



# 2020 ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



## LETTER FROM CHAIRMAN & CEO

I'm pleased to share BancorpSouth's annual Environmental, Social and Governance (ESG) Report, highlighting our ESG performance improvements for 2020. Despite it being a difficult year for our nation due to the COVID-19 pandemic, our company was able to navigate through the challenging environment, thanks to our teammates' and board of directors' significant contributions.

Our focus on achieving our corporate mission guided our response to the crisis, just as it has always guided our approach to delivering value to our key stakeholders—our customers, teammates, communities and shareholders. We took every opportunity to go the extra mile to grow and deepen customer relationships, deliver the best products and services, treat people fairly and provide exceptional experiences. We supported our communities by providing financial education and economic development and making a difference for the people around us. Our teammates served as our greatest asset. We continued our commitment to developing their skills and cultivating a diverse and inclusive workplace where everyone respects others, values different ideas and viewpoints, encourages each other to thrive and collaborates to produce extraordinary results. Also, we invested in new technologies to support our growth, introduced new products and services to enhance the customer experience and made strides to manage expenses and improve efficiencies and processes.

This report shows the result of our efforts and provides a deeper view into how we are taking steps to sustain our company well into the future. Thank you for taking the time to review our progress and for your continued trust in BancorpSouth.

A stylized, handwritten signature in black ink, consisting of a large 'D' and a smaller 'R'.

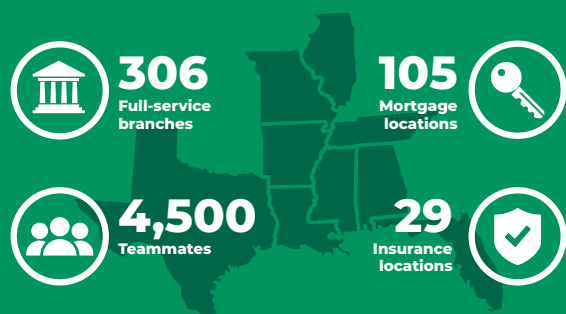
**Dan Rollins**

BancorpSouth Bank, Chairman and CEO



## ABOUT BANCORPSOUTH

BancorpSouth Bank (NYSE: BXS) is headquartered in Tupelo, Mississippi, with more than \$24 billion in assets. BancorpSouth operates full-service branch locations as well as additional mortgage, insurance and loan production offices in Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee and Texas, including an insurance location in Illinois.



## BANCORPSOUTH'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

BancorpSouth's integrated Environmental, Social and Governance (ESG) framework is built around our mission statement to provide relationship-focused financial services in a manner that: exceeds the expectations of our customers, supports the betterment of our communities, instills pride and passion in our teammates, and delivers value to our shareholders.

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# SOCIAL CAPITAL





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# Community Engagement & Investment

**The communities in which we operate serve as the foundation for our continued success.**

**W**e recognize that community partnership extends beyond traditional products and services; it focuses on the types of engagement and investment that result in meaningful advancement for the community as a whole. In 2020, we partnered with the Federal Home Loan Bank to award grants under the Home Equity Leverage Partnership, Special Needs Assistance Program and Partnership Grants to underserved communities. We secured and provided funding in excess of \$2 million related to eligible grants and contributions under the Community Reinvestment Act (CRA). Other investments eligible under the CRA included a total of more than \$215 million in CRA qualified investments, including municipal bonds, agency mortgage-backed securities, tax-credit investments, and equity investments. Our tax-credit investment program includes investments in Low Income Housing Tax Credits and New Market Tax Credits throughout our communities.

Our company distributes funds from the BancorpSouth Foundation (Foundation) to 501(c)(3) organizations to support its communities, with a particular focus on community-based organizations providing support to low- and moderate-income individuals.

At BancorpSouth, we recognize the importance of listening to our community stakeholders to best understand their needs, and we encourage this dialogue through participation in our Corporate Community Advisory Council and Community

Development Entity Advisory Board. These partnerships provide important guidance and feedback to support our corporate community development initiatives. Our local Community Advisory Councils consist of leaders in the communities we serve. These councils provide an opportunity to gain a common understanding of the needs related to low- to moderate-income families and communities and how we can best support their needs.

**We secured and provided funding in excess of \$2 million related to eligible grants and contributions under the Community Reinvestment Act (CRA).**

Notwithstanding the obstacles related to the COVID-19 pandemic, we facilitated approximately 100 community-based conversations through these partnerships during 2020, accommodating virtual meeting platforms to protect the health and safety of our teammates and participants.



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# Community Impact

**We encourage our teammates to participate in the communities in which we are located.**

**B**eing a responsible business partner to the communities we serve is an integral component to our success and that of the customers, clients, shareholders and communities we serve across our footprint. This includes support for local arts as well as charitable and educational programs. In many ways, the COVID-19 pandemic forced a reprioritization of our support efforts during 2020 to focus on continuity of service and minimize any inconvenience in our customer service. We were able to preserve many of our volunteer efforts, including approximately 12,500 service hours from our teammates, and more than sixty-two percent of our volunteer hours were eligible service hours under CRA.

More than 1,350 of our teammates participated in the United Way Employee Campaign last year, which was instrumental in sustaining programs that help support those in need in our local communities.

Corporate social responsibility is embedded in our values and is an essential component of how we conduct business, develop products and services and accomplish our goals and commitments. We strive to support the economic health of our communities by financing affordable housing and small businesses in low to moderate income neighborhoods. At BancorpSouth, we believe in multifaceted solutions to assist and educate our customers and community stakeholders with respect to their financial welfare. Our educational



**We were able to preserve many of our volunteer efforts, including approximately 12,500 service hours from our teammates and more than 62 percent of our volunteer hours were eligible service hours under CRA.**

products and programs include: Get Smart About Credit, Budget Smart Checking, America Saves, and the Volunteer Income Tax Assistance Program (VITA). For VITA alone, our volunteers have contributed more than 2,000 hours per year for each of the last four years. During 2020, we assisted in the preparation of more than 1,200 federal and 900 state income tax returns, at no cost, for families and individuals in our communities.

**VITA Tax  
2020**



# Recent Accolades

BancorpSouth is recognized as an industry leader in many aspects of our business, and we are most proud of the awards that reflect the inclusive culture of our workforce and customers. Recent national or global awards include:



**FORBES 2020  
WORLD'S BEST BANKS**



**FORBES 2020  
FORBES BEST IN-STATE BANKS FOR  
TENNESSEE AND TEXAS**



**FORBES 2019  
AMERICA'S BEST MIDSIZE EMPLOYERS**



**FORBES 2019  
BEST BANKS IN AMERICA**



**2020 AMERICA SAVES  
DESIGNATION OF SAVINGS EXCELLENCE FOR PROMOTING  
SAVINGS, REPRESENTING THE SIXTH CONSECUTIVE YEAR**



**BUSINESS INSURANCE MAGAZINE 2019  
BEST PLACES TO WORK IN INSURANCE (BXS INSURANCE)**



**GREENWICH 2019  
EXCELLENCE AWARD FOR SMALL BUSINESS BANKING**



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# Customer Satisfaction & Retention

**With our origin dating back more than 140 years, we understand the importance of customer satisfaction and retention as a hallmark of our longstanding success.**

**A**s such, our investments in people, products and services are paramount to the customer experience. We are committed to providing customers with many options to conduct their banking on their own time and away from the physical branch. In 2020, we upgraded the online and mobile banking platforms for both business and consumer applications.



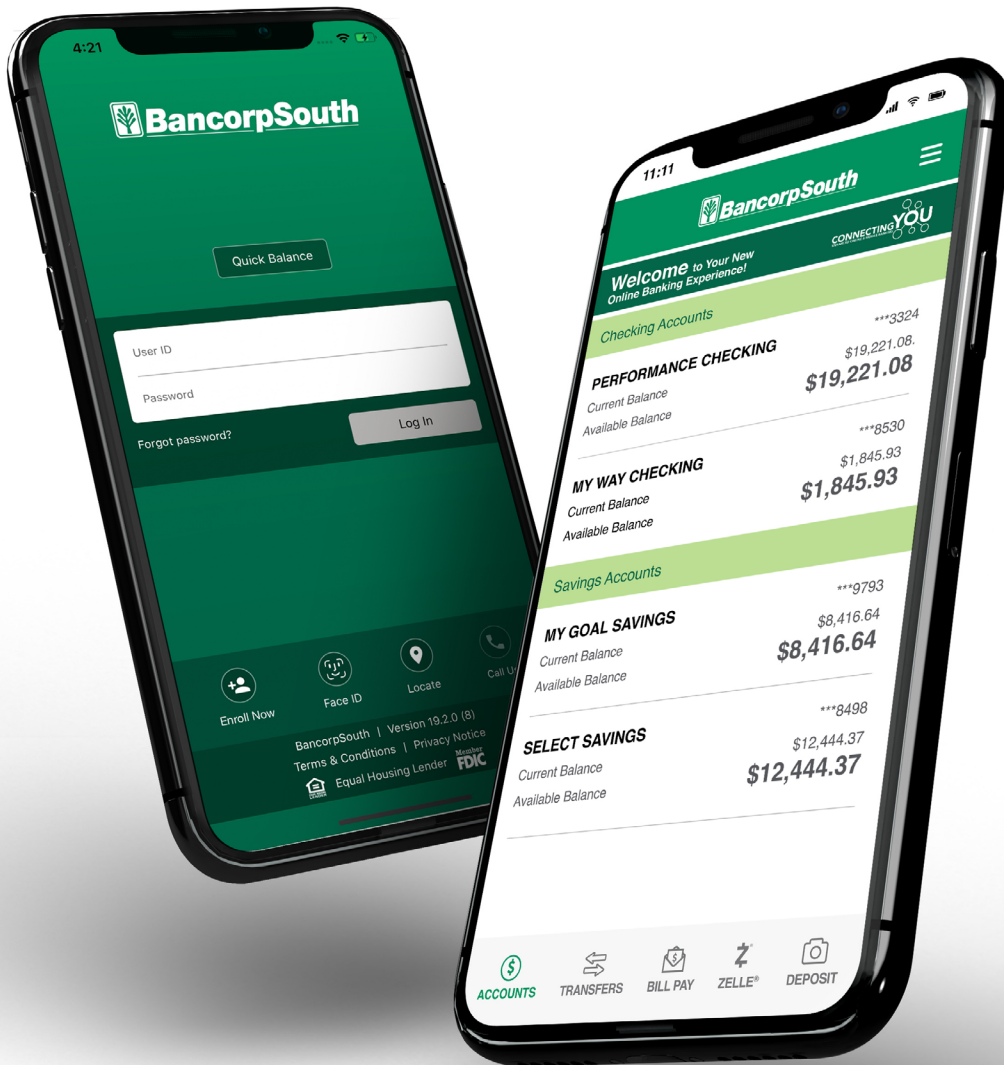
These improved digital experiences provide new features and benefits, such as enhanced apps, smarter tools and an overall better customer experience. With these enhancements, customers stay connected to their finances more than ever before. We also utilize digital signatures for many interactions with customers and provide online tools and resources for safe banking, money management and family finances. We have partnered with an industry-leading platform to allow customers to easily send money to friends, family and others they trust.

Other advancements in our technology include remote deposit capture and deposits at many ATMs to offer alternative solutions to visiting a branch. Upgrades are in the works to improve the

online account opening process so accounts may be opened more quickly and easily. Our ongoing efforts to support our diversified customer base are evidenced by dedicated Spanish-speaking customer support representatives in our call center and the bank's established Limited English Proficiency (LEP) initiative. BancorpSouth launched this initiative to assess its capabilities and develop staff and resources to reach customers with LEP. We now provide our team and community partners with bilingual generic educational and promotional materials and a homebuyer education presentation for our community outreach and education activities.



**These improved digital experiences provide new features and benefits, such as enhanced apps, smarter tools and an overall better customer experience.**







# HUMAN CAPITAL



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# Diversity & Workforce Demographics

**Our commitment to developing an inclusive culture led us to join the CEO Action For Diversity and Inclusion™, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace.**

To date, we are the only Mississippi-based company that has signed the CEO Action pledge. Our efforts around building a more inclusive workplace culture are guided by our Diversity and Inclusion strategy and dedicated resources. BancorpSouth has a Corporate Diversity & Inclusion Council (the council) composed of a diverse cross-section of its executive and senior leadership. The council serves as a powerful network of champions committed to building an inclusive workplace culture at BancorpSouth and as facilitators of diversity and inclusion programming. Recognizing that bias can significantly negatively impact teammates' sense of inclusion and belonging, our company has invested in educating our teammates on unconscious bias in the workplace and other related topics. The company has also organized an opportunity for our teammates to sign *CEO Action's I ACT ON Pledge Campaign*, which encourages and fosters an atmosphere of inclusion and awareness. Our commitment to diversity and inclusion starts with our senior management and board of directors.

We are committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion as a growth strategy for our company and as a celebration of the uniqueness of our teammates' professional talents and individual experiences. We are committed to an inclusive culture in every facet of our business operations.



**We are committed to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion as a growth strategy for our company and as a celebration of the uniqueness of our teammates' professional talents and individual experiences.**

All teammates are expected to create a collaborative and inclusive environment that encourages teammate engagement and establishes our company as a diverse and productive member of the communities we serve. This means we do not differentiate in how we serve customers, their needs, the products we offer, or the people we recruit, hire, retain or promote based upon any protected status, including gender, race, religion, veteran status, sexual orientation, gender identity, socio-economic status, political affiliation, ethnic origin or disability. This also applies to our third-party vendor relationships with which our company does business.



## EmbracingYOU

Our mission is to have our company be a reflection of the communities and the people it serves. We believe our teammates are our most valuable asset.



The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation of thought, self-expression, workforce engagement, unique capabilities and talent that our teammates invest in their work represents a significant part of not only our culture, but our reputation and our company's achievements as well. Our diversity and inclusion efforts provide initiatives and perspectives that promote improved products and services for our customers and increased value for our shareholders.

All teammates are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the worksite, and all other company-sponsored and participative events. All teammates must also attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility. We work to build a culture that is diverse, inclusive and free of discrimination or harassment.

BancorpSouth is intentional about having its workforce reflect the diversity of the communities it serves. To that end, we actively recruit prospective teammates from diverse sources, including historically black colleges and universities (i.e., HBCUs), understanding that a diverse workforce is, among other things, an essential driver of revenue generation and increased shareholder value.

BancorpSouth recognizes the importance of having its board and management reflect the diversity of its teammates and communities. Twenty-seven percent of our board represents an ethnic minority, while eighteen percent of the board are women, and twenty-one percent of the company's senior management team are women.



**BancorpSouth is intentional about having its workforce reflect the diversity of the communities it serves.**



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# Code of Business Conduct Ethics

**BancorpSouth is committed to the highest standards of ethical and professional conduct. Every decision we make impacts the company, our teammates, the public, our customers, shareholders, and the communities we serve.**

**W**e strive to make good decisions, do the right thing, and treat all of our customers, potential customers, and co-workers fairly and equally. Doing the right thing and acting with integrity are essential to our business ethics in serving our customers. We have developed our corporate policies with this in mind and actively monitor adherence to said policies through an annual certification process. We have the highest level of executive oversight for the company's anti-bribery and anti-corruption program. All of our teammates are expected to comply with the U.S. Foreign Corrupt Practices Act, as well as all other anti-bribery and anti-corruption laws whenever and wherever business is conducted on behalf of BancorpSouth.

Our Whistleblower and Unethical Conduct Reporting Policy encourages our directors, officers, employees, and other interested parties to disclose certain types of suspected wrongdoing that may adversely impact our customers, shareholders, teammates, vendors, investors, or the public at large. An independent third party administers our Whistleblower and Unethical Conduct hotline. Also, we have established a review process to evaluate the company's sales and incentive

**Doing the right thing and acting with integrity are essential to our business ethics in serving our customers.**

programs regularly, and new products and services are reviewed under the company's risk governance framework with sign-offs from senior leadership of the company. Finally, we strive to maintain a robust anti-money laundering program to identify and report suspicious activity to the appropriate regulatory agencies. [Review the Code of Business Conduct and Ethics Policy.](#)



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# Professional Development Programs and Training

**Professional development is a staple of career progression within our company.**

**A**s such, we provide educational assistance to help our teammates improve on-the-job proficiency to prepare them for advancement within our company. In 2019, our teammates logged more than 1,500 hours of professional training, and while COVID-19 impacted training in 2020, our teammates still logged more than 1,000 hours primarily through internal and external virtual learning platforms. In addition, we have professional development programs, focusing on taking care of our customers, to prepare our relationship managers and insurance representatives for success. BXS Insurance University is one of our company's internal programs that focuses on attracting, developing and retaining top talent. We also support our teammates' desire to further their education through reimbursing their expenses for college tuition or professional courses, banking schools and leadership programs. While down in 2020 compared to 2019 due to the COVID-19 pandemic, our company still reimbursed more than \$450,000 to our teammates for external educational expenses.

Equally important as providing professional development opportunities is receiving feedback from our teammates to gauge satisfaction and sentiment throughout the organization. We welcome direct and open feedback and have provided surveys to streamline and consolidate

such feedback. Our leadership team is active throughout our footprint.

More than five years ago, BancorpSouth began implementing in-person town hall meetings. The events provide Chairman and CEO Dan Rollins and President and COO Chris Bagley with a forum to connect with teammates across our company's footprint, provide essential company updates, acknowledge contributions and achievements, receive input on important issues, and address trending questions and concerns. An average of 2,700 teammates participated in town hall meetings in each year that events were held.



Due to the COVID-19 pandemic in 2020, we transitioned to virtual town hall meetings to give teammates more opportunities to hear directly from our company's leaders. Our company had five successful virtual meetings, with more than 2,000 teammates viewing each live event and hundreds more watching the on-demand recording.





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# Employee Benefits & Support

**BancorpSouth strives to offer competitive compensation and benefits to attract and retain the best people, and we recognize the value of such benefits to our teammates and their families.**

**W**e support our teammates by offering a [comprehensive and competitive benefits program](#) which includes:

- Medical Insurance
- Dental Insurance
- Vision Insurance
- Group Life Insurance
- Long-Term Disability
- Short-Term Disability
- Health Savings Account Match
- Traditional and Roth 401(k) Plan with Match
- Retirement Plan
- Employee Assistance Program (EAP)
- Service Awards Program
- Free Checking Accounts and Checks
- Safe Deposit Box Discounts
- Seminars, Workshops and Conferences
- Educational Assistance
- Paid Time Off

The EAP is a resource designed to provide highly confidential and experienced help for teammates dealing with issues that may negatively affect their lives and the lives of their families. The EAP is a confidential counseling and referral service, free of charge, to help teammates and their families successfully deal with life's challenges. Teammates are encouraged to use this valuable service whenever they have the need. In 2020, approximately thirteen percent of our teammates used the counseling services of the EAP.

During 2020, our teammates and their families utilized MyBXS Health Center for more than 2,400 visits.

We encourage our teammates to maintain a work-life balance, and we have several benefits to support our teammates' ability to care for their families. We offer paid parental leave to assist and support new parents caring for their children along with virtual health visits under our health benefits program. We understand the importance of having convenient and affordable access to healthcare for our teammates. Our health benefits package provides our teammates and their dependents with access to our MyBXS Health Center, an onsite employee health care clinic. MyBXS Health Center is available for walk-in service, or appointments can be made through a user-friendly online portal. Services rendered at the clinic are free of charge for teammates and families who are enrolled in BancorpSouth's traditional Preferred Provider Organization health benefits programs, and teammates who are not enrolled may access MyBXS Health Center at a discounted rate. During 2020, our teammates and their families utilized MyBXS Health Center for more than 2,400 visits.





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# Lending

**BancorpSouth strives to be a leader in supporting the financial needs of families and small businesses in the communities we serve, and we recognize the criticality of having access to credit for our community stakeholders.**



Pictured from Left: Tricia Bellamy | Mike Meyer | Dan Rollins | Robert Harris

**A**s an approved lender under the U.S. Small Business Administration, we originated and secured funding for small businesses of \$19.6 million through SBA 7(a) loans, excluding loans originated under the Paycheck Protection Program (PPP) (*see the COVID-19 Response section for more details on PPP*). In addition, we have made significant investments in the low- to moderate-income and minority communities in which we serve, including a \$8.5 million investment in Liberty Financial Services and a \$2 million investment in Southern Bancorp. Liberty Financial Services is a minority depository institution, and Southern Bancorp is a public benefit corporation. Our investment in the latter is to provide additional capital to support financial services delivery to low- to moderate-income communities throughout the Mid-South Region. We also invested more than

\$300,000 in loan subsidies to enhance the affordability of home mortgage loans for low- to moderate-income borrowers and communities along with minority communities during 2020. We participated in 77 third-party programs supporting affordable home mortgages across our footprint, which provided down payment and closing cost assistance for 391 loans in excess of \$56 million in home mortgages.

Finally, our \$20,000 annual commitment through 2025 to HOPE Credit Union, a certified Community Development Financial Institution (CDFI), is set aside to provide funding for loans predominantly in distressed and impoverished regions across our footprint, many of which are majority-minority communities.



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# Operations and Risk Management

**Our ESG governance is managed at the highest levels of the organization, including oversight by our Board of Directors and board-level Risk Management Committee.**

**W**e have numerous risk management policies and procedures to guide the appropriate risk management of technology resources, cybersecurity, legal and regulatory risk, and other such risks as may from time to time be material to our company. In addition, we designed initiatives to promote the company's investments in social capital, human capital, sustainability, corporate governance, and the environment to limit or mitigate attendant risks.

We are committed to the safety and security of our teammates. Business continuity is vital to our success as an organization. It allows us to plan for and respond to a variety of potential business interruptions. We perform various actions to ensure the required availability while minimizing the risk of loss due to a disruption in services through the operation of a cyclical, process-oriented business continuity planning program.

The planning program includes the oversight, governance and program management responsibilities of crucial business processes and the resources required to perform them. The program is designed to manage threats and related impacts associated with a disruption to crucial resources, including people, equipment, facilities, technology and suppliers. In addition, we have a Crisis Management Plan that provides the management structure, key responsibilities, emergency assignments, and general procedures to follow during and immediately after an emergency, as well as a Pandemic Preparation and Response Plan that management utilizes to monitor pandemics or epidemics of disease that occur on a worldwide scale and are caused by infectious diseases (*see COVID-19 Response section for more details*).



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# Financial Wellness

**As we stated previously in the Community Impact section of this report, we are committed to providing solutions to assist and educate our customers and community stakeholders with respect to their financial well-being.**

Our [Budget Smart Checking](#) product ensures all customers have access to safe, trusted and affordable banking options, enabling them to save, build wealth for their families, and improve the quality of life in their communities. This unique account helps individuals spend only the money available in their account. Budget Smart Checking is officially certified by the National Cities for Financial Empowerment Fund (CFE Fund) as meeting the Bank On National Account Standards, which designate both core and strongly recommended features that ensure low cost, high functionality and consumer safety. In addition, BancorpSouth Online Banking offers the Spending tool to all users to assist with creating and managing a budget. Customers can categorize their expenses and easily see where they're spending their money. When combined with the additional online resources for budgeting, spending and saving, it becomes easier for our customers to reduce expenses and improve their financial wellness. We are committed to ongoing communication with our customers through our

[BancorpSouth Advisor Financial E-Newsletter](#), in which we cover a variety of pertinent topics designed to inform and promote financial awareness.



BancorpSouth also introduced the [Business Connection Center](#), an online resource hub that offers articles, calculators and other educational materials for small businesses.

Also noted in the Community Impact section of this report is our passion for volunteerism. While COVID-19 affected our ability to connect in-person to conduct financial education, our teammates volunteered approximately 1,200 hours conducting more than 500 financial education programs and reaching approximately 9,500 adults and youth. Our financial literacy programs included resources on America Saves, Teach Children to Save, Get Smart About Credit, Elder Abuse Awareness, Homebuyer, Home Improvement, and Small Business.







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# Information Security Risk

Information security is among the highest priorities in our risk management framework. As such, we maintain a strong system of controls to protect and secure confidential data and information. The Risk Management Committee of the Board of Directors is regularly informed on information security matters. Third-party audits and assessments are routinely conducted on information security in accordance with regulatory guidance and industry standards. In addition, we have implemented compliance and training programs to keep our teammates apprised of best practices regarding information security. Our company has not experienced a known information security breach of its operations.

Information security is among the highest priorities in our risk management framework.



# CORPORATE GOVERNANCE



Guided by uncompromising honesty and integrity, we strive to provide relationship-focused financial services in a manner that exceeds the expectations of our customers, supports the betterment of our communities, instills pride and passion in our teammates, and delivers value to our shareholders. We believe in the importance of sound and effective corporate governance.



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# Board Oversight

**Our Board of Directors is represented by strong leadership with diverse backgrounds and expertise, including an Independent Lead Director with clearly delineated duties and responsibilities.**

Our board members are actively engaged in their appointed roles, with directors attending at least ninety-one percent of the aggregate of all board and committee meetings in 2020. Our board provides direction for the organization through the establishment of sound governance policies. Our Director Independence Standards follow the definition of the Federal Deposit Insurance Corporation (FDIC), Securities Exchange Commission (SEC), and New York Stock Exchange (NYSE). All of our continuing directors, excluding our CEO, are considered independent under the NYSE standards. No director serves on an excess number of outside boards. We are committed to regular board refreshment through our retirement policy, with forty-five percent of our continuing directors having served on the board for six years or less. In addition, we have significant stock ownership guidelines for our directors and executive officers, which require a 12-month holding period post vesting of equity shares. Our directors must abstain from prohibited transactions in our common stock, including margin accounts, short selling activities, trading derivative securities, and engaging in any hedging transactions. There are no material-related-party transactions involving the directors or executive officers. Our board is also evaluated

for effectiveness through annual peer-to-peer assessments of the board, its committees and the Independent Lead Director. Our corporate policy for any director who does not receive an affirmative majority vote in an election year requires the director to tender their resignation from the board and from the board committees on which the director serves.

Our Board provides oversight of executive compensation and maintains a clawback policy for executive compensation for short- and long-term incentives. Our board conducts an annual evaluation of the CEO's performance and discusses the results in an executive session of the independent directors.



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# Shareholder Rights

**We value our shareholders' views; our management team and the board make educated and deliberate decisions that are balanced and appropriate for our diverse shareholder base and in the best interests of our company.**

**S**hareholders have the right to call a special meeting and can take action by written consent to the fullest extent provided under the Mississippi Business Corporation Act. A supermajority vote is not required to approve most amendments to the Articles of Incorporation or Bylaws. Pursuant to the Mississippi Business Corporation Act, our shareholders may amend the Bylaws at any regular or special meeting where a quorum is present. Our Articles require an affirmative vote of eighty percent of the outstanding stock in only three limited types of

amendments to the Articles: to increase the size of the board; to approve any business combination that the board has not yet approved; and to approve any business combination with a controlling party, under certain conditions. All other amendments to the Articles require only a majority of those votes entitled to be cast at a meeting at which a quorum is present. Our company does not have classes of stock with unequal voting rights or unequal ability to elect directors. Our company does not have a shareholder rights plan.



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# Vendor Relationships

**Management seeks to ensure adequate controls are in place to protect our company and customers from potential risks associated with outside vendor relationships.**

**A**t BancorpSouth, we believe the use of a vendor does not diminish management's responsibility to ensure the activity is conducted safely and soundly and comply with applicable laws, regulations and internal policies. Since potential risks may vary with each vendor relationship, management assesses, measures, monitors and controls each vendor relationship's risks with a tailored risk management approach, including but not limited to, risk assessments, due diligence in selecting vendors, contract analysis, and vendor oversight. We review a vendor's operations periodically to verify it is performing consistently with the terms of the contract identified or resultant risks are being adequately controlled. Any substandard performance is remedied.

Our company-wide focus on diversity and inclusion extends to the vendors in which our company engages. These efforts require expanded outreach to vendors that will enhance the diversity of the parties with whom our company deals. Our vendor management program strives to provide minority and women-owned businesses access to business opportunities with our company.

Our company's policy is to purchase goods and services from minority-owned, women-owned and small businesses whenever possible. Our company expects its managers and employees to collectively work together to identify opportunities to further our company's supplier and vendor diversity efforts, practices and actions that support our corporate strategy.





# ENVIRON- MENT

Our efforts to protect the environment, while reducing expenses, led to our ongoing support for renewable energy and energy-efficient solutions for day-to-day operations. We financed clean energy initiatives and advancements in renewable energy. We are focused on identifying ways to improve efficiency and reduce our carbon footprint, including energy upgrades to our facilities, which have also reduced expenses.



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# Energy Upgrades of Facilities

**Since 2015, we have completed LED interior and exterior lighting retrofits in more than 256, or eighty-three percent, of our facilities across our footprint.**

**T**hese efforts have produced savings of more than 28.7 million kilowatt-hours of energy, approximately \$3.7 million in energy cost savings, and carbon emissions reduction of approximately 22,400 metric tons of CO<sub>2</sub>. Our outside design architect and mechanical-electrical engineers are certified in Leadership in Energy and Environmental Design (LEED). We also installed 78 new energy-efficient mechanical systems with programmable controls during 2020, which offers additional savings in energy cost.

These efforts have produced savings of more than 28.7 million kilowatt-hours of energy, approximately \$3.7 million in energy cost savings, and carbon emissions reduction of approximately 22,400 metric tons of CO<sub>2</sub>.

# Paper Consumption & Recycling

**Our recycling efforts include paper recycling at all of our facilities**

**R**ecycling efforts resulted in 1.7 million pounds, or 850 tons, of paper shredded and recycled, saving an estimated 14,600 trees, 3.4 million kilowatts of energy, 6.0 million gallons of water, 325,000 gallons of oil, and 2,600 cubic yards of saved landfill space. In addition, electronics are recycled according to federal, state and local guidelines, as well as certified R2 and ISO 14001 guidelines. We are evaluating a recycling program initiative at our Operations campus, as well as a light bulb recycling program in all of our facilities. We are evaluating a recycling program initiative at our Operations campus, as well as a light bulb recycling program in all of our facilities. Our annual office supply spend on products that are eco-friendly is twenty percent, with eight percent of those products

including advanced eco-features, which includes forty-one percent of all paper products.

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# Technology

**Our company leverages technology to ensure our teammates, customers and shareholders have access to the tools and functionalities necessary to conduct business in an efficient manner while reducing our carbon footprint.**

**W**ith a strategic focus on paperless processing, we continued our efforts to reduce or eliminate paper documents and to shift to paperless where possible. Our company provides online access to our teammates for internal forms, communications, pay advisements, reports and tax documents. Our utilization of technology allows our customers to make loan payments through our Online Banking platform, in addition to receiving electronic statements for loan and deposit accounts. During 2020, we processed more than 15,000 loans electronically under the Paycheck Protection Program in the amount of \$1.2 billion (see *COVID-19 Response section for more details*). We also processed approximately 19,600 mortgage loan applications in 2020, with more than 14,700 of those started online.

In our Commercial Loan Operations, all loan files are imaged to electronic storage. Our shareholders can access our proxy materials by internet in accordance with the “notice and access” e-proxy rules, instead of receiving paper documents through the mail. Our Board of Directors gains access to meeting material through a board portal for sharing of information instead of the production and mailing of paper documents. All of our personnel files were converted to electronic format, which created efficiencies and reduction in not only the paper process, but also equipment and space needs.



**During 2020, we processed more than 15,000 loans electronically under the Paycheck Protection Program in the amount of \$1.2 billion.**



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# Digital Banking

**We offer a full slate of digital banking solutions, including online banking and mobile apps, which help to reduce paper usage.**

**B**y eliminating the need for customers to travel to banking centers for routine banking needs, these solutions also help to reduce fossil fuel emissions. 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.

By eliminating the need for customers to travel to banking centers for routine banking needs, these solutions also help to reduce fossil fuel emissions.

# Managing Exposure to Investments Subject to Environmental Risk

**We are environmentally conscious when it comes to our lending arrangements and have implemented corporate policies and procedures to address such concerns.**

**L**oans involving property where environmental hazards or contamination exist are undesirable except where proper assessment, documentation and ongoing monitoring can be undertaken. If at any point and time there is a potential for environmental contamination to adversely affect the collateral, we hold the right to require the borrower to resolve the environmental condition and take those actions that are reasonably necessary to protect the property and mitigate associated risks. In addition, when we consider

extending credit to develop a tract of land where there are floodplain or floodway issues, or other indications that there may be wetlands present where construction may occur, a wetland opinion letter or wetland delineation report with a check of United States Army Corps of Engineers wetlands records and other public sources may be required. Our desire is to promote development and growth in the communities we serve while preserving environmental integrity and mitigating related risks in our business decisions.



# COVID-19 RESPONSE



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# Preparation and Response

**Our Pandemic Preparation and Response Plan and Crisis Management Plan were activated during the COVID-19 pandemic, which began globally in early 2020.**

In conjunction with deploying our Crisis Management Plan, our Crisis Management Team, consisting of senior leadership in our company, has been meeting daily to discuss matters pertinent to COVID-19, develop strategies and action plans to respond to such matters, and communicate to our teammates in a consistent and effective manner. Our primary strategy for minimizing the spread of COVID-19 among our teammates and allowing critical activities to continue was done by facilitating remote work from home as much as possible, splitting departmental operations into different teams allowing for proper social distancing, and instituting quarantine requirements when appropriate. As a result of the pandemic, we increased the work-from-home team by more than two-hundred and seventy-five percent. Prior to the pandemic, we supported more than 750 work-from-home teammates and increased the number to approximately 2,200. Teammates working onsite were provided with the proper personal protective equipment and were expected to follow specific protocols as provided under the Center for Disease Control (CDC) guidelines. All lobby and face-to-face service at branch locations was conducted by appointment only, and customers were encouraged to rely on drive-through banking as well as our online and mobile banking platform. We monitored trends for each of our markets and CDC guidance throughout 2020, and we utilized a graduated approach to accommodating more in-person meetings with customers with the appropriate safety measures in place later.

**In total, we provided approximately \$9.3 million in COVID-19 related pay support during 2020.**

Recognizing the hardships that COVID-19 presented, we had a strong desire to support our teammates financially, and as a result, we had no furloughs or layoffs due to COVID-19. In addition, we provided pay support to those who had been affected by COVID-19 because of illness, exposure or work schedule. Our COVID-19 related pay support included approximately \$500,000 for illness, \$260,000 for family support, \$1.5 million for those under quarantine, and \$5.3 million to provide a level of pay equal to our hourly teammates' normal work hours for those working limited hours to promote social distancing in our facilities. Finally, we provided \$1.8 million to our frontline teammates in the form of cash bonuses as a means of recognizing and extending our appreciation for their efforts to serve our customers. In total, we provided approximately \$9.3 million in COVID-19 related pay support during 2020.





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# BancorpSouth Cares

Our customers continued to be among our top priorities during the pandemic. We developed a [COVID-19 landing page](#) on our website to serve as a centralized resource for our customers. We waived ATM fees for EBT and payroll cards, refunded fees to our depositors for overdrafts, and waived early withdrawal penalties for certificates of deposit. In addition, we provided relief to our borrowers in the form of payment deferrals for consumer loans, commercial loans, and credit cards, and we paused on foreclosures of primary residences and repossessions. At our peak level in 2020, we approved payment deferrals for more than 7,700 loans in our portfolio, totaling \$3.4 billion.

The Paycheck Protection Program (PPP) instituted under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was designed to provide qualifying small businesses and nonprofit organizations with unsecured loans to support their cash needs. These loans were funded by qualified lenders through the Small Business Administration (SBA) with debt forgiveness available for funds used

our communities, and our implementation of this process required extensive collaboration between our frontline relationship managers and operational staff. We processed and received approval for approximately 100 percent of PPP loan applications received, totaling 15,000 loans for more than \$1.2 billion in funds. The average loan size for our PPP originations was approximately \$80,000, representing our commitment to serve small businesses in our communities. Additionally, twenty-four percent of our PPP loan originations was located in low- to moderate-income census tracts, and twenty-seven percent was located in minority tracts. Lastly, thirty-three percent of our PPP loan originations was to new customers.



**Matt Rhodes**

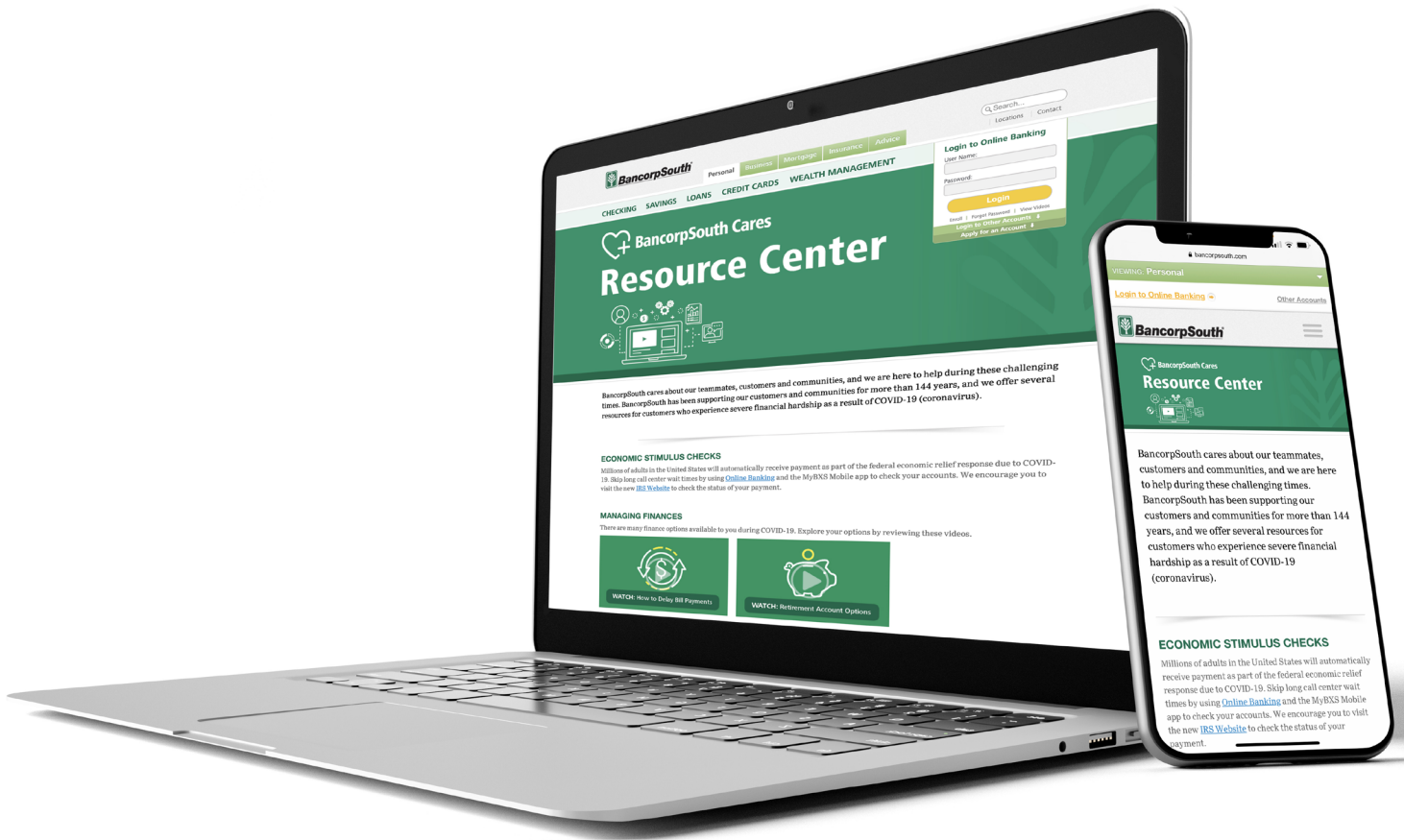
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to cover eligible expenses. As a qualified SBA lender, we were committed to developing a process that would provide PPP loans to those in need within

Thanks to the hard work and dedication of the staff at BancorpSouth, our office was approved for the PPP loan and we received our funds within a couple weeks of submitting the application. Not only did BancorpSouth help ensure our PPP loan acquisition, I was able to get my business loan payment installments deferred for a few months at the same time. These two actions by BancorpSouth provided a lot of breathing room to ensure the health of my business during this pandemic."

**Dr. Charles Hogan**

Memphis Spine and Sport | Memphis, TN







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# Emergency Response

**The greatest opportunity for teammates to help each other and the communities we serve is in times of need.**



In addition to the tremendous strain our communities have been under due to the COVID-19 pandemic, several areas in our footprint were significantly impacted by storms during 2020. The challenges presented an opportunity for BancorpSouth to provide needed resources and support to our teammates and communities in the impacted areas. Resources were mobilized in response to five landfalling tropical systems in a short time frame spanning from late August to November 2020. The five systems that had the most impact upon our footprint were: Hurricane Laura, Hurricane Sally, Tropical Storm Beta, Hurricane Delta, and Hurricane Zeta. With the coordination of our dedicated disaster recovery team, we were able to provide

direct support to our frontline representatives to ensure continuity of service for our customers and communities in impacted areas. Community relief centers were established and served approximately 2,000 meals, ice, water and fellowship to families during the hours and days following Hurricane Laura. Similar efforts were undertaken for other storms that







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impacted our communities, which also included providing materials, tools, gasoline and fueling stations to support clean-up efforts. Our business service hours were modified and extended through the weekend when needed to offer customers and the community more opportunities to address their insurance and financial needs, and we offered financial relief in the form of fee waivers and loan payment deferrals to impacted customers.

We took additional steps to support our teammates by mobilizing facility teams to provide tarping, clean-up and the removal of fallen trees from teammate homes and properties. The work focused on assisting the teammates with establishing safe conditions for the return of the teammates and their families to their homes or to assist them with preventing further damage while the teammates worked with their insurance adjusters to estimate damages. Teammates who requested assistance with long-term power outages were provided portable generators and fuel, and other resources available to teammates included portable air

conditioning units, fans, water, ice and the use of freezers for food storage. Our teammates stepped up to the plate and supported impacted teammates by contributing to our employee relief fund, which was established several years ago to assist impacted teammates with immediate needs following a storm.



Our teammates selflessly donated their personal vacation time to teammates impacted by the storms.



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## FORWARD LOOKING STATEMENT:

Certain statements made in this report are not statements of historical fact and constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and are subject to the safe harbor created thereby under the Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as “anticipate,” “aspire,” “assume,” “believe,” “budget,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “foresee,” “goal,” “hope,” “indicate,” “intend,” “may,” “might,” “outlook,” “plan,” “project,” “projection,” “predict,” “prospect,” “potential,” “roadmap,” “seek,” “should,” “target,” “will,” and “would,” or the negative versions of those words or other comparable words of a future or forward-looking nature. These forward-looking statements include, without limitation, discussions regarding general economic, interest rate, real estate market, competitive, employment, and credit market conditions, including the impact of the COVID-19 pandemic on our business, as well as regarding our assets, business, cash flow, financial condition, liquidity, prospects, results of operations, and the trading price of our capital stock. Forward-looking statements are based upon management’s expectations as well as certain assumptions and estimates made by, and information available to, our management at the time such statements were made. Forward-looking statements are not historical facts, are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that are beyond our control and that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, without limitation, factors as detailed from time to time in our press and news releases, periodic and current reports and other filings we file with the FDIC, including those factors included in our Annual Report on Form 10-K for the year ended December 31, 2020 under the heading “Item 1A. Risk Factors.” Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date of this report, if one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statements. The forward-looking statements speak only as of the date of this report, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law. New risks and uncertainties may emerge from time to time, and it is not possible for us to predict their occurrence or how they will affect us. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this section.

## CONTACT US:

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