

**2022**

**Corporate Social  
Responsibility  
Report**

# Who We Are

SouthState Bank, N.A. is a regional community bank that provides a wide range of financial products and services to our customers through throughout our six-state footprint in Florida, South Carolina, Alabama, Georgia, North Carolina, and Virginia.

We also provide products and services for over 1,000 small and medium-sized community banks throughout the United States through a correspondent banking and capital markets division and our Duncan-Williams, Inc. broker-dealer subsidiary, and we offer factoring services to transportation companies and automotive parts and service providers nationwide through our Corporate Billing, LLC finance company subsidiary.

Recently, SouthState received top honors from Forbes and Greenwich, including being listed in the top 30 of Forbes' Best Banks in America and receiving 16 Greenwich Excellence and Best Brand awards for business banking. Forbes also named SouthState as "Best-in-State" Banks in Florida, Georgia and South Carolina. Additionally, S&P Global Market Intelligence named SouthState to its ranking of the Top 50 Public Banks in the U.S.

**4,957**

Employees committed to providing SouthState's customers with the financial products and services they need to meet their goals

**281**

Branches in our community focused, 6-state footprint, along with an expansive network of ATMs and best-in-class online and mobile banking platforms

**\$23.9 Billion**

Total loans at 12/31/21, including community development, small business and PPP loans

**\$42 Billion**

Total assets as of December 31, 2021



# Our Vision, Guiding Principles and Core Values

Our vision is to invest in the entrepreneurial spirit, pursue excellence and inspire a greater purpose. The guiding principles supporting this vision are soundness, profitability and growth, while expecting our teams to lead with integrity and accountability. The Company's core values reflects how we intend to fulfill our vision and meet our guiding principles through our interactions with each other, our customers and the communities we serve.

## Guiding Principles



## Core Values

- **Local Market Leadership.** Our business model supports the unique character of the communities we serve and encourages decision-making by a banker that is closest to the customer.
- **Long-Term Horizon.** We think and act like owners and measure success over entire economic cycles. We prioritize soundness over short-term profitability and growth.
- **Remarkable Experiences.** We will make our customers' lives better by anticipating their needs and responding with a sense of urgency. Each of us has the freedom and responsibility to do the right thing for our customers.
- **Meaningful and Lasting Relationships.** We communicate with candor and transparency. The relationship is more valuable than the transaction.
- **Greater Purpose.** We enable our team members to pursue their ultimate purpose in life – their personal faith, their family, their service to the community.

Because we recognize the importance of encouraging our employees to act consistently with our vision and core values, we maintain a board-level Culture Committee that oversees the implementation of our vision and core values. Our Culture Committee also oversees our programs for building and retaining a diverse and inclusive employee base, through our recruiting, training and leadership training programs, employee engagement programs, and our internal and external cultural messaging.

# Foundation of our Corporate Social Responsibility



## Community

Through community leadership, financial support and volunteerism, we are committed to building strong and vibrant communities where we operate in order to make a positive difference where we work and live.



## Colleagues

We foster building a strong culture, based on our core values of remarkable experiences, local market leadership, and meaningful and lasting relationships, where employees feel respected, included and heard. Our most valuable asset is our workforce, and our success is a direct reflection of the talent and tireless efforts of our people.



## Corporate Stewardship

We believe effective corporate governance, which includes being good stewards and promoting the highest ethical standards, is the bedrock on which to build our corporate culture and communicate our core values.



## Environment

We believe climate change impacts the Bank and our resiliency to various weather events as well as the Bank impacting the environment, and reducing that impact by adopting sustainable practices and reducing waste.

## PURSuing A GREATER PURPOSE – 2021 IMPACTS



Commitment to Our Community	Commitment to Environmental Resourcefulness	Promoting Diversity and Inclusion	Commitment to Our Team Members
<p><b>\$680MM</b> provided in community development loans</p> <p><b>\$434MM</b> provided in affordable lending mortgage programs</p> <p><b>\$7.45MM</b> in grants and contributions awarded to 1,700 organizations</p> <p><b>6,400</b> volunteer hours in over</p> <p><b>400</b> different organizations by SouthState team members</p>	<p><b>39%</b> of deposit accounts delivered in the form of eStatements resulting in:</p> <p><b>93</b> trees saved</p> <p><b>83,100 lbs</b> of gallons of water saved</p> <p><b>69,800 lbs</b> of CO<sub>2</sub> emissions saved</p> <p><b>4,570 lbs</b> of solid waste reduction</p> <p>Participation in energy savings performance contract programs</p>	<p>Adopted <b>3</b>-year D&amp;I strategic plan</p> <p>Formed D&amp;I council to provide oversight of strategy</p> <p><b>72%</b> of workforce comprised of women</p> <p><b>21%</b> board diversity</p>	<p><b>\$57</b> thousand in financial assistance provided to team members through the Sunshine Fund</p> <p>Up to <b>12</b> weeks of Critical Care Time offered</p> <p>Up to <b>6</b> weeks of parental leave offered</p> <p>Employee Assistance Program that offers assistance and counseling</p>





## Our Commitment to Our Community

# Volunteerism and Community Outreach

In 2021, SouthState employees completed more than 6,400 volunteer hours for 400 different organizations and served as board and/or committee members for several organizations.

The impact of our community outreach and support of community-based organizations include:

## Statement of Impact from The CornerStone Initiative

"Our team at the CornerStone Initiative is incredibly thankful for the ongoing and growing partnership with SouthState Bank. What began almost 10 years ago as financial partnership has blossomed into a mutually beneficial relationship, not only between organizations, but also between the individuals that represent each organization. In 2019, SouthState Bank invested in CornerStone's work by providing the funds needed to train one of their employees so that she could serve as a facilitator for our financial literacy initiative, "Faith and Finances." That facilitator, Shakira Ellis, has been faithfully facilitating "F&F" ever since. In addition, SouthState has afforded her the time to serve on our Board of Directors where she currently serves as the Board Chair.

Some banks function as if the best way to support those living in the low-income community is to help them become homeowners. While that is an incredible feat, it also leaves out the majority of people from that demographic that are nowhere close to home ownership. Instead, SouthState has shown that they are willing to invest in relationships that meet people where they are and walk with them on the long road towards financial stability. Sometimes that starts with homeownership – and other times that starts with opening a bank account and cleaning up a questionable credit history.

The CornerStone Initiative is humbled to have such intentional and targeted support from SouthState Bank. Our community is a better place because SouthState's leadership team continues to show that they are committed to investing their resources into initiatives that benefit all people on the pathway from crisis to stability to flourishing."

– *Debbi Akers, Executive Director  
The CornerStone Initiative, Huntsville, Alabama*

*"Our community is a better place because SouthState's leadership team continues to show that they are committed to investing their resources into initiatives that benefit all people on the pathway from crisis to stability to flourishing."*



**Debbi Akers**  
Executive Director  
The CornerStone Initiative  
Huntsville, AL

## Statement of Impact from the SC Community Loan Fund

"Financing community projects and loans for businesses is about increasing the wealth and opportunity for people of color. It's the opportunity to make their own wealth for long-term sustainability. I first saw the potential for an organization like the South Carolina Community Loan Fund when I was a Community Development Officer for SouthState, as I had seen the limits of traditional bank lending. I am proud to say that SouthState was the first bank to make an investment in the SCCLF when it started 18 years ago, and I'm proud to say that 'my bank' is still involved in supporting a community development financial institution."

- Nate Barber, CEO  
South Carolina Community Loan Fund



## Statement of Impact from Gospel, Inc.

"We are very grateful to SouthState Bank for identifying Gospel Village as a worthy project for our community. They saw the value in what we do and chose to invest in us. We have been blessed with a \$500,000 grant and other contributions that will assist in housing 24 individuals experiencing chronic homelessness. Thank you so much!"

- Brian Seeley, Executive Director, Gospel Inc., Lakeland, Florida



## Statement of Impact from Loaves & Fishes

"At Loaves & Fishes/Friendship Trays, we are focused on ending food insecurity in Mecklenburg County. However, one thing is clear, no one organization can tackle hunger alone. It takes working hand-in-hand with community partners to make an impact. That's why we are grateful for our partnership with SouthState Bank."

In May of 2021, Loaves & Fishes and Friendship Trays merged, bringing together two long standing hunger fighters to address all faces and phases of hunger in our community. This has led to exponential growth in terms of staff and service, requiring a much larger space. It became clear we needed a new warehouse where we could not only grow our programs but invite other like-minded community partners to share space and resources with us.

Fortunately for us, Mark Moye, Ryan Wakefield and Darius Chase were there every step of the way, to ensure our big dreams of a Hunger Hub become a reality.

Despite the challenging real estate market, with the help of SouthState Bank we were able to purchase a 92,000 sq. ft. warehouse in December 2021. The impact this new Hunger Hub will have on our neighbors in need is immeasurable."

Tina Postel, Chief Executive Officer  
Loaves & Fishes/Friendship Trays,  
Charlotte, North Carolina





## Statement of Impact from Junior Achievement

"In SouthState Bank's store [at the Junior Achievement Discovery Center], middle school students experience establishing a bank account, getting a business loan, and even the power of saving and compound interest. They are enriching the education of 15,000 Coastal Georgia students every year."

– Camille Russo, Vice President of Marketing  
Junior Achievement of Georgia

We recognize the importance of education and financial literacy to underrepresented people and underserved communities. During 2021 we collaborated with EVERFI to provide financial literacy to elementary school students, reaching 3,480 students in 52 schools, and providing 4,188 hours of learning. At least 51% of the student population in most of the schools served are eligible for and/or receive reduced or free lunch.

We offer our employees up to 4 days of paid volunteer time annually to lend their expertise to worthy organizations, whether through skills-based volunteering or service projects.

Corporate giving is also integral to our culture. In 2021, SouthState provided \$7.45 million in grants and contributions, supporting the mission of 1,741 organizations. Donations in 2021 include but are not limited to:

- Donation to the Georgia GOAL Scholarship Program, which provides scholarships to in-need students with significant financial need and lack of access to funding to pursue their dream of higher education, so as to provide paths for growth, education and opportunity.
- Donation to Habitat for Humanity of Marion County, Florida, which provided the financing for the construction of a future home for a low-to-moderate income family in an area where safe and affordable housing options are limited.
- Donation of \$50,000 to Starter Studio in Daytona, Florida, whose mission is to promote, develop and support the tech startup and small business culture through economic development initiatives, including mentorship, workshops, education, and funding.

## Supporting Minority Depository Institutions

According to the Federal Deposit Insurance Corp. (the "FDIC"), the unbanked and underbanked are more likely to have lower income, less education or be in a racial or ethnic minority. Because we are committed to ensuring that all people in the communities we serve have the opportunity to build wealth, we are continuing to seek innovative ways to partner with others in our communities to serve the unbanked and underbanked.

SouthState Bank continues to support the Office of the Comptroller of the Currency's (OCC) Project REACH initiative to revitalize Minority Deposit Institutions (MDI).

In 2021, SouthState invested a total of \$2.5 million in deposits and equity investments in MDIs as follows:

- In order to help close the wealth gap in previously unbanked, underbanked and historically underserved people and places, in 2021, SSB invested \$500,000 in Optus Bank, a federally designated minority depository institution ("MDI") and community development financial institution ("CDFI"). More than 90 percent of Optus' assets are invested in communities of color.
- \$2 million in deposits placed with eight (8) different MDIs across SouthState's six state footprint.

## CRA and Community Development

We are committed to serve the communities in which we operate and listen to their needs. Twenty-six percent (26%) of our branches are located in low-to-moderate (LMI) communities.

Our communities need more affordable housing, and as a member of the Federal Home Loan Bank of Atlanta, we participate in the FHLB Atlanta's Affordable Housing Program (AHP) to provide grants to LMI homeowners and to projects that support affordable housing. Funds were used to provide down payment and closing cost assistance for LMI borrowers to purchase their primary residence, and for competitive projects for affordable housing development. Using these products had a positive impact on our communities. Results and impact from 2021 include:

- Through FHLB Atlanta's 2021 Affordable Housing Program General Fund, \$1,000,000 was awarded to SouthState Bank and two of its development partners to enhance two development projects in Florida and South Carolina. These developments are made up of 72 rental units and represent approximately \$7.9 million in residential development activity.
- Down-payment assistance grants totaling \$44,864 were provided to six (6) low-to-moderate income borrowers, five (5) of which utilized the first-time homebuyer grant, and one (1) of which utilized the community partners grant which is designated current or retired law enforcement officers, educators, health care workers, firefighters, and other first responders; veterans or active-duty members of the US military or their surviving spouse; and COVID related essential workers.

In 2021, the Bank extended approximately \$1.9 billion in CRA-eligible loans.

To further support lending to LMI borrowers, our Mortgage Division offers a suite of affordable lending products. In 2021, we originated 1,839 mortgages totaling \$434 million under the various affordable lending products. Included in this suite of products is the Buyer's Advantage residential mortgage product, which is a bank portfolio product that provides up to 100% financing for LMI borrowers to purchase their primary residence. In 2021, we originated 753 mortgages totaling \$150 million under the Buyer's Advantage product.

In 2021, we also originated 237 community development loans totaling \$680 million to borrowers within our footprint. Community Development lending results in 2021 include the following:

CD Lending Category	CD Lending Dollar Amount	CD Lending Amount
Affordable Housing	\$216,000,000	49
Community Service	\$173,000,000	84
Economic Development	\$256,000,000	94
Revitalization	\$35,000,000	10
<b>TOTAL</b>	<b>\$680,000,000</b>	<b>237</b>

Examples of community development loans SouthState Bank originated in 2021 include:

- Loan of \$54 million for the construction of a 343-unit affordable housing complex to located in Hillsborough County, Florida, in accordance with that county's Comprehensive Plan of needing additional affordable housing opportunities for local residents.
- Loan of \$29 million for the construction of a 300-unit workforce housing development complex in Palm Coast, Florida, where availability of affordable housing options is low. Developers of similar developments typically market them in areas with a high population of service industry professions, such as those in healthcare, emergency response services, manufacturing and warehouse, and teachers.
- Loan of \$16 million to purchase land and construct a 48,387 square feet Publix-anchored retail shopping center that will contain additional businesses creating permanent jobs and support economic development throughout the area.
- Loan of \$10 million to a disaster response company to purchase additional vehicles such as bucket trucks and diggers that will be deployed to disaster-stricken areas to provide essential and critical assistance and services.

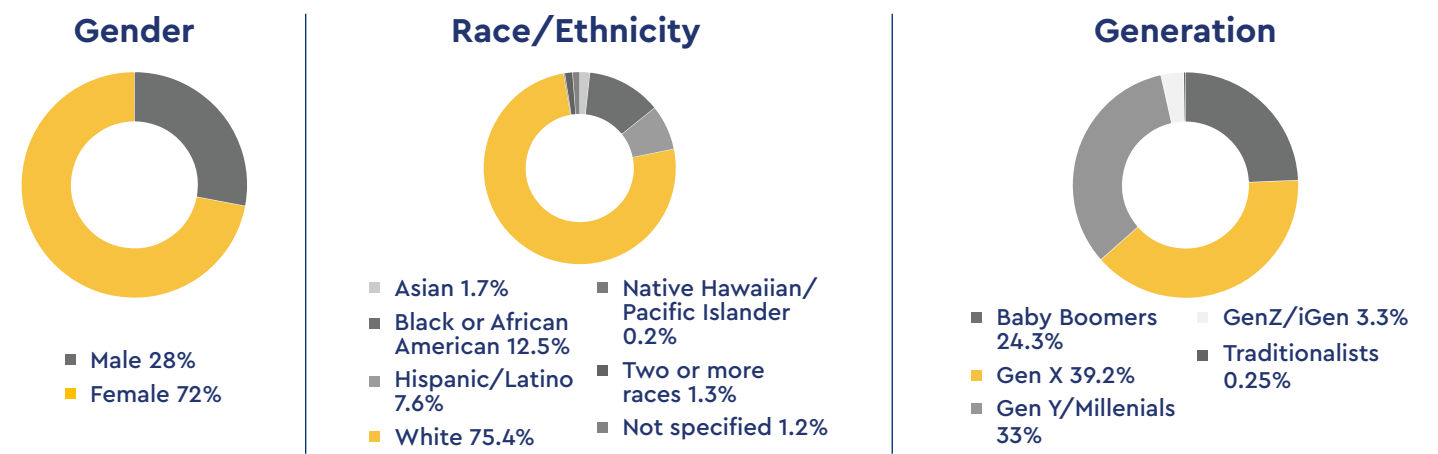




# Diversity and Inclusion

We strive to build a powerful and diverse team of employees, knowing we are better together with our combined wisdom and intellect. With a commitment to equality, inclusion, and workplace diversity, we focus on understanding, accepting, and valuing the differences between people. Our Director of Corporate Stewardship reports to our CEO and bears primary responsibility for overseeing and directing strategic initiatives related to enterprise diversity, environmental and social governance, community development, management development, and the Employee Sunshine Fund.

As of December 31, 2021, we had 4,929 full-time equivalent employees (compared to 5,184 as of the same date in 2020), 201 part-time employees, and 14 seasonal employees. Over 97% of our employees are located in the Bank's 6-state branch footprint of Florida (34%), South Carolina (34%), Georgia (15%), North Carolina (6%), Alabama (6%) and Virginia (1%). To date, none of our employees are covered by collective bargaining agreements, and all but one employee live in the United States. During fiscal year 2021, we hired 1,016 employees (excluding employees via merger or acquisition), and our voluntary turnover rate was 17.5%. Additional workforce demographics by gender, race or ethnicity and generation are reflected in the graphics below.



**Our Commitment to Our Colleagues**



In 2021, the Company adopted a three-year diversity and inclusion plan built around three goals:

<b>Workplace Diversity</b>	Recruit diverse, qualified talent representing all areas of society to add to the overall performance of the Company.
<b>Workplace Inclusion</b>	Establish strategies that are sustainable and provide leaders throughout the Company with the proper tools and resources to manage and measure diversity within their respective lines of business.
<b>Sustainability and Accountability</b>	Champion a culture of collaboration and acceptance that creates a comfort level for team members to be themselves and supports diverse retention.

The Company also formed a Diversity and Inclusion Council to provide oversight to its diversity and inclusion strategy, support the implementation of diversity and inclusion initiatives that align with our vision and core values, and promote a diverse and inclusive workplace that represents the communities in which the Bank does business. The responsibilities of this Council include, among others, identifying and addressing barriers that impact recruitment, retention, and advance of diverse candidates, defining benchmarks and metrics for diverse talent acquisition and retention, and identifying and implementing diversity and inclusion training for all Company employees and directors.

During 2021, we continued to sponsor programs within our communities that support diversity and inclusion, including:

- Partnered with the University of Alabama Culverhouse School of Business Diversity, Equity, and Inclusion Leadership and Mentoring Initiative. This initiative invites alumni of the University to serve as mentors and commit to several hours per month interacting with their designated mentees to further their leadership development. SouthState also provided an internship opportunity to one of the top minority students representing the School of Business.
- Joined the Carolinas-Virginia Minority Supplier Development Council as a corporate member.
- Served as an industry partner with the Department of Defense's SkillBridge program that provides opportunities for military service members to gain valuable civilian work experience through specific industry training, apprenticeships, or internships during their last 180 days of military service.
- Support the Metro Atlanta Chamber of Commerce's ATL Action for Racial Equity.

## Veteran takes 'bridge' to new career in banking at SouthState

Through a partnership with SkillBridge, SouthState works with veterans interested in the financial field to transition them from military service to a traditional workplace.

Nearing the end of his military service, Scott Ellsworth traded in explosives for prepaid debit cards when he joined SouthState in 2021. Ellsworth, a staff sergeant with more than seven years in the U.S. Air Force, began as an intern before accepting a full-time position as prepaid cards operations manager.



Ellsworth considered a career change for a while, but naturally felt some apprehension about stepping away from a steady government paycheck. Learning about opportunities available through SkillBridge gave him the push he needed.

"I knew that I wanted to pursue my passion more than living in fear," he recalls. "When I learned of the Department of Defense SkillBridge program, I immediately knew that this would be the conduit for reaching my goals ... I loved the culture and decided that SouthState Bank would be my company of choice."

As prepaid cards operations manager, Ellsworth leads a team while researching current trends, working to streamline and improve efficiency, and preparing the department to bring in new technology. The skills and knowledge for building bombs and managing the prepaid cards division vary greatly on the surface, but Ellsworth brings much of his military experience over to banking.

SouthState, a SkillBridge partner since 2019, is authorized through the Office of the Deputy Assistant Secretary of Defense to work with veterans and provide training and internship opportunities in preparation for civilian careers. In fact, the bank is one of only a few financial institutions nationwide to participate.

To attract and retain the high-performing, talented employee base we need, we invest in our employees, providing them with necessary opportunities to develop and further their careers.

## Talent Acquisition

We seek to hire well-qualified employees who are also a good fit for our value system. Through our commercial banking internships and management training programs, we recruit from a talented, diverse pool of students from local colleges and universities.

To complement other recruitment efforts, our Talent Acquisition team attends job fairs hosted by Historically Black

Colleges and Universities within our footprint. Additionally, the Talent Acquisition team partners closely with regional line of business leadership to network and recruit in-market, experienced and diverse talent in metropolitan markets within our footprint who bring with them a requisite skill set, professional background, and aptitude to help grow the Bank and position our teams to support and lead a larger financial institution in the future.

## Commercial interns hold key to next generation of bankers

Covering six states, we have a wealth of talent to pull from in our quest to train and equip the next generation of bankers. Through the Commercial Banking Intern Program, we invite students from local colleges and universities to explore careers in the financial sector under the guidance of our experienced bankers. Interns receive a comprehensive look at the ins and outs of commercial banking, from Treasury Management to Commercial Underwriting.



They also touch on other key areas the bank during the 11-week internship.

The program allows interns to sit in on important meetings with clients and watch as bankers build relationships. Our bankers willingly share their knowledge and experience, inviting questions to allow the interns to grow and learn daily.

At the conclusion of the internship, students may receive an invitation to participate in the 12-month Commercial Banking Associate program.





## Development

We invest in the development of our employees by providing opportunities to participate in continuing education courses that are relevant to their job function within the Company. In 2022, we are launching The ReMARKable Leader Program, a 12-month immersion program designed to equip exceptional, high-performing leaders to take the next step in their professional development journey.

In addition, our internal Corporate University offers a suite of leadership development programs to support various levels of leadership experience and expertise with graduated topics designed to engage and develop leaders by improving business acumen and offering 360-degree reviews, individual coaching opportunities and education on topics addressing culture, communication styles and mentoring. Because the banking industry is highly regulated, we also require employees to complete annual compliance training, the classes for which are selected based on each employee's actual job responsibilities.

## Engagement and Retention

We offer competitive compensation and benefit packages, and a team-oriented environment centered on professional service and open communication amongst employees. Our comprehensive employee benefit program for full time employees includes: group life, health, dental and vision insurance; prescription benefits; flexible spending accounts; educational opportunities; deferred compensation plans for officers and key employees; and a 401(k) plan with a Company match.

The Company sponsors a broad leave plan employees may use for vacation, personal use and illness, and it awards paid leave based on tenure of service and title.

We believe that gauging our employees' satisfaction is crucial to understanding the needs of our employees and developing a cohesive engagement and retention plan.

In 2022, we are asking our employees to participate in an anonymous employee engagement survey that has been updated to gather information about the Bank, its operations and emerging culture following the merger of equals between SouthState Bank and CenterState Bank, N.A. completed in 2020 and the resulting conversion completed in 2021.

We promote the health and wellness of our employees by strongly encouraging work-life balance, offering flexible work schedules, keeping the employee portion of health care premiums to a minimum and sponsoring various wellness programs. We also offer:



- A Critical Care Time (CCT) benefit, up to a maximum of 12 weeks, which an employee can use in the case of an employee's or a family member's severe illness.
- Parental leave, allowing an employee to take up to 6 weeks of paid leave following the birth of a child or the placement of a child in the home through adoption or foster care.
- The Sunshine Fund, a 501(c)(3) organization funded by Company contribution and employee donations, to provide financial assistance to employees to pay for food, lodging, utilities, necessary home repairs (i.e., a new roof) and similar expenses. In 2021, SouthState assisted 27 employees by providing approximately \$57 thousand in financial assistance.
- An Employee Assistance Program that offers assistance and counseling to, among other things, encourage emotional well-being, address stress and anxiety, and provide referrals to resources related to important needs (i.e., education, daily living and caring for children or elderly loved ones).

# Our Commitment to Effective Governance

## Board of Directors

Our Directors are a diverse group who bring a strong combination of qualifications, skills and experiences that align with SouthState's business and strategy. In 2021, our board consisted of 16 directors, 10 of whom were independent. In the first quarter of 2022, we appointed three (3) new directors to the Board, bringing the total to 19 directors, 14 of whom are independent as of April 1, 2022. Our directors stand for election annually. We separate the Executive Chair and lead Independent Director from our CEO to promote independent oversight.

## An Ethical Workplace

All SouthState directors, officers and employees are responsible for maintaining the highest ethical standards in conducting business, including avoiding conflicts of interest and self-dealing, through adherence to the Company's Code of Ethics. While the tone at the top is set by our Board and embodied by our senior management, we reinforce this focus throughout our organization. We require all employees to complete annual training on their ethical obligations, business standards and culture, so they understand we all have a role in serving our customers and managing our company responsibly. In addition, on an annual basis, we require each employee to complete a comprehensive suite of training courses selected to align with the daily job responsibilities of each such employee, including compliance courses designed to remind and educate our employees about their responsibilities to comply with applicable laws and regulations, including those designed to protect consumers, and classes designed to raise awareness of data privacy-related issues and best practices to mitigate the risk of exposing confidential consumer information.

The Company believes that each employee is entitled to work in an atmosphere and environment free of discrimination and unlawful harassment. The Company has established and communicated to all employees a structure for reporting incidents of harassment or discrimination, and our employees are required to complete annual training on sexual harassment.

The Company's Whistleblower Policy provides employees, customers, vendors and others with a confidential formal

## Key Director Statistics

**6.7** years average tenure, below the 7.7 year S&P 500 average

**2 of 19 or 11%** are ethnically diverse

**3 of 19 or 16%** are gender diverse

**58%** have CEO-level experience

**37%** have senior executive experience at financial institutions

mechanism to express concerns or complaints regarding the Company's accounting, internal accounting controls, auditing matters, securities law compliance, or any provision of federal law relating to fraud against shareholders. A person may submit concerns anonymously through a third party portal, and each report will be routed automatically to the Chief Audit Executive, Chief Risk Officer, Deputy Chief Audit Executive, and the Chairman of the Audit Committee. In the event an employee or any other interested party has a concern or complaint that he or she believes would be inappropriate to deliver to the Chief Audit Executive, Chief Risk Officer, and/or Deputy Chief Audit Executive, he or she may report the concern or complaint directly to the Chairman of the Audit Committee. Other complaints or concerns, such as those relating to human resources matters, may also be submitted confidentially through the whistleblower process, and any such matters will be routed to the appropriate person or department for investigation and resolution.

We have a conduct risk oversight committee that oversees the investigation of employee conduct complaints and concerns on an enterprise-wide basis, providing structure and support for resolving these matters. In addition, we have a formal complaint management program where customer complaints are formally logged, investigated and resolved and root causes and trends are analyzed. The findings of each of these committees is reported to the Board Risk Committee periodically to better inform the Risk Committee and the Board of Directors as to employee conduct or complaints that may result in increased risk to the Company.

## Cybersecurity Risk and Data Security

SouthState's enterprise security strategy revolves around people, processes, and technology. SouthState uses a "defense in depth" strategy that combines physical control measures with logical control measures, and a layered security model to provide end-to-end security of client information. To meet SouthState's objective of protecting the confidentiality, integrity and availability of all information assets in our environment, we have established four foundational control areas:

- 1. Program Oversight.** The program oversight area provides assurance that the overall structure of the information security program is effective by:
  - creating and updating as necessary information security policies and standards in alignment with minimum mandatory frameworks security practices for the organization;
  - tracking and managing exceptions to information security policies and standards
  - offering regular security awareness training to employees;
  - performing penetration testing on the systems within the SouthState environment, on a periodic basis;
  - performing cybersecurity and customer privacy risk assessments on a periodic basis;
  - centralizing a log to support security controls around change and vulnerability management, access management and incident management.
- 2. Change and Vulnerability Management.** The change and vulnerability management program is designed to identify and remediate vulnerabilities and mitigate the risk that SouthState's information security posture is compromised by:
  - detecting and patching system vulnerabilities according to a risk-based methodology;
  - deploying malware defense software on systems throughout the environment, managing the malware defense software through a central console that provides details on system definition compliance, and generating malware alerts which are sent to appropriate personnel for remediation;
  - requiring formal security reviews by information security subject matter experts for all high-risk projects;
  - requiring that changes to enterprise production systems go through a formal change control process;
  - considering application security requirements throughout the software development lifecycle (SDLC) by using, as applicable, developer-secure code training, security requirements in software projects, static code analysis for high-risk products, and web application scanning; and

- establishing and overseeing processes and practices to protect against the risk of compromise or loss of non-public information, including due to third party relationships.

- 3. Access Management.** The access management program is intended to mitigate the risk that users have access to protected assets to which they should not have access by:
  - using logical and physical controls to create network barriers to protect sensitive data;
  - implementing appropriate physical defenses, based on physical security requirements for each facility to protect sensitive information;
  - configuring user access according to the principle of least privilege and based on user role when possible; and
  - restricting internet access to malicious internet websites by using logical and administrative controls.

We engage in access management reviews as part of key controls, including reviews of adherence to the process, and periodic user entitlement reviews.

- 4. Incident Management.** The incident management program is intended to position SouthState to respond to and remediate incidents efficiently, effectively and in a timely manner through:
  - the business continuity program that assigns (i) corporate facilities, assets, and key processes a criticality rating based on their risk profiles, and (ii) each function an associated recovery time objective.
  - the incident response program, providing detailed workflows, roles and responsibilities for the execution of security incident handling inclusive of forensic support and third party reporting;
  - implementing controls to reduce both the likelihood and impact of DOS attacks; and
  - securing assets and information through physical, logical, and administrative controls.

SouthState has established key performance indicators ("KRIs") for each key control identified within its information security program, and these KRIs are regularly tracked and communicated to senior management and the board of directors. The information security program also is subject to periodic audits by both internal and external auditors and the results of those audits provided to senior management and the board of directors.

SouthState provides consumers with an explanation of how we safeguard and use personal information entrusted to us. We seek to provide clear, user-friendly explanations of our privacy policies that explain how we collect, share, use and protect personal information, and outline steps they can take to limit the sharing of personal information.



# Our Commitment to Environmental Resourcefulness

SouthState has implemented a range of initiatives targeted toward sustainability and reducing operating expenses, which, in turn, benefits our stakeholders and the greater community. In this regard, we have implemented many day-to-day energy-efficient practices, including various power-saving capabilities, a host of paperless solutions, and certain recycling programs.

Technology and digital enhancements remain a strategic priority for SouthState. Our ongoing investment in technology means our customers have access to digital products that contribute to a reduction in paper usage and the need for travel to banking offices for routine needs. In 2021, customers completed 30% of deposits and opened 19% of consumer checking accounts through our digital channels. In addition, customers may opt into receiving their personal and business statements digitally for most of our products and service offerings and in 2021, SouthState delivered over 39% of deposit account statements in electronic format.

**This represents approximately 93 trees saved, 83,100 gallons of water waste reduction, 4,570 lbs of solid waste reduction, and 69,800 lbs of CO<sub>2</sub> emissions saved.**

SouthState's employees use technology solutions to negate the need for most printed documents, resulting in a significant environmental benefit of lower energy consumption and less waste production. In addition, SouthState uses video and mobile conferencing capabilities to reduce the need for travel.

SouthState will continue to evaluate opportunities to use technology solutions that decrease the environmental effects of employee travel and commutes and assist it in moving toward operating a paperless institution.

*Calculations are based on two sheets of paper per eStatement (388,302), totaling 776,604 sheets of paper saved.*

*(Environmental impact estimates were made using the Environmental Paper Network Paper Calculator Version 4.0. For more information visit [www.papercalculator.org](http://www.papercalculator.org).)*



## Climate Change Impacts on Business Resiliency (Physical Risks)

SouthState recognizes that the effects of climate change could result in a wide variety of business and customer impacts. Climate change has the potential to produce more frequent and stronger storms, hurricanes or other severe weather patterns including heatwaves, floods, wildfires, and tornadoes. Gradual shifts in weather patterns may increase the risk of these threats occurring throughout our footprint. Some potential results of the impacts on SouthState Information Technology (IT) infrastructure include:

- Utilities and/or Telecommunications outages resulting in no connectivity or degraded system performance
- Facility damage, such as flooding or other impacts resulting in the destruction of data center capabilities and/or equipment.
- Strain on technology systems and support processes due to prolonged or widespread outages resulting in disrupted service to our customers.
- SouthState IT and our Business Continuity team within Risk Management work together with line of business stakeholders to ensure that our people, processes and technology are prepared to maintain service to our customers in the event of such impacts.

Our Data Center strategy and Business Continuity/Disaster Recovery programs evaluate risks to performance, stability, security and availability of applications and data in a variety of ways. The following are five specific ways we provide technology and application services to the company.

### 1. Data Centers (OnPrem or Co-location Facilities)

- a. SouthState employs a combination of on premise and co-location hosted data centers within our geographical footprint.
- b. SouthState evaluates risks and opportunities with respect to data center capabilities, and has staff dedicated to the operation and placement of data center functions.

### 2. Third-Party Hosted

- a. SouthState leverages a variety of third-party Technology Service Providers (TSP) to host applications and data services for our company. Partnering with TSPs offers SouthState cost effective, scalable and highly available technology services.
- b. SouthState works closely with these TSP vendors to ensure they deliver resilient, reliable and secure infrastructure, and that they have tested Business Continuity Programs.

### 3. Cloud Providers

- a. Cloud-based service providers offer the greater flexibility, scalability and resiliency. Cloud services typically employ primary and secondary operational zones. Zones typically correspond to regions of the United States. Workloads and applications can be shifted from one zone to another seamlessly. This ensures BCP and DR capabilities that have virtually no adverse impact to end-users and can result in almost no downtime from an application availability perspective.
- b. SouthState works closely with cloud providers to ensure they offer resilient, reliable and secure services and capabilities, and that we have tested Business Continuity Programs.
- c. SouthState employs staff focused on operational oversight functions to ensure proper controls are in place to account for climate change risks.
  - Architectural Review Board to review and vet technology solutions.
  - Vendor Management Due Diligence, including vendor documentation, SOC report reviews, risk assessments.
  - Vendor Risk Assessments including IT, BCP/DR and Information Security.
  - DR Tests for specific services in conjunction with IT & Risk Management.

### 4. Overview of BCP Program

- a. BCP conducts a corporate-wide Business Impact Assessment (BIA) to identify all processes and determine a business continuity criticality rating to include the Recovery Time Objective (RTO) and Recovery Point Objective (RPO). This is used as the basis of the program to develop strategies to ensure the bank is prepared to respond to a business interruption.
- b. BCP also conducts an annual risk assessment for locations that includes flood, hurricanes, and other natural threats. This is also one of the cornerstones of the program to determine our highest risks for planning purposes.

### 5. Impacts of Cyber risk when natural disasters occur

- a. Defense-in-depth controls are replicated between primary and secondary sites to ensure coverage.
- b. Security Incident Response plan to safeguard the Bank when Cyber risk increases – including as part of BCP/DR response to natural disaster process.

## Lending Programs

SouthState is committed to assisting our clients and the communities we operate in achieve their energy reduction and operational costs goals. SouthState participates with Honeywell Building Technologies' Energy Savings Performance Contract program (ESPC) by providing financing to governmental agencies and colleges/universities for infrastructure projects that improve energy efficiency, thus reducing utility consumption such as energy and water. ESPC projects are designed to provide the most beneficial amount of improvements that could be paid for utilizing energy and operational savings with minimal financial risk.

An example of our focus on energy efficient processes is providing \$7.25 million in financing to a higher education institution in Florida to finance energy savings equipment including HVAC, lighting retrofit, building seals, electrical controls, and other energy savings improvements. Based on an Investment Grade Audit Report Honeywell presented to the borrower, proposed improvements would:

- Provide \$7.7 million in energy efficiency improvements at (72) College facilities.
  - o Complete, turn-key, fixed cost implementation
  - o Single-source responsibility for all improvements
  - o Contractually guaranteed savings and performance
- Reduce energy, water, and operational costs by \$850,000 annually.
- Reduce kWh consumption by 27% over established baseline.
- Reduce electrical cost by 26% over established baseline.
- Reduce water consumption by 6.6 million gallons annually. Equivalent to 10 Olympic-sized swimming pools.
- Minimize the College's financial and operational risk by providing a program which includes:
  - Estimated to reduce the College's environmental footprint by over 4,185 metric tons of CO<sub>2</sub>. Equivalent to removing (883) cars from the streets of Florida.
  - Significantly enhance "Educational Environment" for the College's students, visitors and staff through improved lighting and comfort of the building environment as well as state of the art HVAC controls in the laboratories.

## Trash to treasure: how bank T-shirts avoided the landfill and became a textile art project

Artists who create enormous installations from unusual materials have long captured people's interest as they marvel "how did they make that from those?!" Online tutorials and everyday materials, however, make recycled art more accessible than you might think.

After launching new branding with an updated logo, SouthState found itself with approximately 650 shirts that needed a new home and a new purpose. In an effort to avoid 328 pounds of waste to landfill, the bank connected with Cole Miller, fiber artist and curator at the Sumter County Gallery of Art in Sumter, S.C., to use the textiles in a creative way.

Using a toothbrush needle and a method called Amish knots, Miller creates rugs from strips of the shirt material. For a small kitchen or bathroom rug, he uses about three shirts.

Realizing that this weaving technique could be accessible to all skill levels, Miller brought the idea to Jeannette Pryor, gallery and art education assistant. The gallery has incorporated the project into its senior citizen outreach program at the six community centers in Sumter County. Pryor says the project can easily span generations as more and more young people are taking to textile art.

Shretta Godbolt, Sumter branch manager, stopped by the gallery to try weaving herself. "I'm thrilled that we were able to collaborate with Cole, save these shirts from the landfill and offer the community a fun new project," she says.

Miller hopes the project will inspire others to think about materials they have at home or items they typically throw away and how to reimagine them into art.



## Loan Portfolio Sensitivity to Climate Change

To determine the impact of transition risks on our loan portfolio, we assessed what exposure, if any, the portfolio would have to climate-related changes. Based on a recent assessment of the C&I and CRE portfolios, only 2% of SouthState's loan portfolio is susceptible to high transition risk.



### Commercial & Industrial (C&I)

C&I Sector as of 12/31/21	Outstanding Loan Balance	% to Total Balance	Total Exposure	% to Total Exposure	Sensitivity of Transition Risk
Administrative, support, waste and repair	0.08	0.3%	0.11	0.4%	Low
Agriculture	0.02	0.1%	0.03	0.1%	Low
Construction	0.30	1.3%	0.55	1.9%	Low
Educational services	0.12	0.5%	0.16	0.5%	Low
Energy	0.01	0.0%	0.01	0.0%	High
Financial services	0.13	0.5%	0.24	0.8%	Low
Governmental and public sector	0.85	3.6%	1.21	4.1%	Low
Healthcare	0.19	0.8%	0.30	1.0%	Low
Information	0.02	0.1%	0.02	0.1%	Low
Management of Companies and Enterprises	0.04	0.2%	0.09	0.3%	Low
Manufacturing	0.17	0.7%	0.41	1.4%	Low
Professional, scientific and technical services	0.09	0.4%	0.21	0.7%	Low
Real Estate and Rental and Leasing	0.32	1.3%	0.54	1.8%	Low
Religious, leisure, personal and non-profit services	0.05	0.2%	0.11	0.4%	Low
Restaurant, accommodation and lodging	0.05	0.2%	0.06	0.2%	Low
Retail trade	0.05	0.2%	0.08	0.3%	Low
Transportation and warehousing	0.29	1.2%	0.35	1.2%	High
Utilities	0.11	0.5%	0.12	0.4%	High
Wholesale goods	0.10	0.4%	0.19	0.6%	Low
Other	0.46	1.9%	0.72	2.4%	Low
<b>Total C&amp;I</b>	<b>3.45</b>	<b>14.5%</b>	<b>5.52</b>	<b>18.6%</b>	

Figures in billions (000's)  
Note> Excludes PPP

### Commercial Real Estate (CRE)

CRE Sector as of 12/31/21	Outstanding Loan Balance	% to Total Balance	Total Exposure	% to Total Exposure	Sensitivity of Transition Risk
Administrative, support, waste and repair	0.01	0.0%	0.01	0.0%	Low
Agriculture	0.00	0.0%	0.00	0.0%	Low
Construction	0.38	1.6%	0.61	2.1%	Low
Educational services	0.08	0.3%	0.09	0.3%	Low
Financial services	0.03	0.1%	0.05	0.2%	Low
Governmental and public sector	0.11	0.5%	0.16	0.6%	Low
Healthcare	0.23	1.0%	0.32	1.1%	Low
Management of Companies and Enterprises	0.06	0.2%	0.10	0.3%	Low
Manufacturing	0.00	0.0%	0.01	0.0%	Low
Professional, scientific and technical services	0.04	0.2%	0.04	0.1%	Low
Real Estate and Rental and Leasing	5.58	23.4%	6.74	22.7%	Low
Religious, leisure, personal and non-profit services	0.05	0.2%	0.05	0.2%	Low
Restaurant, accommodation and lodging	0.93	3.9%	0.96	3.2%	Low
Retail trade	0.10	0.4%	0.11	0.4%	Low
Transportation and warehousing	0.10	0.4%	0.11	0.4%	High
Utilities	0.00	0.0%	0.00	0.0%	High
Wholesale goods	0.02	0.1%	0.02	0.1%	Low
Other	1.04	4.4%	1.83	6.2%	Low
<b>Total CRE</b>	<b>8.76</b>	<b>36.8%</b>	<b>11.22</b>	<b>37.8%</b>	

Figures in billion's (000's)

### Sensitivity to Transition Risks Legend

No expectation of negative risk rating migration	Low
Moderate expectation of negative risk rating migration	Medium
Expectation of negative risk rating migration in more than 25% of the portfolio sector	High



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