickly transitioned all planned on-campus or in-person partnership and networking events to a virtual format through year end. This flexibility enabled continuity of business and organizational hiring, offered valuable networking opportunities.

Webster's Talent Acquisition team members continue to be invited as featured speakers, join employer panels and provide one-on-one career coaching to students, all virtually. We successfully participated in 44 general recruiting events in 2020, up from 37 in 2019. Our diversity-specific events increased by 7% in 2020.

Finally, Webster is a meritocracy. Our strong and thoughtful performance management process is a foundational element of our talent management strategy. It provides a fair and consistent framework for bankers to understand how individual performance is measured against objectives, behavioral competencies, and The Webster Way. Together, these elements connect to our business strategy and organizational success. By receiving clear expectations and constructive feedback, supplemented by robust development plans, bankers realize a higher degree of personal accountability, ownership and commitment to their performance, leading to increased productivity and engagement.

Investing in our bankers

Webster is focused on investing in our current and future talent development in order to drive business results and banker engagement. Our Learning & Development Strategy comprises five core areas:

- **Business education and job-specific training** for all bankers, to help them increase their proficiency and job performance in alignment with our business priorities.
- **Professional development** to enhance core capabilities or transferable skills, and promote continuous learning and advancement.
- **Leadership development** to build and enhance our leadership capacity through a range of efforts. We focus on developing our leaders, from first-time managers to mid- and senior-level executives, at critical junctures in their Webster journeys. For example, Webster offers a values-based leadership program that reinforces our core values and key leadership behaviors important to sustaining Webster's strong culture. HSA Bank has successfully launched a five-component program, "Beyond: Building Character for Work and Life," to foster inclusion through social and emotional intelligence.
- **Compliance training** continues to be a critical priority to ensure safety and soundness practices. All bankers and contractors are required to complete an annual compliance program. Compliance training requirements range from nine to 35 courses, depending on the banker's role, and cover a range of topics, including regulations, ethics, cybersecurity and employment law.
- **Career programs and certifications** build specific skill sets and augment competency levels to build our pipeline of talent through specialized programs, including our Banking Rotational Program, Small Business Certification and Licensed Banker Programs.

Our bankers have access to more than 200 offerings through Webster Bank University, our virtual destination for learning. Bankers can access various types of content, from on-demand webinars to podcasts and e-learning modules. In response to the pandemic, all training was converted to virtual experiences in 2020, whether self-paced or led virtually by an instructor.

We encourage our bankers to take charge of their development through a number of programs. Bankers have an opportunity to see where their skills and interests match various parts of our organization through career maps, and also to receive career consultation. Managers are provided training and guidance on how to have career conversations with their employees and use resources on our internal career development site. The site provides information on job shadowing, career talks, Webster's education assistance program and much more.

16 hours of paid volunteer time for full-time bankers

Our performance management practices link annual goals and objectives (which are based on business strategy) to personal development profiles. We then give our bankers the tools and resources they need to navigate their careers at Webster proactively. Our focus is on knowing, growing and engaging our talent. We want to know our bankers' career aspirations and talents and help them further unleash their potential, so they can have meaningful careers at Webster.

Embracing employee-friendly policies

At Webster, we understand the importance of balance in our bankers' lives and shape policies to support our workforce needs. Bankers in select areas who do not work directly with customers can enjoy flexible work arrangements and business casual/casual dress codes.

Full-time and part-time bankers receive a competitive amount of annual paid time off (PTO) for time away from work, or income security for bankers who are out of work due to a short-term sickness.

We offer a parental leave program, allowing up to two weeks of paid leave for the birth or adoption of a child for qualifying bankers, in addition to our disability leave policy.

Additionally, we provide all full-time bankers with 16 paid hours each year for volunteer opportunities. Bankers are encouraged to volunteer in their local communities and/or any of a number of community service projects supported by Webster bankers annually.

Taking pride in our "Total Rewards" philosophy

Webster's compensation program aims to attract, retain and reward high-performing talent at all levels through a pay-for-performance philosophy. We strive to provide base salaries that are market-competitive, including a current minimum wage of \$15 — an amount that is higher than national and state requirements. Variable pay opportunities are available to all bankers, including corporate incentive plans, sales/service commission or incentives plans, and equity plans for senior-level bankers. These plans reward bankers for the effective execution of financial, strategic and/or individual objectives that align with Webster's strategic success.

In addition, we ensure a strong risk management culture by making necessary adjustments to certain categories of bankers' variable pay if they contributed to a significant risk management

deficiency during the year. The majority of our senior leaders' compensation links to variable pay, which relates to their performance and Webster's overall performance. In addition, they have stock-holding requirements that help keep them linked to Webster's performance and to shareholder value.

Our pay practices have strong governance processes, including reviewing competitive market data from more than 20 surveys each year, many specifically related to the banking industry. We determine all job levels centrally to make sure Fair Labor Standards Act (FLSA) regulations are applied consistently throughout the bank. We review annual merit increases to ensure decisions were made without bias of any nature. We review our pay by job title to ensure we have pay equity for males and females, and we review offers as compared to internal peers to ensure we do not create any new gender pay gap issues. Webster has an Incentive Compensation Oversight Committee that reviews and approves any changes to business-line incentive or sales plans, which ensures consistent governance and behaviors.

Webster's rewards and recognition program drives a culture of appreciation built on the foundation of The Webster Way. These various awards, whether originating from the CEO or a colleague, recognize leadership and provide awards bankers want with

a focus on monetary and non-monetary elements. The award program plays a key role in our total rewards platform and helps make Webster a fulfilling place to work.

Moreover, Webster provides competitive benefits and wellness resources to its bankers. We work with outside benefits consultants to review our plans annually and benchmark them against other companies of comparable size. We offer comprehensive benefits, including medical, dental, vision, wellness incentives, life insurance, voluntary supplemental life insurance, short- and long-term disability, as well as 401(k) with company match, Employee Stock Purchase Plan, Employee Assistance Program and PTO. Webster shares in the costs of benefits with employees by paying approximately 80% of all insurance costs.

Webster contributes to bankers' health savings accounts through earned incentives for covered bankers and spouses for completing activities such as biometric screenings, wellness physicals and dental exams. We have partnered with an online wellness vendor to allow all employees access to nutritional, fitness and other health information, and participation is encouraged through individual and team competitions and incentives. Benefit trends are reviewed regularly, and Webster plans are adjusted accordingly to remain competitive.

More than 90%

of our bankers have participated in "Leading a Diverse Team"



Governance Report



For more information see page 31



**50%+ women on the
Board of Directors**

We believe in the importance of sound and effective corporate governance. Over the years, we have forged an explicit link between our corporate culture and corporate governance by identifying our core values, communicating them and living them every day. With uncompromising commitment to these principles, we continue to add long-term value for Webster customers, shareholders, bankers and the communities we serve.

Webster is committed to maintaining robust governance practices that benefit the long-term interests of its investors.

Transparent Governance Policies

The Webster Board of Directors ("Board") has adopted corporate governance practices and policies that both the Board and senior management believe promote this philosophy.

Board Diversity

Webster seeks to have a Board composed of directors with diverse experience in business and in areas relevant to the bank. We believe that Webster directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders.

In addition to depth and breadth of business and civic experience in leadership positions, a potential director's ties to our markets are considered in order to ensure diversity, as well as broad geographic and demographic representation reflective of the markets we serve. Five of Webster's nine-member Board of Directors are female: Elizabeth Flynn, Carol Hayles, Linda Ianieri, Karen Osar and Lauren States. In addition, Webster has two African American directors: Laurence Morse and Ms. States.

In October, Ms. States took part in a virtual panel discussion, "Mentorship and Sponsorship: Breaking Barriers to Equity," a Diversity, Equity and Inclusion event co-hosted by Webster Bank and Carmody Torrance Sandak & Hennessey LLP. Attended by more than 200 Webster women and men, topics ranged from leadership traits and workplace advancement for women to mentoring and work-life balance.

Board Leadership

At Webster, the role of Chairman of the Board is held by John R. Ciulla, who is Webster's President and Chief Executive Officer. In addition, there is a lead independent director who is appointed in accordance with Webster's Corporate Governance Policy. The current lead independent director, William Atwell, presides over the executive sessions of independent directors, providing independent leadership to mitigate any real or perceived conflicts of interest.

Board Committees

The Webster Board has established committees including Audit, Compensation, Nominating and Corporate Governance, and Risk Committees. The Board periodically refreshes membership on the Committees to provide new perspectives and insights.

Our Board continues to oversee our ESG efforts, with the primary responsibility for coordination of that oversight to the Nominating and Corporate Governance Committee.

Our management-level ESG Committee is comprised of senior executives across the Company, who meet quarterly and the ESG Committee reports to the Nominating and Corporate Governance Committee.

Executive sessions of independent directors

In keeping with Webster's Corporate Governance Policy, in 2020 the Board held sessions limited to independent directors at four board meetings. The lead independent director presides over the executive sessions of independent directors.

Information Security

The security of our customers' private information is one of Webster's key priorities. Webster expects employees, and each relevant supplier to be responsible for the security and confidentiality of client information. We communicate this responsibility to those entrusted with access upon hiring and regularly throughout the relationship. Employees are trained and tested, and assessments are conducted to ensure relevant suppliers have the appropriate controls implemented to protect customers' information.

We require all workforce members, including vendors and contractors, with access to client and Webster data to complete training to protect the confidentiality of client information. Training occurs at the time of hire and during each year of employment. Testing is performed at the time of training; competence in this area is further developed by regular use of simulation activities, from tabletop exercises and social

engineering simulations to resilience testing. All relevant suppliers with access to customers' data undergo rigorous due diligence prior to onboarding and are monitored to ensure they maintain required security controls.

Webster's Chief Information Security Officer (CISO) directs the Company's Information Security Operations. The program is designed to protect the confidentiality, integrity and availability of client data and valuable confidential information. Led by Webster's CISO, a team of dedicated security professionals examines risks to the Company's information systems and assets, designs and implements security solutions, monitors the environment and provides immediate response to threats.

Governance begins with the Information Risk Committee (IRC), which is a management committee that is a part of Webster's overall enterprise risk management framework and is responsible for overseeing information technology and security risk, including technology risk and cybersecurity. This committee is updated as to the open risks that are related to information security. It is responsible for reviewing the development, implementation and maintenance of Webster's Information Security Program and its related comprehensive set of technology policies, which align with regulatory guidance and industry standards.

Webster's program and its components are assessed periodically by various external and internal parties, including expert cybersecurity firms and penetration testers, banking regulators and Webster Internal Audit. These include risk assessments and the evaluation of associated controls, control protocols, information security and defenses, security monitoring and response, and threat intelligence.

Webster received national recognition for these efforts, winning a 2020 CSO50 Award for our "Addressing Business Transformation with Next-Gen Security Strategy" program, and our CISO Aimée Barricelli was named 2020 CISO of the Year by the American Cyber Awards. The Award honors an exceptional leader who has the attention of his or her board, a record for delivering results and a drive for creating a security culture throughout the company. The CISO provides an annual report on the state of the Information Security program to the Board's Risk Committee. Webster's Board and executives are keenly interested in and appreciate the severity of cybersecurity-related risks and support the continuous development of and investment in the Information Security program.

As a component of Webster's cloud migration initiative, technology advancements were made throughout 2019 to prepare Webster for modern-day computing. As part of these advancements, a new remote access system was established and made operational by beginning of 2020. This new system enabled 2,700 bankers to seamlessly transition their work environment from Webster facilities to home offices. Webster's business processes were able to operate normally with limited on-premise staff allowing for the continued focus on banker health and safety during the pandemic crisis. The adoption of remote work capabilities such as video collaboration is expected to continue to benefit Webster post pandemic with the potential to reduce employee travel and office commutes. This will continue to reduce our energy consumption and carbon footprint over the course of time.

Risk Oversight

Webster takes a comprehensive approach to risk management with a defined enterprise risk management framework providing a structured approach for identifying, assessing and managing risks across the Company in a coordinated manner. Top-level risk categories include strategic, reputational, credit, information, legal, financial, operational and compliance. The Board administers its risk oversight function primarily through the Risk Committee, which meets frequently throughout the year and reports its findings to the full Board on an ongoing basis. Webster also has a Chief Risk Officer (CRO), who reports on matters involving corporate risk to the Risk Committee, and periodically to the full Board.

In addition, the Compensation Committee reviews and assesses risks as related to Webster's compensation programs.

Best Governance Practices

Webster's Board strives to know, adopt and follow best governance practices as they evolve. In pursuing this, the Board acts proactively when it believes change is needed.

A strong control environment

Maintaining a robust control environment is a critical priority for Webster, as it helps ensure that we are in compliance with applicable laws, regulations and policies. The Board provides oversight of the control environment with the assistance of our independent public accounting firm. Having a robust control environment, however, begins with our employees.

Each business area is responsible for adopting and following policies and procedures designed to maintain transparency, and these policies and procedures are evaluated periodically. Bankers in each line of business serve as the first line of defense and are responsible for identifying, managing and owning the risks in their businesses.

All Webster employees are required to complete an annual course in Enterprise Risk Management. Risk and other corporate support functions (for example, Human Resources and Legal departments) serve as the second line of defense, and are responsible for providing guidance, oversight and respectful challenge to the first line of defense. Internal Audit and Credit Risk Review, both of which are independent of management, serve as the third line of defense and ensure that appropriate risk management controls, processes and systems are in place and functioning effectively.

Webster performs a periodic enterprise risk assessment, identifying, evaluating and aggregating risks — including strategic, reputational, credit, information security, legal, financial, operational and compliance — to monitor our overall risk profile. The CRO discusses Webster's risk profile with the Board's Risk Committee on a quarterly basis. Webster's General Auditor, who reports to the Board's Audit Committee, evaluates Webster's controls on an ongoing basis. Any issues that may arise involving controls are immediately reported to the Board, and result in the development of plans to address the identified issue and strengthen the control environment. In order to restrain risk-taking to acceptable levels and strongly discourage the manipulation of earnings for personal gain, Webster has adopted a "clawback" policy, in which any bonus or incentive compensation for executives is subject to recovery by Webster if such compensation is based on criteria that are later shown to be materially inaccurate, without regard to whether the inaccuracy arose from any misconduct.

In addition, we ensure a strong risk management culture by making necessary adjustments to certain categories of bankers' variable pay if they contributed to a significant risk management deficiency during the year. The majority of our senior leaders' compensation links to variable pay, which relates to their individual or group's performance and to Webster's overall performance.

CS050 Award for "Next Gen" Security Strategy

We engage with our shareholders and stakeholders

Webster has a long-standing commitment to transparency in communicating its financial performance and strategic objectives to current and potential shareholders. Our primary methods of communicating with the investment community include quarterly earnings releases and earnings conference calls, each available to the general public; publicly available filings with the Securities and Exchange Commission; current reports on Form 8-K; and active participation in investor conferences hosted by brokerage firms and industry groups.

Webster has consistently received national recognition in surveys by Institutional Investor magazine for the quality of our overall Investor Relations program, as assessed by analysts and

investors for attributes including timely and appropriate financial disclosure, constructive conference calls and accessibility of senior management.

As a public company having a bank as a primary operating subsidiary, Webster is answerable to regulators, including the OCC; Board of Governors of the Federal Reserve System (FRB); the Federal Deposit Insurance Corporation (FDIC); and the Bureau of Consumer Financial Protection (CFPB). As a result, we are regularly subject to comprehensive examinations by our regulators. We have established a mechanism for any stakeholder to communicate with the Board, any individual director, the lead director, the non-management directors as a group, or any other group of directors, by writing to:

[Name of Director or Directors]
c/o Lead Director of the Board of Directors
Webster Financial Corporation
PO Box 1986
Waterbury, Connecticut 06722

All communications received (except for communications that are primarily commercial in nature or relate to an improper or irrelevant topic) will be forwarded to the intended recipient(s) or the full Board, as appropriate.

Our customers have multiple options for contacting the Bank, including 24/7 customer service by telephone. For those with disabilities, we offer 24/7 Video Relay Service (VRS) and a Telecommunications Device for the Deaf (TDD) line. Customers may also communicate with us by secure email message or live chat online.

National
recognition
for Webster's Information Security program



OPERATING MANAGEMENT Committee



John R. Ciulla
Chairman,
President and
Chief Executive
Officer



Daniel H. Bley
Executive Vice
President
Chief Risk Officer



Bernard M. Garrigues
Executive Vice
President
Chief Human
Resources Officer



**Karen A.
Higgins-Carter**
Executive Vice
President
Chief Information
Officer



Glenn I. MacInnes
Executive Vice
President
Chief Financial
Officer



Christopher J. Motl
Executive Vice
President
Head of
Commercial
Banking



Jonathan W. Roberts
Executive Vice
President
Head of Retail
Banking and
Consumer Lending



Brian R. Runkle
Executive Vice
President
Head of Bank
Operations



Charles L. Wilkins
Executive Vice
President
Head of HSA Bank,
a division of
Webster Bank



**Harriet Munrett
Wolfe, Esq.**
Executive Vice
President
General Counsel
and Corporate
Secretary



Elzbieta Cieslik
Executive Vice
President
Chief Audit Officer
Webster Bank, N.A.

BOARD OF DIRECTORS

John R. Ciulla
Chairman, President
and Chief Executive Officer

**William L. Atwell
(Lead Independent Director)**
Retired Founder and Managing Director
Atwell Partners, LLC

Elizabeth E. Flynn
Retired Vice Chairman
Marsh, LLC

E. Carol Hayles
Former Executive Vice President
and Chief Financial Officer
CIT Group Inc.

Linda H. Ianieri
Retired
PricewaterhouseCoopers, LLP
Partner

Laurence C. Morse
Managing Partner
Fairview Capital Partners, Inc.

Karen R. Osar
Retired Executive
Vice President
and Chief Financial Officer
Chemtura Corporation

Mark Pettie
President
Blackthorne Associates, LLC

Lauren C. States
Retired Executive
IBM Corporation

Board of Directors are listed in the order they appear on page 26, from top left