



2025

Climate-related Risk and Opportunity Report

Webster Financial Corporation

WebsterBank®

Introduction

About Us

Webster Bank (NYSE: WBS) is a values-based, leading commercial bank with more than \$80 billion in assets focused on delivering financial solutions to businesses, individuals and families.

With headquarters in Stamford, Connecticut, our footprint spans the Northeast from the New York City metropolitan area to Rhode Island and Massachusetts.

We operate differentiated lines of business, including Commercial Banking, Consumer Banking, and our Healthcare Financial Services segment that includes HSA Bank and Ametros. In addition, Webster offers direct to consumer digital banking via Brio Direct.

About This Report

The disclosures within this report are intended to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and to comply with the reporting requirements of California Senate Bill 261.

This report covers the TCFD's four pillars and supporting recommended disclosures, including how climate risks and opportunities are integrated into Webster's climate governance, strategy, and risk management processes, and the metrics and targets used to track our climate performance over time.

This report contains forward-looking statements that are not historical facts. These statements are subject to risks and uncertainties and are not guarantees of future performance. Factors that could cause actual results to differ materially from those expressed or implied by such statements are set forth in our SEC filings. All forward-looking statements are based on management's current assumptions, estimates, and projections.



Governance

a) Describe the Board's oversight of climate-related risks and opportunities.

Webster's Board of Directors and its committees ensure that corporate responsibility principles, including sustainability and environmental, social, and governance (ESG) activities, are integrated into our business strategy in ways that optimize opportunities to make positive impacts while advancing long-term goals. We are committed to conducting our business in a safe, environmentally responsible, and ethical manner, and in a way that reflects our responsibilities to our stakeholders.

Climate risks and opportunities are managed at the enterprise level. Webster's Board of Directors oversees the company's approach to risk management, with multiple committees supporting climate-related issues. Authority on climate-related risk is delegated to the Board's **Risk Committee**. This is supported by the **Nominating and Corporate Governance Committee**, which oversees sustainability efforts, and the **Audit Committee**, which oversees the integrity of climate-related metrics. On a regular basis, the Nominating and Corporate Governance Committee is informed of climate-related issues by the executive-level Corporate Responsibility Committee.

Webster's executive-level **Internal Audit** and **Credit Risk Review** functions perform assessments and evaluations of risk management practices and internal controls, identify issues, make recommendations, and inform the Board of Directors and executive management on matters that require remediation.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

The management of climate-related issues is delegated to three executive-level committees and one working group, with internal control functions making recommendations on matters that require remediation:

- Enterprise Risk Management Committee
- Executive Management Committee
- Corporate Responsibility Committee
- Climate Working Group

The **Enterprise Risk Management Committee** (ERMC) is chaired by Webster's Chief Risk Officer and is the senior-most management committee responsible for overseeing the implementation and execution of the company's risk management framework. The framework includes monitoring the severity, direction, and trend of current and emerging risks relative to business strategies and market conditions; assessing the quality of risk programs to manage and mitigate risks; and ensuring alignment of the company's risk appetite and strategy. Climate risks are discussed at meetings of the ERMC and its applicable subcommittees, including the Operational Risk Management Committee, which monitors and considers climate-related physical risks. The ERMC is also responsible for reviewing information regarding the company's policies, procedures, and practices relating to risk.

The **Executive Management Committee**, which is chaired by the CEO, considers climate-related strategies and opportunities.

The **Corporate Responsibility Committee** integrates environmental and social objectives into its operational framework, which results in targeted initiatives that promote sustainability, inclusion, and corporate transparency within the company. Led by the Chief Corporate Responsibility Officer, the committee is comprised of C-suite executives and is supervised by the Board's Nominating and Corporate Governance Committee.

Webster's **Climate Working Group** has representatives from Corporate Responsibility, Risk, Credit Risk, Legal, Compliance, and Finance. In 2025, the Working Group reviewed state climate laws to determine scope, reporting capacity, and gaps, and engaged a third-party consultant to conduct a climate risk assessment and scenario analysis to determine the company's exposure to climate-related physical and transition risks in the short, medium, and long terms. The Working Group reviewed the assessment results and determined next steps for integrating the findings into the company's strategy.

In efforts led by our Chief Risk Officer and Chief Credit Officer, Webster continues to develop and refine our risk management framework for measuring and managing material climate risks that could impact the bank's operations and lending activities. Data and credit process enhancements are also in progress.

Strategy

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.

We consider climate-related risks in our business operations and in our lending activities. Climate risk identification occurs at the transaction, portfolio, and enterprise levels, and risks are considered at the time of signing contracts and in the management of our portfolio of properties and vendors. Appropriate risk mitigation, such as resiliency arrangements and insurance, is established to ensure our overall risk profile remains in line with our risk appetite.

To align with both the TCFD recommendations and California’s SB 261 requirements, in 2025 Webster engaged a third-party consultant to conduct a climate-related risk and opportunities assessment for our 220 operating sites. Through this process, climate-related physical risks, as well as transition risks and opportunities, were identified and scored based on their likelihood and potential impact over the short, medium, and long terms across low, moderate, and high emissions scenarios. This approach allowed Webster to evaluate our operations’ exposure to physical and transition risks across different scenarios and understand how these changes could impact our business. Key results are presented below, with the methodology outlined in the Risk Management section of this report.

Physical Risks

Our sites are primarily located across the Northeast United States, with two sites in Wisconsin. Given the geographical concentration in the Northeast, physical risks are expected to be generally consistent, with minor site-specific exceptions.

Our physical risk analysis revealed that heat stress and heatwaves are the most significant risks Webster faces across all scenarios, followed by heavy precipitation, wildfire, changes in precipitation, temperature variability, and water stress. The High Emissions scenario poses the most critical and complex set of risks to Webster’s operating sites, the results of which are presented to the right.

Site Level Physical Risk Exposure: High Emissions Scenario

Risk	Risk Type	Estimated Exposure Score ¹		
		Short Term (2030-2040)	Medium Term (2040-2050)	Long Term (2050-2100)
Flood	Acute	Low	Low	Low
Heatwave	Acute	Low	Medium	High
Heavy precipitation	Acute	Medium	Medium	Medium
Wildfire	Acute	Low	Low	Medium
Changing precipitation	Chronic	Medium	Medium	Medium
Heat stress	Chronic	Low	Medium	High
Hydrological variability	Chronic	Low	Low	Low
Sea level rise	Chronic	Low	Low	Low
Temperature variability	Chronic	Medium	High	Medium
Water stress	Chronic	Medium	Medium	Medium

¹ - Exposure scores for each peril were ranked from 0 to 100, with higher scores reflecting higher levels of risk.

Transition Risks and Opportunities

Transition risks relate to policy, legal, reputational, and market changes associated with the decarbonization of society as it seeks to limit global temperature increase from the pre-industrial baseline. An overview of findings from each of the three scenarios examined is below.

Current Policies - Under the Current Policies scenario, risks range from low to high across all time horizons, with Webster facing high market risk of disruption to our product offerings and client portfolios.

Delayed Transition - Under the Delayed Transition scenario, risks range from low to medium, and opportunities related to resource efficiency and products/services were identified.

Net Zero by 2050 - Under the Net Zero by 2050 scenario, we may face low to medium risks across all time horizons. Climate-related opportunities were identified, including energy efficiencies and renewable energy procurement. The results of this scenario are presented in the table below, as this scenario represents the most ambitious transition level.

Enterprise-Wide Transition Risk Exposure: Net Zero by 2050 Scenario

Risk	Description	Estimated Exposure Score ²		
		Short Term (2026-2030)	Medium Term (2030-2035)	Long Term (2035-2050)
Introduction of carbon price or carbon tax	Webster’s annual compliance costs are projected to remain low through the middle of the century.	Low	Low	Low
Mandatory climate reporting requirements	Webster will need to ensure full compliance with the latest climate regulations. As more climate policies are mandated, Webster may need to meet increasingly strict regulations and expanded disclosures.	Low	Medium	Medium
Exposure to litigation	New climate policies could lead to penalties for insufficient disclosure or non-compliance, as well as increased scrutiny of climate-related claims. However, the gradual rollout of these policies will likely allow Webster ample time to adjust our climate strategy, resulting in a lower litigation risk under this scenario.	Low	Low	Medium
Transition costs associated with adopting lower emissions technology	Due to our low operational emissions, Webster Bank does not anticipate relying heavily on low-emissions technologies (e.g., carbon removal technologies).	Low	Medium	Medium

2 - The exposure scores were informed by quantitative data from forecasts on future energy mixes, carbon pricing, and energy pricing, as well as qualitative data informed by desk research, benchmarking, and expert knowledge.

Enterprise-Wide Transition Risk Exposure: Net Zero by 2050 Scenario *(continued)*

<p>Disruptions to product offerings and client portfolios</p>	<p>Under this scenario, investors and debt markets increasingly favor banks that are verifiably aligned with net zero.</p> <p>Customers may favor banks that offer dedicated green finance products and transparently align their lending with net-zero goals.</p>	<p>Low</p>	<p>Medium</p>	<p>Medium</p>
<p>Expectation from key stakeholders (e.g., customers, investors, employees) to act on climate and damage to brand if climate actions are deemed insufficient</p>	<p>Our standing with stakeholders may become diminished because of business activity that may be associated with causing or exacerbating climate change. We may experience loss of revenue or reputational damage if our climate policies and strategies are not aligned with a net-zero future.</p> <p>Our ability to attract and retain employees may also be harmed if our response to climate change is perceived as ineffective or insufficient.</p>	<p>Low</p>	<p>Low</p>	<p>Medium</p>
<p>Stigmatization of financial services sector</p>	<p>In this scenario, the financial services sector maintains stability, but faces constant, gradual pressure to align with net zero. Our primary risk lies in failing to meet market expectations for timely and transparent action.</p> <p>Our standing with stakeholders may become diminished as a result of business activity that may be associated with causing or exacerbating climate change.</p>	<p>Low</p>	<p>Low</p>	<p>Low</p>

Enterprise-Wide Opportunities: Net Zero by 2050 Scenario

<p>Opportunity</p>	<p>Description</p>
<p>Resource efficiency</p>	<p>Continue to strategically invest in lower-emissions energy sources and energy efficiency measures to reduce operating emissions and costs.</p>
<p>Products/services</p>	<p>Leverage and expand on existing green lending track record.</p>

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

Our operational strategy has been influenced by climate-related issues as we have taken steps to more actively track and reduce our greenhouse gas (GHG) emissions. Data quality has improved considerably, with the onboarding of an ESG data management platform to monitor and manage natural gas, electricity, heating oil, and water consumption.

We prioritize energy-efficient measures by seeking to maintain low-emission and energy-efficient working environments across our footprint. Recent initiatives include installing two EV charging stations and engaging with a federal solar incentive program to install solar panels on the roof of our Waterbury, Connecticut campus. We also have a long-standing LED lighting upgrade initiative, which is being implemented across our banking centers and offices. At the end of their useful lives, heating, ventilation, and cooling systems are replaced with more energy-efficient systems.

In our efforts to use lower-emission sources of energy we have also been working to increase our use of renewable energy. We have purchased renewable energy credits (RECs) to match 100% of our annual electricity usage and reduce GHG emissions in our New York and Massachusetts markets.

Opportunities associated with the energy transition also inform the bank's commitment to finance our customers' renewable energy and energy-efficiency projects. Webster lending for environmental-related projects grew from \$661 million in 2022 to \$1.16 billion in 2024. Lending to finance renewable energy, environmental remediation, and energy-efficient components remains a focus of our environmental lending strategy.

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Webster has relatively limited exposure to climate risks in our operations and lending portfolio. Based on our portfolio's footprint and composition, credit exposure to sectors associated with high climate-related physical and transition risks is low at approximately 3% of our total Commercial Loan balances. Thus, the bank's loan portfolio on the whole is resilient to such risks.

The scenario analysis conducted in 2025 will allow for more emphasis to limit climate risk exposure in our organizational lending strategy, while increasing the diligence in review of climate-related risks in prospective lending projects.

Risk Management

a) Describe the organization's processes for identifying and assessing climate-related risks.

Physical Risk Assessment

Webster's climate-related physical risk assessment was conducted using the Shared Socioeconomic Pathways (SSPs) climate scenarios developed by the Intergovernmental Panel on Climate Change (IPCC). Three scenarios were used: Low Emissions (SSP1-1.9), Middle-of-the-Road (SSP2-4.5), and High Emissions (SSP5-8.5), across three time frames: the short term (2030–2040), medium term (2040–2050), and long term (2050–2100).

Ten acute and chronic perils were examined across Webster's 220 sites. Exposure scores for each peril were ranked from 0 to 100, with higher scores reflecting higher levels of risk.

The results of this physical risk assessment show a moderate composite risk score for the long-term, high-emissions scenario. Webster will continue to monitor these risks and implement mitigation and adaptation strategies where necessary. As we approach 2050 and climate change projections evolve, Webster will continue to monitor and adapt our climate strategy to manage our most significant physical risks.

Webster's 2025 scenario analysis excluded hurricanes and storms due to the significant uncertainties involved in modeling how their frequency and intensity might change because of climate change. Nevertheless, we recognize that these hazards may pose a threat to our operations and we will continue to monitor them, particularly since the preponderance of our portfolio's residential and commercial real estate assets is located within the Northeast United States, an area highly susceptible to hurricanes and high winds. We mitigate this risk through diversification and insurance.

Transition Risk Assessment

Webster used scenarios from the Network for Greening the Financial System (NGFS) for our transition risk assessment. We used three different scenarios: Net Zero 2050 (below 1.5°C warming), Delayed Transition (below 2°C warming), and Current Policies (3°C warming), across three time frames: the short term (2026-2030), medium term (2030-2035), and long term (2035-2050).

Using the TCFD risk categories of policy and legal, market, technology, and reputation, and the opportunity categories of resource efficiency, energy source, products/services, markets, and resilience, Webster assessed transition risks and opportunities across our business. Quantitative data from forecasts on future energy mixes, carbon pricing, and energy pricing was incorporated to support the report.

With regards to our loan portfolio, we assess climate risk at the transaction level and the portfolio level.

To identify and assess climate-related risk at the transaction level, Webster incorporates climate-related factors into our credit risk analysis using an assessment based on NAICS codes. Industry climate-related transition risks are rated as high, medium or low.

- For residential mortgages, at the transaction level, we consider the property locations and maintain standards for insurance. At the portfolio level, we review metrics periodically to assess concentrations.
- For commercial loans, at the transaction level, we consider the borrower's industry, and if categorized as a high climate risk industry, the applicable climate-related risks. At the portfolio level, we review credit metrics and concentrations.

b) Describe the organization's processes for managing climate-related risks.

Our Enterprise Risk Management framework includes a Three Lines Model with the following roles and responsibilities for managing risk, including climate risk:

1. **Line of Business Units:** Line of business units are responsible for identifying, assessing, escalating, controlling, and mitigating risks inherent to their business activities arising from their chosen strategy and ongoing operations.
2. **Independent Risk Management:** Risk management functions operate independent of the line of business. They facilitate the development and implementation of risk management practices, provide risk guidance and assist the lines of business in the identification and mitigation of risk, monitor adequacy of risk responses and timeliness of remediation, and perform control testing.
3. **Independent Control Functions:** Reporting directly to the Board of Directors, the Internal Audit function performs assessments and evaluations of risk management practices and internal controls, identifies issues, makes recommendations, and informs the Board of Directors and executive management on matters that require remediation.

Executive management reinforces risk culture through strategy setting, formulating objectives, approving resource allocations, and establishing and maintaining effective systems of internal controls. A strong risk culture is the foundation of effective risk management because it influences the decisions of management and employees when weighing risks and benefits.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.

Webster's risk management framework provides an integrated, forward-looking approach to identifying, prioritizing, and managing all risk categories across the organization: information, operational, credit, compliance, financial, and strategic. Climate-related risks cross these categories and are specifically embedded in our approach to strategic, operational, and credit risk management. We plan to develop a framework to integrate climate scenario analysis results into existing risk management practices to assess resiliency against climate-related financial risks.

Metrics & Targets

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

We periodically analyze our portfolio's exposure to physical and transition risks. For physical risks, we map the geography of our loan and real estate portfolio across various physical climate risk data sets (heat, fire, flood, etc.) to identify concentrations, and we take into consideration their levels of insurance. We also periodically assess our commercial loan exposures to determine our exposure to high climate risk sensitive industries. Within our operations, we track our energy use as an indication of our exposure to increased costs or reputational factors that may be associated with high energy use and its associated GHG emissions. To further address our climate footprint, we monitor the reduction of our electronic, plastic, and paper waste streams.

b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Webster's Scope 1 and Scope 2 greenhouse gas emissions are reported in our annual Corporate Responsibility reports. In order to strengthen our risk management capabilities and to comply with California's SB 253, we will determine our relevant Scope 3 emissions in 2026.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Webster does not currently have targets related to managing climate risks; however, we are taking steps to develop a more comprehensive GHG emissions inventory. Results of the scenario analysis and the physical and transition risk assessments will help to refine our approach to determining a greenhouse gas reduction target.