



# 2021

**ENVIRONMENTAL, SOCIAL  
& GOVERNANCE REPORT**

UNIVEST FINANCIAL CORPORATION

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Univest Financial Corporation is a community- and employee-centric organization that believes in putting our core values of tradition, integrity, excellence, community and spirituality into action while delivering an excellent customer experience. With a Mission Statement that challenges us to be a strong leader in our markets and active

in our communities, being a responsible corporate citizen is at the core of how we operate.

As we strive to be the best integrated financial solutions provider in the market, we realize that our vision can only be achieved if we serve the best interests of all our constituencies – our customers, our communities, our employees and our shareholders – in a socially responsible manner. Environmental, social and governance (ESG) considerations are incorporated into the Univest culture and are integrated into the policies and principles that govern the way we do business.

Whether by providing financial solutions to individuals, businesses and non-profit organizations, maintaining an active role in our communities, investing in our employees, cultivating a diverse and inclusive work environment, or maintaining strong governance, risk management and internal controls, Univest's focus on these important ESG considerations allows us to continue to serve and support our customers, communities, employees and shareholders. The following report outlines our commitment to corporate responsibility and how we live it at Univest.

Sincerely,

Jeffrey M. Schweitzer  
President and CEO  
Univest Financial Corporation

# ADVANCING SUSTAINABILITY

To promote sustainability, Univest Financial Corporation (the “Corporation” and, together with Univest Bank and Trust Co. and its subsidiaries, “Univest”) has taken several steps to manage the environmental impact of our buildings:

- A comprehensive recycling plan is in place at all Univest locations
- Green cleaning products and recycled trash bags are used at all Univest locations
- We have installed energy efficient LED lighting in 53% of our locations
- 59% of our locations have motion detecting light switches in private offices, breakrooms and conference rooms
- We have made upgrades to energy efficient HVAC systems in 35% of our locations with one location utilizing a geothermal system
- 90% of our locations utilize programable thermostats
- One Univest location is LEED certified
- Univest continually strives to increase sustainability across our operating footprint

As part of our ongoing effort to refine and improve the delivery of banking services to our customers, Univest makes ongoing investments in our comprehensive suite of digital offerings. Our mobile banking app and online banking include services such as bill pay and electronic statements which offer both increased convenience for our clients and a positive impact on the environment. In 2021, the percentage of consumer accounts receiving eStatements grew from 29% to 37%.

## Lending to Meet the Environmental Goals of Our Customers

In addition, we support the environmental goals and energy-saving efforts of our clients which includes financing the purchase of approximately \$17 million of solar equipment for farms and businesses. We also provide financing to various environmentally friendly and sustainable businesses. Examples, with combined commitments of approximately \$27 million, include:

- A company that produces ultra-lightweight aggregates made from 100% post-consumer recycled glass
- A certified woman-owned business that provides lighting retrofit and energy procurement solutions to help clients reduce energy costs and ensure sustainability
- A mobile shredding company that recycles all the waste it produces
- A franchise that offers residential commercial irrigation systems that use up to 60% less water than traditional sprinkler systems
- Univest also provides banking services for a nonprofit organization that has diverted more than 100,000 carbon hockey sticks from landfills by repurposing them into items like BBQ sets and bottle openers

Our wealth division, Girard, takes an active approach to socially responsible investing that aims to simultaneously achieve goals related to ESG risks as well as financial goals. Girard’s approach to investing does not consider ESG investing as an independent strategy or a method only employed for particular clients. Instead, its strategy views environment, social, and governance issues as risks within the portfolio, just as it would view any other risk. Those risks need to be evaluated and play an important role in any responsible investment management strategy. Girard considers various independent, third-party analyses from leaders in ESG research as an extension of its internal processes. The team has a long history of creating customized approaches that incorporate the ESG priorities and preferences of institutional and retail clients and believes that environmental, social, and governance risks should have a material impact on capital allocation for long-term investors.

# SUPPORTING OUR COMMUNITIES

## 2021 Year in Review



**\$2.1m**  
FINANCIAL CONTRIBUTIONS



**372**  
ORGANIZATIONS SUPPORTED FINANCIALLY



**260**  
ORGANIZATIONS SUPPORTED THROUGH VOLUNTEER SERVICE



**10,897**  
VOLUNTEER HOURS



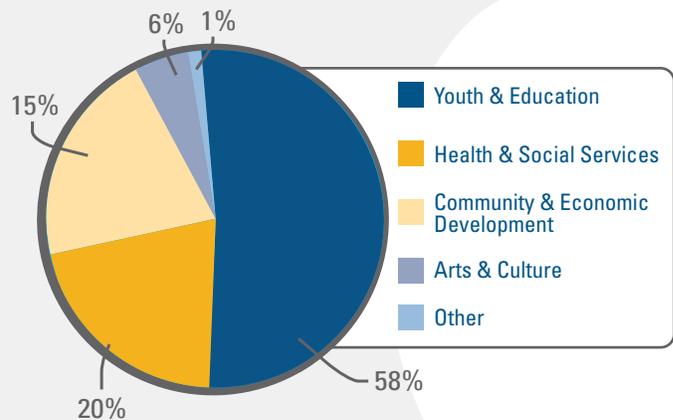
**16**  
CONNECTING WITH COMMUNITY EVENTS



**5,467**  
STUDENTS EDUCATED

## Charitable Giving

Strengthening our local communities is at the heart of Univest’s culture. We firmly believe in giving back to the communities we serve by providing financial support, encouraging employee volunteerism and serving in leadership roles for nonprofits. We focus our giving in the areas of youth and education, health and social services, community and economic development, and arts and culture. Helping to improve the quality of life in the communities we serve is our way of making a difference each day. In 2021, through our Committed To Local philanthropic program, Univest donated \$2.1 million to 372 organizations. The chart below shows the areas in which that giving was directed.



In lieu of hosting our traditional holiday drives due to the challenges presented by the pandemic, we hosted an online fundraising effort for the American Red Cross Southeastern Pennsylvania Region with Univest matching donations. The fundraiser was promoted both internally and externally via social media and raised \$17,500 for the American Red Cross.

## Employee Volunteerism

Our Connecting with Community volunteer initiative is one of the pillars of our philanthropy program. In 2021, we provided our employees with 16 Connecting with Community events to choose from in support of local charitable organizations. In addition to these Connecting with Community opportunities, we encourage our employees to volunteer independently so that they truly bring our Community core value to life. In 2021, Univest employees volunteered 10,897 hours in support of 260 nonprofit organizations.

In addition to being generous with their time, our employees also supported our annual fundraiser for the United Way. Through voluntary payroll deductions, Univest employees raised more than \$91,000.

## Promoting Financial Literacy

As a socially responsible company, we are committed to promoting financial literacy in the communities we serve. We provide financial literacy education to our communities and tailor presentations to cover topics appropriate for any age from preschool to older adults. Univest partners with two financial education innovators, EverFi and Inkwiry, to provide more than 5,400 students with access to interactive online courses that educate on critical financial concepts. We underwrite the cost for local schools to provide their students with access to these online courses that utilize interactive technology to educate students on critical financial concepts. In addition, we have an active blog and social media pages to which we regularly post informative articles on financial topics such as budgeting, saving for retirement and tips for first-time homebuyers.

## Providing Cybersecurity Education

To help our customers protect themselves against cybersecurity and fraud risks, Univest provides information and tips on our website for protecting personal information and avoiding identity theft and other scams. We also provide information on steps that customers can take if they believe they are a victim of fraud or identity theft. Education is also provided on topics such as ATM skimming and popular scams.

In October 2021, Univest hosted a webinar presented by our Corporate Security Officer highlighting the trending fraud schemes targeting businesses. On the consumer side, we participated in the ABA's social media campaign, "Banks Never Ask That," to educate consumers about phishing scams. The goal of the campaign was to share information on cybersecurity risks, particularly those that employ social engineering. Cybersecurity awareness tips were delivered through Univest's social media pages.

Univest is also diligent about educating employees on cybersecurity. Regular emails from our Chief Information Security Officer inform employees of scams and how they can do their part to keep the Univest network and customer information secure.

## Community Investment

Univest strives to meet the banking and credit needs of the entire local communities in which it does business including making sure low- and moderate-income neighborhoods have access to banking services which also ensures compliance with the Community Reinvestment Act.

Meeting the unique needs of the communities we serve is a priority at Univest. To do so, we participate in a number of programs that provide the opportunity to be an active, socially responsible corporate citizen.

Through support of programs and organizations that are making a difference in the local communities we serve, we are able to help provide affordable financial options. Examples include:

- Partnering with the Restore, Repair, Renew program which is an initiative of the City of Philadelphia and the Philadelphia Redevelopment Authority to help homeowners access low-interest loans to invest in their properties
- Participating in First Front Door, a first-time homebuyer grant program that provides qualifying homebuyers with \$3 in grant assistance for every \$1 they contribute, up to a maximum of \$5,000, to be used for down payment and/or closing costs
- Supporting Home4Good which helps those who are homeless or at risk of homelessness by channeling dollars to local service organizations
- Participating in the Affordable Housing Program which provides grants and subsidized loans for the acquisition, construction or rehabilitation of affordable housing for households with incomes at or below 80 percent of the area median income

- Partnering with Neighborhood Housing Services of Greater Berks which provides homebuyer education, counseling and lending services

In 2021, Univest committed to participate in the Greater Philadelphia Financial Services Leadership Coalition created by the Chamber of Commerce for Greater Philadelphia to increase capital for minority-owned businesses through local Community Development Financial Institutions (CDFI). This consortium of more than 30 financial institutions has pledged a fund of \$100 million which will provide grants to Philadelphia CDFIs to help strengthen their operations and better serve small businesses while addressing historical barriers faced by black- and brown-owned businesses when accessing capital.

In the Lehigh Valley, Univest has committed \$600,000 over the next six years to support the Community Action Development Corporation of Bethlehem's Southside's Tomorrow project. This project will focus on housing affordability and quality, public and green spaces and community connectivity.

As we strive towards our vision of being the best integrated financial solutions provider in the market, we take pride in delivering competitive, convenient solutions and exceptional customer experience while maintaining an active role in the communities we serve.

# INVESTING IN OUR EMPLOYEES

Univest is committed to attracting, developing and retaining a diverse team of employees and enhancing the employee experience by providing a supportive, positive work environment where employees are treated fairly, can be their unique self and are valued as Univest's greatest asset.

## Equal Opportunity Employer

Univest strives to be an employer of choice for people from all backgrounds and experiences and actively works to create a diverse and inclusive environment. Univest's recruiting efforts support its commitment to equal employment opportunities. Human Resources lists job openings with the Commonwealth Workforce Development System as well as with several area agencies specializing in the placement of females and minorities. Job fairs are held at Univest's offices and at locations sponsored by community groups. Corporate representatives visit area schools to recruit students and offer advice on careers in banking. In addition, advertisements are featured in a variety of sources and job websites reflecting our commitment to providing equal opportunities within our geographic labor market.

## Diversity and Inclusion

Univest is committed to fostering, cultivating and preserving a culture of diversity and inclusion. We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Univest's diversity initiatives are applicable – but not limited – to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees
- Teamwork and employee participation, fostering representation of all groups and perspectives

- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity

All employees of Univest have a responsibility to always treat others with dignity and respect. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. All employees are also required to complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

Our Diversity, Equity and Inclusion (DEI) Committee was established in 2020 to ensure that our workplace is a supportive environment with equal opportunities for everyone. The DEI Committee spent the year working with DEI specialists at PwC. An assessment of Univest was completed and the resulting transparency report was shared with all employees and discussed at a company-wide Town Hall meeting allowing for conversations on what is working well and where there is room for improvement in the area of DEI. Regular employee communications, including a DEI newsletter, “Univest United,” were shared throughout the year to help drive awareness. This newsletter, among other things, serves to spotlight employees and their diverse backgrounds through their own personal stories. During 2021, we invested \$580 thousand in various DEI initiatives.

A Learning & Development Committee worked throughout the year to develop and test learning sessions that will serve as a foundation for increasing awareness on diversity, equity and inclusion topics. The sessions will be facilitated by team members from throughout our organization and are planned to launch in the first half of 2022. A DEI roadmap was created and will guide our journey. Plans have begun that focus on recruiting, mentoring and retaining Univest team members.

## Training and Development

At Univest, the training and development of our employees is a priority. In 2021, we invested more than \$935,000 in tools, training programs and continuing education to help our employees build their knowledge, skills and experience. We provide in-house training to employees on topics including leadership and professional development, cybersecurity, risk and compliance and technology. In addition, as part of “Univest University,” we provide several certification programs including a Skill Builder Certification Program, a Supervisor Certification, a Leadership Certification and an Advanced Leadership Certification. These programs include courses that address communication skills, customer service, managing conflict, alternative management styles, business ethics and emotional intelligence. During 2021, we provided approximately 9,443 hours of training to our employees.

## Tuition Reimbursement and College Partnership Programs

In addition to our internal training efforts, we provide a Tuition Reimbursement Program in which costs for undergraduate degree, graduate degree, and advanced intensive technical training programs from an accredited college or university are eligible for reimbursement up to \$3,500 per year.

Univest also participates in a College Partnership Program in which five college partners provide a variety of discounts and services for Univest employees. Each school offers unique incentives.

## Employee Wellness

Univest recognizes that life presents many challenges both at work and at home. An Employee Assistance Program is in place to help employees navigate these challenges. Employees and members of their families may utilize counseling services freely and confidentially. Employees working in Montgomery and Bucks counties utilize Penn Foundation and all other employees utilize Integrated Behavioral Health.

We designated a Pandemic Safety Officer who was available to employees at any time. We provided each employee with 10 additional paid days of sick time to be used if an employee contracted COVID-19, if the family member of an employee contracted COVID-19, or if an employee was exposed to someone who tested positive for COVID-19.

We also provided our employees with memberships to Care.com to assist employees with finding suitable care for members of their household as we began to return to in-office work. As of April 4, 2022, a majority of employees will return to the office with a hybrid work arrangement (e.g. three days in the office and two days remote per week). In addition, we provided access to the Calm app which is a highly rated app for sleep, meditation and relaxation, at no cost to our employees.

## Employee Compensation and Benefits

Univest believes that all individuals deserve the opportunity to earn a living wage that allows our employees to achieve a decent standard of living. As a result, we offer competitive compensation and comprehensive benefits. We have governance mechanisms, systems and controls in place that are intended to provide our employees equitable pay for the work that they do, regardless of who they are. In 2021, after an analysis of the labor market, we increased the starting salaries for our Consumer Services employees by more than 8%.

On an ongoing basis, we promote the health and wellness of our employees. Our benefits package includes health care coverage, retirement benefits, life and disability insurance, wellness and employee assistance programs, paid time off and leave policies. Beginning in 2021, we provided our lower-wage earners with higher insurance subsidies.

## Employee Engagement

Our President and Chief Executive Officer communicates with our entire organization on a weekly basis via email. These emails began as an effective way to provide relevant and timely information to our organization at the onset of the pandemic and have transitioned to providing updates on key organizational initiatives such as DEI matters, financial performance, and other focus areas. Additionally, we hold quarterly employee webcasts during which senior management presents and employees have the opportunity to ask questions.

## Employee Retention

Employee retention helps us operate efficiently and offers continuity to our customers and the community. We believe our commitment to living our core values, actively prioritizing concern for our employees' well-being, supporting our employees' career goals, offering competitive wages and providing valuable benefits aids in retention of our employees. Univest's annual turnover rate in 2021 was 16% which continued to be well below the industry average of 25.6% according to the Bureau of Labor Statistics. At December 31, 2021, 17% of our current staff had been with us for 15 years or more.

# SERVING OUR CUSTOMERS

## Digital Solutions

Another impact of the COVID-19 pandemic is reduced in-person transaction volumes at our financial centers. One of our strategic priorities is addressing this trend in customer preference by serving customers when and how they choose while also driving efficiencies in our operation. We have made significant investments and improvements in our digital capabilities and continue to see increased customer activity. Univest's comprehensive suite of digital solutions includes an updated online banking platform and mobile banking app. These digital banking systems offer increased security, the ability to chat with our customer support team online, deposit checks, transfer money and more.

In addition, mobile apps are available to our wealth and insurance clients. For businesses, we leverage the power of nCino to create a streamlined commercial loan origination system that allows for credit integration, faster decision making and quicker loan bookings.

## Support Amid COVID-19

As we continued to navigate the challenges presented by the COVID-19 pandemic, Univest maintained our commitment to supporting local businesses through our continued participation in the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP). In 2021, we processed more than 1,300 applications during the second round of PPP with fundings totaling more than \$171 million. We also helped our customers navigate the forgiveness phase. More than 3,600 applications for forgiveness have been submitted and approved by the SBA totaling more than \$655 million. Thanks to the ongoing hard work and dedication from employees across the organization, we continue to be a valuable resource to business owners, their employees and our communities.

For the past two years, businesses in the city of Philadelphia were not only impacted by the pandemic, but also by civil unrest that led to destruction of property and additional closures. In response to these challenges, Univest led the charge to create the Micro-Loan Recovery Program enlisting four other local banks to participate and provide 10-year low-interest rate loans ranging from \$3,000 to \$25,000 to businesses within the City of Philadelphia. In 2021, there were 17 loans provided through the program totaling \$425,000. These loans were a lifeline to small businesses. Examples of beneficiaries include a flower shop, barber shop, bakery, restaurant and bookstore – all integral parts of the community.

# PROMOTING SOUND GOVERNANCE

In fulfilling our mission to be a strong, influential leader in the markets we choose to serve, Univest believes there is nothing more important than its reputation for integrity.

Our board of directors, officers, and employees are bound by the highest principles of ethical conduct. Univest's Corporate Governance Principles spell out our commitment and initiatives to comply with not only the regulations, but also with the true spirit of responsible corporate governance. A substantial majority of the Corporation's Board of Directors consists of independent directors.

Univest strives to maintain a diverse Board in terms of beliefs, background, education, experience, gender and race. The table below provides certain highlights of the composition of the Corporation's Board members. Each of the categories listed in the below table has the meaning as it is used under applicable NASDAQ rules. As always, we seek to add diverse individuals who contribute unique business perspectives to the Board, benefiting Univest as a whole.

The Corporate Governance Principles and the charters of the Nominating and Governance Committee, Compensation Committee, Audit Committee and Enterprise-Wide Risk Management (ERM) Committee establish a framework for the governance of the Board and oversight of the organization. Among their responsibilities, these committees oversee a range of matters pertaining to ESG topics. All members of the Audit, Compensation and Nominating and Governance Committees are independent as defined in the listing standards of the NASDAQ Stock Market and SEC regulations.

**Board Diversity Matrix  
As of December 31, 2021**

Total Number of Directors		12		
	Female	Male	Non-Binary	Did Not Disclose Gender
<b>Gender Identity</b>	—	—	—	—
Directors	2	10	—	—
<b>Demographic Background</b>	—	—	—	—
African American or Black	1	1	—	—
Alaskan Native or Native American	—	—	—	—
Asian	—	—	—	—
Hispanic or Latinx	—	—	—	—
Native Hawaiian or Pacific Islander	—	—	—	—
White	1	8	—	—
Two or More Races or Ethnicities	—	1	—	—
LGBTQ+	—	—	—	—
Did Not Disclose Demographic Background	—	—	—	—

## Nominating and Governance Committee

The Nominating and Governance Committee is responsible for identifying and evaluating individuals qualified to become Board members and to recommend such individuals to the Board for nomination. The Nominating and Governance Committee seeks to balance the skill sets of current Board members with the need for other diverse skill sets and qualities, including diversity of gender or ethnicity, which will complement the Corporation's strategic vision. All Director candidates are evaluated based on general characteristics and specific talents and skills needed to increase the Board's effectiveness. Additionally, all candidates must possess a commitment to high ethical standards and have a demonstrated reputation for integrity. Other facts to be considered include an individual's business experience, education, civic and community activities, knowledge and experience with respect to the issues impacting the financial services industry and public companies, as well as the ability to devote the necessary time to serve as a Director. A majority of the Directors on the Corporation's Board must meet the criteria for "independence" established by the NASDAQ Stock Market, and the Nominating and Governance Committee will consider any conflicts of interest that might impair their independence.

In addition, the Nominating and Governance Committee assists in establishing Univest's general strategy with respect to ESG matters, and considers, recommends and implements policies, practices, systems and disclosures that conform with the strategy.

## Compensation Committee

The Compensation Committee reviews and approves Univest's compensation and benefit programs. As part of its oversight responsibilities, the Compensation Committee also reviews the relationship among risk, risk management and compensation, including the avoidance of practices that would encourage excessive or unnecessary risk-taking.

In October 2021, the responsibilities and duties of the Compensation Committee were expanded to include the approval of human capital disclosures contained in Univest's public reports, to assist in establishing Univest's general strategy with respect to environmental performance, health and safety, corporate social responsibility, corporate governance, sustainability, and other public policy matters relevant to Univest as it relates to compensation, employment and human resources ("HR ESG"), to consider and recommend policies, practices, systems and disclosures that conform with that strategy, and to monitor the implementation of HR ESG-related policies, practices and systems to ensure adherence to Univest's strategy.

## Audit Committee

The responsibilities of the Audit Committee include the annual selection of the Corporation's independent registered public accounting firm, review with the internal auditors and independent registered public accounting firm of the overall scope and plans for the respective audits as well as the results of such audits, and review with management, the internal auditors and independent registered public accounting firm the effectiveness of accounting and financial controls, and interim and annual financial reports.

## Enterprise-Wide Risk Management (ERM) Committee

The ERM Committee, which consists of members of the Corporation's Board and management, provides a framework to proactively identify and evaluate potential risks to Univest and to mitigate those risks. The enterprise-wide risk management process encompasses any potential risk (inherent business risk or residual risk) that can adversely affect Univest's reputation, financial condition or results of operation or franchise value. The work of the ERM Committee provides a sound basis for integrated risk management and internal controls as key components of good corporate governance. Univest's core values drive a culture of high performance matched against the highest ethical standards and business practices.

