



CIVISTA BANCSHARES, INC. AND CIVISTA BANK ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

Civista Bank is a community bank that operates in the Ohio, Indiana and Kentucky markets. Founded in 1884, Civista Bank has always strived to serve not only its shareholders, but also its customers, employees and the communities in which we operate. Civista Bancshares, Inc. is the publicly traded holding company (the “Holding Company”) that is the sole shareholder of Civista Bank (Civista Bank and the Holding Company may also singly and collectively, as the context may indicate, hereinafter be referred to as “Civista”, “we”, “us” or “our”). Civista Bank accepts deposit accounts and certificates of deposit from our customers and provides personal, residential, commercial and construction loan services. We also provide trust and investment advisory services to our customers. We operate 27 full service branches in Ohio, eight full service branches in Indiana and loan production offices in Westlake, Ohio and Fort Mitchell, Kentucky.

Corporate Responsibility

As a community bank, Civista Bank’s purpose is to serve our shareholders, help our customers thrive, our communities grow and our employees develop. We have a passion for service and commitment to the communities we serve. Civista’s commitment to responsible banking, efficient operations and corporate citizenship helps us further our purpose. Our corporate citizenship includes Civista’s corporate governance initiatives, philanthropy, our commitment to community development and Civista’s commitment to our employees.

I. Environmental

As part of Civista Bank’s corporate citizenship, we are committed to reducing our dependence on diminishing raw materials, as is evidenced by our expansion of online banking services and our provision of paperless electronic statements. As discussed more fully below in Section II.B., we continue to develop our digital capabilities to encourage the ease of use of online and mobile banking. We have recently engaged a new vendor as Civista’s partner to assist us with our digital transformation. This digital transformation strategy will assist us in serving our current customers and help us gain new customers by allowing us to bank them anywhere, largely in a paperless, electronic manner.

A. Energy Efficiency

Civista Bank also continues to design and retrofit our buildings to maximize energy efficiency, enhance occupant comfort and efficiently use building materials to reduce resource consumption. Evidence of these efforts includes the following facility improvements:

1. Operations Center Renovation (new energy efficient and near medical grade filtering HVAC)(March 2020);
2. Willard Branch Relocation (new energy efficient HVAC, LED lighting and doors and windows)(June 2020);



3. Lawrenceburg, Indiana Branch Renovation (new high efficiency windows)(May 2020); and
4. Milan, Indiana Branch Renovation (new energy efficient HVAC and LED lighting)(October 2020).

B. Environmental Risk Avoidance

Civista Bank created its Environmental Risk Policy to be implemented in all commercial loan transactions secured by real estate. The purpose of the policy is to minimize or eliminate environmental risk as well as potentially costly litigation or governmental enforcement actions. Civista Bank’s policy is to evaluate real estate lending activities for existing and potential environmental risks and liabilities using good practices commonly employed by similar institutions in the commercial lending industry. Our efforts at mitigating environmental risks include conducting Environmental Site Inspections, completing Environmental Questionnaires to identify any Potential Environmental Condition (“PEC”) or Recognized Environmental Condition (“REC”), engaging a vendor to analyze data bases to provide an environmental report that provides “low risk” and “elevated risk” ratings for subject properties from a qualified environmental professional. This process may also result in a required Phase I Environmental Survey and/or Phase II Environmental Survey.

C. Recycling

Civista Bank’s corporate wide efforts at recycling paper waste in 2020 resulted in recycling approximately 249,600 pounds of paper that was repurposed for future use.

II. Social

An integral part of Civista Bank’s commitment to efficient operations is our continued, ongoing focus on our relationships with employees, customers, vendors and the communities within which we operate.

A. Employees

Our focus on our relationship with our employees is reflected in Civista Bank’s Employee Handbook. The Employee Handbook requires respectful and appropriate relationships with, by and among our employees.

Our commitment to respectful and appropriate relationships with, by and among our employees is enhanced by the following Bank programs and processes contained within our Employee Handbook: Equal Employment Opportunity Policy; Affirmative Action; Pay Transparency; Americans with Disabilities Act; Workplace Harassment; Employee Relations Philosophy; New Employee Orientation; Employee Development (discussed more fully below); Resolving Issues and Concerns of Employees; Bank Benefits provided to Employees (discussed more fully below); and Health and Safety (including Workplace Violence, discussed more fully below).



1. Benefits Provided to Civista Bank Employees

To attract and retain qualified employees, Civista Bank offers all of its full time employees the following Benefits:

a. Health Insurance

Civista Bank strives to provide its employees with a comprehensive, cost effective and competitive benefits package. We want to make sure that our employees are getting the most out of their benefits. We offer two different health plans: a traditional PPO with reduced deductibles and out-of-pocket costs with an affordable prescription plan as well as a high deductible health plan that includes a Health Savings Account (“HSA”). An HSA enables employees and their families to save for any future medical expenses that they may incur. The HSA plan includes a Bank contribution to each employee’s HSA to help the employee to build their HSA balance. We also offer dental and vision insurance, as well as a Flexible Spending Account (“FSA”) and a dependent care account. In an effort to keep our employees’ share of their health insurance premiums to a minimum, Civista Bank did not pass on any of the seven percent annual increase in total health insurance premiums incurred by Civista Bank in 2020. In addition, Civista Bank annually offers onsite health screenings and flu shots to all employees free of charge and during work hours.

b. Life Insurance

Employees who qualify, receive Civista Bank paid group term life insurance (valued at two times their annual salary), as well as short term and long term disability insurance, all at no expense to the eligible employee. Employees also have the option to purchase additional voluntary life coverage for spouses and qualifying dependents.

c. Vacation and other Paid Time Off

Civista Bank offers many forms of paid time off to all employees, including vacation (one week to four weeks depending upon level of employment and length of service), all Federal Reserve Bank holidays (up to ten per year plus one floating holiday), personal time (up to 48 hours per year), Family and Medical Leave (“FMLA”), general leaves of absence (non-FMLA), military leave, jury duty leave, victims and witnesses leave, and bereavement leave. For employees who donate to the United Way, Civista Bank matches their contribution and provides an additional paid day off to each contributing employee to further encourage engagement with our communities and those in need.



d. 401(k) Plan and Profit Sharing Contribution

Civista Bank offers a 401(k) Plan that allows employees to begin deferring compensation, tax free, for their retirement. This benefit is available immediately upon hire and immediately vests without completing any waiting period. Furthermore, Civista Bank matches those contributions at a rate of 100% on the first 3% of annual salary deferred and 50% upon the next 2% of annual salary deferred. In addition to matching contributions, for the last several years, Civista Bank has made a profit sharing contribution to all employees' 401(k) accounts. We have proudly deposited over \$2,800,000 into employee retirement accounts over the past six years, through our profit sharing contribution to our employees' 401(k) accounts.

e. Other Benefits

Other benefits that Civista Bank provides to all of its full time employees include a Wellness Program ("WP") and an Employee Assistance Program ("EAP").

Civista Bank offers the WP for its employees and their covered spouses. By partnering with appropriate medical and health care providers, we are able to offer onsite wellness screenings and vaccinations as well as access to multiple online resources to help employees obtain or maintain a healthy lifestyle.

Civista Bank also recognizes that employees may, at times, need a helping hand to help cope with something in their life or to assist them in figuring out what to do should life's difficulties arise. Our EAP provides immediate and personal resources, support, and guidance 24 hours a day, seven days a week, by phone, online, live chat, email or text.

Civista Bank also honors our military Veteran employees annually in November by providing them with an acknowledgement of their service signed by the Executive Management team. We include a gift card for each of our Veteran employees to enjoy a dinner with their family. An announcement is shared with all employees recognizing our Veteran employees and the Veteran and active service family members of our employees.

2. Comprehensive Training and Development Program

Employee development and retention are the life blood of Civista Bank. Employee development is also an integral part of our Strategic Plan. Civista Bank's Comprehensive Training and Development Program is based upon a philosophy that separates us from our competition. Our philosophy is to deliver an exceptional client experience to our customers each and every time and to be a market leader in each community that we serve. This is accomplished by developing our people to be their best and to enable them to fulfill their potential.



Civista Bank’s Comprehensive Training and Development Program starts with our recently developed Talent Assessment Process. Our Talent Assessment Process is comprised of three key components: Benchmarking, Job Description, and the development of an Interviewing Guide. The importance of this process is foundational in building performance evaluations, coaching, and attracting and retaining talent. By partnering with an external consulting firm, we have been able to build a sustainable process and have certified an employee Talent Development Specialist, to carry on the work internally. The process begins by working with department leadership and identifying an employee Subject Matter Expert (“SME”) who understands the key attributes and complexity of the role’s daily activities and duties. The SMEs and department leadership are led through a brainstorming session where all aspects of a specific role are explored. Through this session, Key Accountabilities are established to represent the specific role’s high level activities, with Specific, Measurable, Attainable, Realistic and Timely (“SMART”) goals and activities assigned. Key Accountabilities are the driving factors for performance evaluations and coaching metrics. After the Benchmarking is complete, Human Resources creates concise Job Descriptions for each role based upon information from the benchmarking session. An Interview Guide is then created to identify the desired interview questions based on the role and job description. As mentioned above, this process goes a long way in enabling us to fulfill a central tenet of our strategic plan: the professional development of our people.

Civista Bank’s Comprehensive Training and Development Program advances and instills our philosophy throughout our organization. This is illustrated through the following Civista Bank financed education and training programs and courses:

- a. Graduate School of Banking Program: Civista Bank has invested in the training and development of many employees throughout our organization by paying for selected employees to take certain online graduate courses, tailored to meet the needs of today’s banking leaders, at the Graduate School of Banking at the University of Wisconsin- Madison;
- b. Ohio Bankers League (“OBL”) Educational Webinars: Civista Bank provides for our employees to attend (via webinar) educational courses provided by the OBL regarding topics such as Diversity, Equity and Inclusion (discussed more fully below), Anti-Money Laundering, Anti Predatory Lending, Fair and Responsible Lending, the Truth in Savings Act, Commercial Lending (multiple courses), Currency Transaction Reporting, Customer Identification (CIP) Basics, Mortgage Fraud Awareness, Equal Credit Opportunity Act for Mortgage Lenders, Teller Training – Check Holds, Check Fraud Awareness, Fair Lending, Fair Credit Reporting Act, FDIC Insurance, Flood Insurance, HMDA (multiple courses), ID Theft, Loans to Insiders, Reg. D, RESPA, Suspicious Activity Reporting, Truth in Lending (multiple courses), Elder Financial Abuse, Physical Security, Sexual Harassment; Notary Public issues and updates, and Human Resources;

- c. Internal Bank Training Courses: Civista Bank further provides internal training courses to employees that emphasize such areas of instruction as New Hire Orientation, the Employee Handbook, the Code of Conduct, Personal and Professional Development, Safety and Security, Privacy, Confidentiality, Anti-Money Laundering and Cyber Security, Commercial Banking (multiple courses), Mortgage Origination, Home Mortgage Disclosure Act (“HMDA”), Mortgage Fraud – Identifying Red Flags, Flood Disaster Protection Act, Fair Credit Reporting Act, Bank Secrecy Act (“BSA”), Compliance (multiple courses), Avoiding Unfair or Deceptive Acts, Stopping Harassment, Inequitable Treatment and Behavior, Working Ethically and Building Teams;
- d. Civista Bank has also undertaken a comprehensive training and education curriculum for our employees on the subject of workplace violence. We have partnered with a vendor to provide live training sessions for the entire organization, as well as follow-up training at each of our locations to provide specific guidance in an effort to mitigate threats to our people and our customers, and to train our employees how to react under these worst case scenarios; and
- e. Beginning in August of 2019, senior management began working with representatives from Civista’s core processing vendor to conduct exercises aimed at improving our cybersecurity and business continuity practices. These exercises included a FS-ISAC simulated Cyber Attack against Payment Systems (CAPS) that concentrated on improving incident response and business continuity procedures. Additional exercises have been, and will continue to be, conducted regarding business email compromise and other specific departmental training in order to provide the training necessary to develop our people and protect our customers.

3. Diversity, Equity and Inclusion Initiative

Our Diversity, Equity and Inclusion (“DEI”) Initiative is an integral part of our talent and leadership development strategies that allows Civista Bank to attract, educate and retain top talent from our diverse marketplace all while improving opportunities for all employees to be included and heard.

- a. Our management and employees are working together to develop an encompassing, efficient and effective DEI Initiative with help and guidance from the OBL and Mosaic Development;
- b. Our management conducted a detailed Employee Engagement Survey. Feedback from employees obtained from the survey is incorporated into our employment training, policies, processes and procedures, as well as our DEI Initiative;
- c. DEI involves Executive Sponsors as well as a DEI Council comprised of a diverse cross section of employees from across Civista Bank’s footprint,



departments and areas of service. These dedicated professionals are working everyday with their fellow employees to expand and strengthen Civista Bank’s culture with regard to the enhancement of diversity, equity and inclusion within the workplace and throughout our organization, as well as within Civista Bank’s relationships with its customers, vendors and communities;

- d. The formation of our first Employee Resource Group (“ERG”), Women in Banking, is now charting its course to help our DEI Council guide how we further engage, empower and educate our employees. An identified future expansion of this group would include an outreach program to our business customers and others, with more ERG’s to be formed as we progress; and
- e. Our DEI Council also provides employees with regular and in depth information and updates through a DEI newsletter and DEI emails. These communications not only keep our employees informed as to the DEI Council’s efforts, but also inform our employees on what they can do as individuals to advance the DEI initiative both at work, in their interactions with customers and vendors and in their own lives.

4. A Great Employer

As our efforts to continue to attract and retain qualified employees bear fruit, surveys of our employees and the employees of other employers conducted by third parties, have awarded Civista Bank numerous accolades including the following:

- For eight consecutive years (2013 - 2020), we have been named as one of the “Best Banks to Work For” by the American Bankers Association; and
- For ten consecutive years (2011- 2020), we have been named as one of the “Best Employers in Ohio” by Crain’s Cleveland Business.

B. Customers

Our focus on Civista Bank’s customer relationships is demonstrated by our recent engagement of a full time, third party, off premises Customer Care Center to improve service to our customers. The Customer Care Center provides additional coverage when we have excess customer service demand during any business day as well as providing customer service coverage at night and on weekends. We can now service our customers 24 hours a day, seven days a week. As a result of our new Customer Care Center, responses to our customer inquiries are being provided to our customers at a rate 10% faster than previously provided.

The hallmark of success in today’s digital world is the ability of the customer to define the experience, the ability of Civista Bank to listen and the ability of the innovator to achieve a common vision. Because of our digital transformation, Civista Bank is able to meet our customers where they are in their digital journey. We have enhanced the overall customer experience through digital products and services that provide



convenience, flexibility and strong customer engagement. Civista Bank offers our digital products and services in an omni-channel environment: online, mobile, treasury management, personal financial management tools, social media outlets, and in person. By delivering a consistent experience through all of the channels, Civista Bank is positioned to gain customer loyalty, create awareness and establish itself as a trusted financial resource. Our digital transformation also allows us to internally identify trends, analyze behaviors and use artificial intelligence to expand our knowledge, enabling us to exceed our customer's expectations and positioning us for even greater things in the future.

C. Vendors

Civista Bank requires the same integrity, honesty and ethical behavior from our vendors that we require from our employees and directors. We are in the process of instituting a comprehensive Vendor Management Program to further enhance this effort.

D. Communities

Civista Bank is a Community Bank and serving and seeking to improve our communities is at the core of our purpose and performance.

As part of our commitment to fulfilling our community service goals and to satisfy the requirements of the Community Reinvestment Act (the "CRA"), Civista Bank provides considerable support of affordable home ownership by making various forms of loans within our communities. This is demonstrated by the community development loans that we make within our communities, as well as by Civista's community development investments within our communities and Civista's corporate and employee donations of time and money within our communities:

1. Support for Affordable Home Ownership within our Communities

- a. In the two year period, from 2019 to 2020, under our Community View Home Loan Program, Civista Bank has provided 324 Loans totaling \$39,439,543.00. The Community View Home Loan Program is an affordable home loan program that offers additional features for borrowers within low and moderate income guidelines to purchase homes in qualified neighborhoods; and
- b. In the three year period, from 2018 through 2020, under the FHLB Welcome Home Program, Civista Bank has provided 112 Loans totaling \$565,000.00. The Welcome Home Program offers grants to fund reasonable down payments and closing costs incurred in conjunction with the acquisition or construction of owner occupied housing by low and moderate income individuals. The amount of the individual grants to each recipient far exceed the amount of the grants given by other institutions.

2. Support for Community Development within our Communities



- a. In the two year period, from 2019 to 2020, Civista Bank has made 32 Community Development Loans totaling \$32,757,127.00. Community Development Loans support affordable housing (including multifamily rental housing) for low and moderate income members of our communities, various additional community services targeted to low and moderate income individuals and activities that promote economic development and/or the revitalization/stabilization of low and moderate income geographic areas. These loans also assist in designated disaster areas or distressed or under-served non metropolitan middle income areas. Our loans supported 568 units of affordable housing and created and/or retained 180 jobs for low or moderate income individuals.
- b. In 2019, Civista Bank made \$20,884,377.00 in Community Development Investments (“CDIs”) within our Communities. In 2020, Civista Bank made \$12,433,078.00 of CDIs within our Communities.

CDIs are qualified investments including qualifying grants, donations or in-kind contributions that benefit our communities. CDIs serve low and moderate income areas or individuals to support community development initiatives like affordable housing, economic development, revitalization and/or stabilization of existing housing as well as various other community services. CDI’s are responsive to overall credit and community development needs.

3. Employee and Corporate donations of time and money within our Communities

a. Employee Donations

In 2020, our employees donated 628 volunteer hours at 29 different organizations that serve or are located in low and moderate income areas. In 2019, our employees donated 610 volunteer hours at 26 different organizations that serve or are located in low and moderate income areas.

b. Corporate Donations

In 2020, Civista Bank made \$130,865.99 in Corporate Donations within our communities.

In 2019, Civista Bank made \$131,326.92 in Corporate Donations within our communities.

c. United Way Donations

In 2020, \$162,800.40 of employee and Civista Bank matching donations were made through the United Way to our communities. These donations were made to 27 different United Way Agencies and 22 partner agencies.



In 2019, \$156,055.46 of employee and Civista Bank matching donations were made through the United Way to our communities. These donations were made to 27 different United Way Agencies and 25 partner agencies.

As mentioned above, not only does Civista match United Way donations by our employees, but participating employees receive an additional paid day off for their contributions.

d. Civista Charitable Foundation

The purpose of the Civista Charitable Foundation is to support local schools, community activities and non-profit organizations located in the Civista Bank service area in the tri-state area (southeastern Indiana, northern Kentucky and southwestern Ohio) through donations by not only Civista, but by other local businesses and others. Civista Bank has a seat on the Civista Charitable Foundation Board. Donations made by the Civista Charitable Foundation in 2020 totaled \$136,169.33.

Donations made by the Civista Charitable Foundation in 2019 totaled \$169,663.49.

e. Firelands Forward Collaborative

The Firelands Forward Collaborative is a coalition of stakeholders, comprised of business, education and government leaders in north central Ohio.

This coalition has created a workforce development initiative to attract, retain and educate members across north central Ohio in order to increase job skills, employee fulfillment and employee retention.

The Collaborative recognizes that a united region can be a powerful economic driver through leveraged collaboration and by bringing together the region's assets.

Civista Bank holds a membership seat on the Firelands Forward Collaborative Executive Committee.

Civista Bank has invested \$30,000.00 in the Firelands Forward Collaborative.

f. Jackson Street Pier Project, Sandusky, Ohio

In addition to our 2019 Corporate Donations, Civista Bank also donated \$150,000.00 to help fund the construction of the new Jackson Street Pier, in Sandusky, Ohio. In recognition of such donation, the City of Sandusky granted to the Bank the naming rights for the ice skating rink located at the Jackson Street Pier.



g. Casual for a Cause

Casual for a Cause is a program that Civista Bank supports through which employees can donate \$5.00 each to dress casually on certain days of the year. Each month employees select a charitable cause in one of Civista Bank's geographic regions to support through these employee donations.

In 2020, four charitable organizations received a total of \$8,688.00. These donations were significantly lower than the previous year as up to 60% of our employees have been working from home during the pandemic.

In 2019, 53 charitable organizations received a total of \$31,924.29.

h. Blood Drives

Employees donate to the well-being of the community by donating blood at quarterly blood drives held at our corporate office. These efforts are further supported by Civista Bank as donations are made at Civista Bank locations during working hours.

At Civista we strive every day to assist and develop our communities in these many ways.

E. Pandemic

During 2020, Civista Bank faced unprecedented challenges due to the threat to the health and safety of its employees and customers presented by the COVID-19 Pandemic. As a result, we provided the following protections for our employees and customers during the pandemic, with many of these protections being ongoing:

1. We followed the CDC best practices to help prevent the spread of the coronavirus.
2. Our Pandemic Plan was promptly updated and implemented on March 9, 2020 (earlier than many financial institutions) and has continued to be updated as changes have occurred.
3. We provided the required soap, hand sanitizer, masks, thermometers, pens, cleaning solutions, signage and labor to ensure a safe environment for our employees and customers at all of our facilities:
 - a. We cleaned work stations/facilities and professionally disinfected offices, as required.
 - b. We installed touchless soap dispensers, touchless paper towel dispensers, and hand sanitizing stations to reduce high touch surface contamination.

- c. We upgraded filtration systems to provide better air quality in all locations.
4. We updated contingency plans to address the current and potential future impact of the coronavirus:
 - a. We developed a testing plan with IT and Information Security to support widespread remote operations to enable employees to work from home using Civista Bank equipment, while still maintaining systems security and integrity.
 - b. We suspended employee movement between our offices.
 - c. We developed a “Split Operations” staffing model to separate employees with like job functions to ensure social distancing and remain well below facility capacities.
 - d. We provided customer service through drive-thru and online banking operations. We implemented lobby service by appointment only for services not suitable for drive thru operations from March, 2020 through January, 2021. Customer communications were shifted to the use of digital communications where possible and other available self-service banking tools were also promoted to the extent possible. We continue to improve and implement a broader range of online banking and electronic communication and service provision options to not only improve the customer experience during the pandemic, but to continuously improve the experience into the future.
 - e. All employees are mandated to have their temperature taken prior to admittance to any of our locations.
 - f. Facial coverings/masks are required for every employee, customer, vendor and other guest at every one of our facilities and are supplied when necessary.
 - g. Social distancing is required of all employees and customers at every one of our facilities. Social distancing decals have been placed on the floors of our facilities to assist customers in maintaining proper distancing.
 - h. Access to each branch has been limited to ten customers at all times. Each branch is limited to one customer entrance each with a sanitizing station provided at the entrance.
 - i. We have established a Pandemic Concerns Voicemail to allow employees to anonymously voice concerns and have kept employees and our communities fully informed regarding our efforts and our progress throughout this ordeal.



B. Code of Conduct

Our relationships with others and our conduct as a good corporate citizen are governed by our Code of Conduct. Our Code of Conduct is a collection of rules and policy statements intended to assist employees and directors in making decisions about their conduct in relation to our business. Our Code of Conduct demands honesty, integrity and ethical behavior from all of our employees and directors. Our relationship with others is also governed by our various policies, including but not limited to, Data Security Policy, Anti-Bribery and Anti-Corruption Policy, Whistle Blower Policy, Anti-Money Laundering Policy and Policy for use of Bank Funds.

A sample of these policies can be found here:

- [Code of Conduct](#)
- [Whistleblower Policy](#)

C. Board of Directors

We benefit from our Boards' vast experience, independent leadership and commitment to the Holding Company, Civista Bank and the communities we serve. Independent leadership and oversight responsibilities are driven through our robust independent Lead Director role, independent Holding Company committee chairs, and the full involvement of each of our independent directors, as well as our Chairman, Mr. Miller, and our executive director, Mr. Shaffer, the CEO and President of the Holding Company and Civista Bank.

Our Boards are actively involved in the oversight of our strategies and in holding management accountable, both for the current year and the long term performance of the Holding Company and Civista Bank. They are focused on, and dedicated to, ensuring that we execute our responsibilities in a manner that is aligned with shareholder expectations, our strategic plan as well as the best interests of our customers, employees and communities.

D. Members of our Boards

There are ten members of the Holding Company's Board of Directors. Each Holding Company director is also a Director of Civista Bank. There are an additional five members of Civista Bank's Board of Directors, who are not also directors of the Holding Company

Of the ten Civista Bancshares Inc. directors, eight are currently independent and represent much of our geographic footprint. Because Mr. Miller concurrently served as both the Chairman of the Holding Company Board of Directors and the Chief Executive Officer of the Holding Company and Civista Bank until the end of 2017, he has not previously been determined to be independent by the Board of Directors. However, as it has now been more than three years since his retirement from the Chief Executive Officer position, Mr. Miller may be determined to be independent by the



Board going forward. Such a determination would be in conformance with NASDAQ requirements. Our Lead Director, Mr. Murray, is independent. Further, all members, including the chairs, of our Audit, Compensation, and Nominating and Corporate Governance Committees are independent.

[Learn more about our Board of Directors](#)

We also have a strong Executive Management Team serving both Civista Bank and the Holding Company that brings a wide breadth of knowledge and experience to each entity. Their extensive industry expertise has driven progress and momentum at Civista Bank. The team is dedicated to holding one another accountable, while delivering on commitments and maximizing long-term value and serving the best interests of shareholders, customers, employees and our communities.

[Learn more about our Executive Management Team](#)

E. Board Diversity

During 2019, the Nominating Committee and the Board of Directors adopted a formal Board Diversity Policy, a copy of which is linked here. This policy focuses on the consideration of cognitive diversity in identifying nominees for Director.

[Board Diversity Policy](#)

- Cognitive diversity is one of the primary factors considered by the Nominating Committee pursuant to its criteria for evaluating director candidates. Cognitive diversity promotes diversity of all types and seeks the inclusion of different perspectives and ideas to mitigate against groupthink. Cognitive diversity also seeks to ensure that the Holding Company and Civista Bank benefit from all available talent.
- Diversity is to be achieved through recruitment efforts and the gathering of candidate pools that consider not only merit, but the competencies, expertise, skills and background identified by the Board as being important to fostering cognitive diversity and an inclusive culture. The Nominating Committee will annually review and assess the Board Diversity Policy's effectiveness in achieving a diverse and robust board.

F. Charters

Our standing Holding Company Board Committees have charters that are annually reviewed and approved by the Holding Company Board. The most current may be viewed via the links below:

[Audit Committee Charter](#)

[Compensation Committee Charter](#)

[Nominating and Corporate Governance Committee Charter](#)



G. Director Evaluations

Our Directors undergo annual self-assessments and interviews by Nominating and Corporate Governance Committee members. This process applies a skills matrix to determine each Director's performance and efficacy in their respective roles, their contributions to the Boards and Committees, their views on the performance of executive management, as well as their views on Board refreshment and the expectations of Board members in fulfilling their duties.

H. Director Retreats

The Boards of both the Holding Company and Civista Bank conduct an annual Directors Retreat at which Board members review, discuss and seek improvement in governance matters, refreshment strategies, as well as provide training and education to Directors all in line with the Holding Company's and Bank's strategic plan.

I. Directors' Guide, Board Refreshment and Succession Planning

The Nominating and Corporate Governance Committee has adopted a Board of Directors' Guide to provide guidance to the Directors as to governance matters, geographic representation, director orientation, director training, oversight of management, stock ownership requirements and much more.

1. Director Nominations. The Nominating Committee identifies nominees by considering recommendations from all sources and evaluates them by applying the criteria that it has adopted. The Board of Directors' Guide, which was adopted by the Nominating Committee in 2020, sets forth criteria to be used in evaluating existing Directors and new Director candidates, the minimum qualifications that must be met by any Director nominee and the qualities and skills that are necessary for a Director, new or existing, to possess. In addition to the qualifications and expectations set forth in the Board of Directors' Guide, the Nominating Committee also considers:
 - cognitive diversity pursuant to the above described Board Diversity Policy;
 - relevant business and employment experience;
 - experience on other boards;
 - relevant special knowledge;
 - independence;
 - personal characteristics;
 - financial sophistication; and
 - community involvement.
2. The Nominating Committee and the Board of Directors believe that each of the existing Directors of Civista brings a strong background and set of skills that provides each of the Boards with competence, experience and expertise in a wide variety of areas, including business and executive management, banking,



manufacturing, accounting and finance, tax, insurance, law and international business.

J. Board Governance Initiatives:

The Nominating and Corporate Governance Committee of the Holding Company Board of Directors continues its work on its governance initiative aimed at further improving corporate governance through annual self-assessments and interviews of all directors by Nominating and Corporate Governance Committee members. This process utilizes a skills matrix and includes efforts at moving forward with the Board refreshment initiative. As mentioned above, the Nominating Committee adopted a Board of Directors Guide, which among other things:

1. Formalizes the criteria to be used in evaluating existing Directors (through the use of the skills matrix and interviews) and new Director candidates and assesses their qualifications;
2. Sets forth certain expectations for Board members with regard to age, citizenship and residency, stock ownership (*i.e.*, a minimum of 5,000 shares of common stock of the Holding Company within five years of joining the Board), attendance at Board and committee meetings, experiences, knowledge, overall qualifications and integrity;
3. Identifies the roles, duties and responsibilities of the Directors, as well as those of the Chairman, Lead Independent Director and committee chairs;
4. Formalizes the process for conducting succession planning with regard to the CEO as well as executive management as a whole;
5. Sets forth the procedures for selecting an interim replacement CEO in the event the CEO should die or suddenly become incapacitated and unable to serve as CEO, as well as procedures for identifying, recruiting, evaluating and selecting a successor CEO;
6. Identifies certain expectations of Directors with regard to business development; and
7. Lays out the need for and structure of new Director orientation and continuing education for Directors.

Finally, as part of the Board refreshment initiative during 2020, the Nominating Committee and the Board of Directors initiated the practice of nominating chairs-elect of the Boards of Directors and committees of the Holding Company's Board in order to provide for greater succession planning. The nomination and selection of chairs-elect will be implemented at the Board's April 2021 organizational meeting.



K. Insider Trading Policy:

All of the Directors, officers and employees of Civista are required to comply with the requirements of Civista's Insider Trading Policy. This policy includes a pre-clearance process that Directors and applicable officers are required to undertake before they may trade in the Holding Company's stock. The policy may be found here:

[Insider Trading Policy](#)

L. Anti-Hedging:

Within the above Insider Trading Policy is a prohibition, applicable to both officers and Directors, against hedging Holding Company stock.

M. CEO Stock Ownership Requirement:

As a Director, the CEO is subject to the same Holding Company stock ownership requirement as are all Directors. See the Directors Guide information above. The CEO is not compensated for his services as a Director.

N. Executive Compensation Policy:

The Compensation Committee is responsible for the development and administration of policies regarding executive compensation and obtains input from management and outside consultants as appropriate. The Compensation Committee approves executives' overall compensation levels and increases. It oversees executive compensation and benefit programs, and administers the Holding Company's and Bank's incentive plans. The Compensation Committee sets the compensation of the Chief Executive Officer. The executive officers are paid by Civista Bank for their services to the Holding Company, Civista Bank and the other subsidiaries of the Holding Company. They receive no compensation directly from the Holding Company.

The Compensation Committee's determinations are based in large part upon information concerning the compensation paid by similarly-sized financial institutions. From and after 2018, the Compensation Committee has retained a compensation consultant, Compensation Advisors, to provide peer information and recommendations concerning the base salaries, incentives and total compensation to be paid to executives. In making compensation decisions for 2020, the Compensation Committee considered certain peer information and recommendations by Compensation Advisors, in conjunction with a study offering information about base salaries at similar institutions.

O. Incentive Plans/Clawback Policy:

The equity portion of incentive plans available to Bank officers has a three to five year vesting schedule, depending upon the recipient's position within the Holding Company and/or Bank. This aids in efforts to not only attract top talent, but to retain existing talent



and ties overall performance to Bank's performance and the interests of the Shareholders. The incentive plans available to participants are also subject to a Clawback Policy that empowers the Compensation Committee to rescind and recover incentive payouts under circumstances requiring an accounting restatement. The relevant Policy can be found here:

[Clawback Policy](#)

P. Role of the Compensation Committee, Management and Consultants in Determining Compensation:

As mentioned above, the Compensation Committee retains overall responsibility for administration of the compensation arrangements for executives. The Compensation Committee evaluates the factors relevant to compensation decisions and approves the compensation program for executives. Historically, the Compensation Committee has relied heavily on information obtained from consultants and other external sources concerning the compensation paid by similarly-sized financial institutions. While the Compensation Committee considers the recommendations of the Chief Executive Officer in making annual compensation decisions with respect to other executive officers, the Compensation Committee retains ultimate authority and discretion regarding the compensation arrangements for executives and does not delegate any of its authority.

Q. Compensation Philosophy and Objectives:

The objective of the compensation programs is to attract, compensate and retain key employees. Executives are compensated fairly in light of their responsibilities, the performance of the executives and the compensation paid to executives in similar positions at peer financial institutions in the Midwest. The Compensation Committee annually reviews and recommends the appropriate salary for the Chief Executive Officer and an appropriate salary or salary range for other executives.

Conclusion

We appreciate you letting Civista tell our success story. We are proud of our history and from where we came. We are proud of our growth and what Civista has become. Most of all, Civista is proud of our customers, employees and communities, and we look forward to continuing to partner with our employees, customers and communities well into the future. Thank you.