

2020

# CORPORATE SOCIAL RESPONSIBILITY REPORT

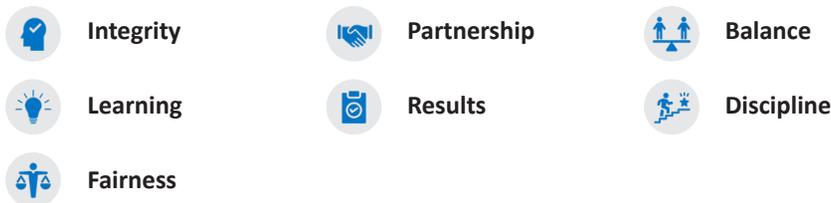


# OUR COMMITMENT TO CORPORATE RESPONSIBILITY

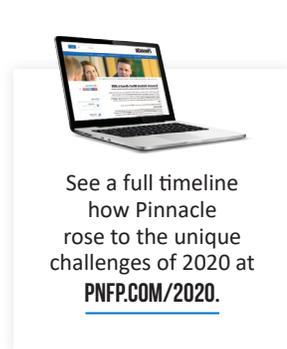
“Doing the right thing” is the standard practice at Pinnacle—the minimum expectation. That applies to working with clients, fellow associates, business partners and the community at large.

## This is what we’ve always done, indeed why we were founded.

Our seven values are the guiding principles that our firm was built on. They inform the culture, the way we treat people, the way we do business and the actions we take to improve our communities.



Their powerful influence is the reason we have always felt the phrase “corporate responsibility” is inadequate. Companies our size have a duty to be good citizens and help support the greater good. Our drive to do good goes beyond that. It’s a fundamental part of who we are.



2020 put our values and our commitment to doing the right thing to the test. Could we find the right balance between protecting our firm and taking care of our clients? Could we give associates what they needed during the pandemic? Could we rise to the challenge our nation faced to make real progress toward racial justice and equity?

Even more than the COVID-19 pandemic, the issue of racial justice has perhaps the greatest potential for long-term impact on our country.

## DIVERSITY & INCLUSION

Pinnacle has always believed in fairness—it’s one of our values, after all.

In 2019, we reiterated our commitment to diversity and inclusion with our first written [diversity and inclusion policy](#), as well as a [public statement of what we believe](#). What we realized in writing it down, and later in hearing cries for racial justice erupting across the country, was that we were not yet living up to our commitment.

You didn’t have to look hard at our numbers to see things were not fair. No one at Pinnacle set out to be unfair, but like so much of the country, our passive attitudes on diversity and inclusion meant that our workforce and client base weren’t reflective of our communities. We needed to have more intention and strategy behind our work, and true recognition of the issues before us, or else we wouldn’t make any real progress.

We began by asking our associates to talk with one another and to take an honest look in the mirror. If we are a firm built on partnership, fairness and integrity, and if we have truly built a culture where coworkers love and care for one another, our associates should be able to have open conversations about their perspectives and our collective shortcomings. It was a starting point to build greater empathy for each other and our different life experiences.

At the same time, we named our first diversity and inclusion officer in Eddie Alford, a 15-year Pinnacle veteran who helped design and administer our leadership development programs. He has now developed a D&I Strategic Plan that will lead to tangible outcomes at Pinnacle. There’s not an area of the firm it doesn’t touch.

Our aim is for diversity and inclusion to be interwoven with everything we do to the point that it will become part of every decision-making process.

## RESPONSIBLE REPORTING

Also in 2019, it became necessary to start reporting all the pieces of our firm that contribute to “the greater good.” So we produced Pinnacle’s [first Corporate Social Responsibility Report and released it in March 2020](#).

It’s a difficult task to count up your own good works and try to measure good intentions. Any attempt will always fall short, and until there is a universally accepted reporting standard, CSR reports will always leave unanswered questions.

Still, it’s quite something to see it all gathered together. We can take our works as a whole and see they come from literally every part of the firm. Every Pinnacle associate is engaged in the activities described within, representing the beliefs, actions and, yes, values of every single associate.

Pinnacle’s CSR report is one way we draw a straight line from our values to our outcomes, making our culture tangible.

# 21,008

ASSOCIATE VOLUNTEER  
SERVICE HOURS



# 3,097

HOURS OF LEADERSHIP  
DEVELOPMENT TRAINING



# 100%

OF NON-COMMISSIONED ASSOCIATES  
PARTICIPATE IN OUR ANNUAL CASH INCENTIVE  
PROGRAM, ALIGNING THEIR GOALS WITH  
LONG-TERM SHAREHOLDER RETURNS



APPROXIMATELY

# 27,000

LIVE AND RECORDED VIEWERS  
FOR VIRTUAL LEARNING EVENTS HOSTED BY  
PINNACLE ON THE PAYCHECK PROTECTION  
PROGRAM, PANDEMIC-RELATED FINANCIAL  
ADVICE AND OTHER TOPICS.



# \$914.3 MIL.

IN INVESTMENTS, LENDING AND GRANTS FOR  
LOW- TO MODERATE-INCOME HOUSING, SMALL  
BUSINESS AND MINORITY-OWNED INSTITUTIONS

# \$3.6 MIL.

IN CONTRIBUTIONS TO  
COMMUNITY CAUSES  
AND NONPROFITS



TOPIC	METRIC	2020 OUTCOMES	OBJECTIVES FOR 2021
<b>EXCITED ASSOCIATES</b>	<b>Create the best place to work in the Southeast.</b>		
	<p><b>Work environment survey</b> Our annual survey asks 25 multiple-choice questions and three open-ended questions. We share the unedited feedback with all associates and establish firm-wide and team-based initiatives for improvement.</p>	<p>96.6% of associates agree Pinnacle’s culture is truly special. <a href="#">See full results.</a></p> <p>71.6% of associate responses to the 25 questions on our survey were “top box,” meaning associates Strongly Agree.</p> <p>Based on survey feedback in 2020, we:</p> <ul style="list-style-type: none"> <li>• Added staff in key support positions to balance workloads</li> <li>• Planned for extensive listening sessions to hear further feedback on issues related to technology and cross-collaboration</li> <li>• Improved processes and procedures</li> </ul>	<p>75% “top box” rating is our overall goal. We will continue our current strategy.</p> <p>Our 2021 initiatives include:</p> <ul style="list-style-type: none"> <li>• Focus on one culture, one team across all markets.</li> <li>• Examining the fair exceptions to PTO policies and work from home practices</li> <li>• Continuous improvement of processes and procedures to ensure operational excellence.</li> </ul>
	<p><b>Listening to Associates</b> We listen to associates continuously so we know what’s going well, what needs improvement and how they’re feeling at any particular time. All leaders are encouraged to seek feedback regularly, and our CEO and senior leaders conduct formal listening sessions with associates.</p>	<p>91% of associates say they are comfortable expressing opinions on issues that are important to them.</p> <p>87% say they have opportunities to contribute to important decisions.</p> <p>The word “listen” appears 51 times in the associate comments on our work environment survey.</p> <p>6 total CEO listening sessions in all markets with a cross-section of associates. Other key leaders conducted listening sessions across the firm on a range of topics. Pandemic travel restrictions disrupted our original plans, but many moved forward virtually.</p>	<p>Continue our current strategies.</p> <p>8 senior leader listening sessions scheduled for 2021 so far on topics like culture and diversity and inclusion</p>
	<p><b>Associate orientation</b> Our CEO hosts a 3-day orientation focused exclusively on our mission, vision and values.</p>	<p>After one in-person orientation early in the year for 56 associates, we adjusted for the pandemic and moved it to a virtual format.</p> <p>Over seven weeks, 231 associates took part in partial-day sessions hearing from CEO Terry Turner and other leaders both live and pre-recorded sessions. Live follow-ups and small group activities followed.</p>	<p>Plan for a safe return to pre-pandemic orientation sessions, bringing associates to Nashville for an adjusted version with COVID safety protocols in place.</p> <p>When safe to do so, invite all associates who missed traditional orientation to Nashville for <a href="#">team building activities and going over the wall.</a></p>
	<p><b>Retention rate</b> Ensuring our associates stay with us and with our clients creates a great client experience.</p>	<p>95% retention rate in 2020, including voluntary and involuntary separations and retirements</p>	<p>Our goal is a 95% retention rate, including voluntary and involuntary separations and retirements.</p>

**\*NEW\***  
**Balance and flexibility**  
 Balance has been a Pinnacle value since the very beginning. We apply it to everything, like balancing workload, learning and, most of all, work-life balance. It's carried out by giving associates the flexibility and autonomy they need to properly prioritize the demands of work, personal life and family.  
 Companies That Care - People magazine

Full-time associates receive 160 hours of paid time off annually for use as vacation, sick, personal, family, emergency or other time off. Every five years they earn 40 additional hours, up to a maximum of 240 hours.

Pinnacle was named one of 50 Companies That Care by People magazine, in part because of how we empower our associates to manage work-life balance.

In a normal year, Pinnacle leaders can give their teams flexibility in where and when they work. While most roles require associates to be in the office during regular hours to perform their duties, many have the flexibility to work from home some days and at hours that work for their lives. All are given room to balance personal and family needs whenever possible.

See "Meeting 2020 Challenges" to see how balance and flexibility practices helped in the pandemic.

Continue current strategies while bringing associates who spent much of 2020 working from home back into the office safely. Continue pre-pandemic work from home and flexibility practices.

**\*NEW\***  
**Culture of caring**  
 Pinnacle's workplace culture is nurtured by the genuine care and affection associates show for each other.

97% of associates say the leadership team shows a genuine interest in their well-being.

\$406,100 spent by associates to WOW one another with small gifts or tokens of appreciation. The WOW budget is a "no questions asked" line item everyone can access to show their fellow associates they care.

As Pinnacle associates became ill with COVID-19, we sent them Pinnacle Cares packages with a custom Pinnacle blanket and card offering comfort. 194 Pinnacle Cares packages were sent to associates in 2020, with 158 going to clients.

Continue our current strategies and expand the Pinnacle Cares package program to other illnesses, grief and other consolation needs for associates and clients.

**Create a diverse and inclusive team.**

**Great place to work for all**

We believe that a strong and diverse team is critical to our success and performance. We are committed to being more vocal and focused in our efforts to ensure we are creating a great place to work for all guided by our [Diversity and Inclusion Policy](#).

Percent of workforce, women: 67%

- Full-time: 97%
- Part-time: 3%

Percent of people managers, women: 50%

Percent of workforce, minorities: 14%

- Full-time: 98.4%
- Part-time: 1.6%

Percent of people managers, minorities: 7%

In 2020, we built on our work in D&I by engaging market leadership in an examination of hiring pipelines, succession plans and work to support minority clients and communities. We promoted one of our own associates to be our first Diversity & Inclusion Officer, who developed a D&I strategic plan with associate diversity targets and the strategies and tactics aimed at reaching them. See “Meeting 2020 Challenges” for full details of our D&I work.

[View our Diversity and Inclusion Policy.](#)

For 2021, we will focus our actions in 4 key strategic areas.

- Recruitment: Update current leadership training programs and implement periodic workshops to help leaders focus more intentionally on the recruitment of diverse associates and leaders to the firm.
- Development: Develop more diversity in leadership through intentionally focused succession plan reviews and the identification of diverse high potential associates that we can begin developing for future leadership roles.
- Employee Resource Group: Establish a Diversity and Inclusion Council that will bring together a diverse group of associates in each market who are committed to helping execute organization wide diversity, equity and inclusion strategies within their local markets.
- Continuing Education: Develop a suite of on demand diversity, equity, and inclusion resources including articles, videos, book recommendations and team building engagement activities that will be available to leaders and associates via our internal intranet.

Early in 2021, we added 29 associates to the leadership team, making improvements in gender and racial diversity. See “Meeting 2020 Challenges” for full details.

**Leadership accountability**

Leaders are the principle recruiters at Pinnacle.

100% of associates completed equal employment opportunity and affirmative action training in 2020.

Leadership training and meetings included detailed discussions over D&I policy and strategic plan.

Key leaders in 11 markets participated in diversity and inclusion meetings with HR leadership to discuss hiring strategies, pipelines and EEO and affirmative action topics.

Continue current strategies and add Atlanta for a total of 12 D&I market meetings.

**Culture of equality**

We win and lose together. Every non-commissioned associate participates in the annual cash incentive plan. Everyone is an owner because we all receive annually awarded equity grants. Everyone matters; titles don't.

According to a 2019 survey through Great Place to Work™\*:

- 99% of PNFP employees of color feel that management shows a sincere interest in them as a person (benchmark is 80%)
- 96% of female PNFP employees feel they receive a fair share of profits (benchmark is 75%)

\*2020 survey results were delayed due to the COVID-19 pandemic.

On our own internal surveys:

- 90% of associates overall agree that when they offer an idea, it will be fully considered.
- 88% of associates overall agree that they contribute to important decisions.
- [See full results.](#)

We reviewed our D&I policy with associates and engaged them in a discussion about it. We published a new [D&I page to our website at PNFP.com.](#)

Continue our current strategies.

**Empower associates to learn and develop.**

**Learning as a value**

Learning is one of our core values. As part of annual goal setting, associates work with their leader to create a professional development plan based on their personal goals. They have access to internal training programs, online learning and external opportunities.

In-person training and book club gatherings were not an option in 2020, negatively affecting overall participation. Still, associates adjusted to a virtual environment and still showed live learning as a value.

50,517 hours associates spent in training, average of 19.5 hours per associate

406 associates participated in virtual book clubs focused on leadership and culture

90% of associates agree that they are given a real opportunity to develop skills.

Resume pre-2020 strategies when safe to return to in-person learning.

<p><b>*NEW*</b>  <b>Strategic Learning and Training</b>          Our Learning and Development team are constantly engaged and connected to teams across the firm to anticipate needs and identify potential issues before they arise. They then work to address them through training and development.</p>	<p>Weekly “Let’s Meet” meetings connect operational support teams with Learning and Development so they can proactively mitigate issues and determine training needs together.</p> <p><b>2020 Example:</b>          Compliance and risk management identified a potential issue with a certain type of exception. Traditional training was found to be insufficiently effective. Worked together with Learning and Development to develop live webinars that addressed specific examples and how to resolve them in more effective ways.</p> <p>For continuous improvement, evaluations are available after most trainings, both paper evaluations for in-person and online evaluations for digital learning. Learning and Development associates also conduct regular listening sessions to help determine needs, format and content, and they make themselves available for direct feedback after training sessions.</p>	<p>Continue our current strategies.</p>
<p><b>Leadership development</b>          Our development program has learning paths for new, acquired and seasoned leaders. We identified 5 leadership attributes of successful leaders at Pinnacle. Our best leaders: recruit for values, inspire, develop others, create a great place to work and deliver results.</p>	<p>3,097 hours of leadership development training, up almost 40% over 2019</p> <p>Developed a new leadership learning community for potential future leaders that will include at least 50% diverse associate participants</p> <p>Developed new training for leaders called Intentional Inclusion, part of a multi-part D&amp;I series</p>	<p>Fully implement future leader learning community</p> <p>Implement Intentional Inclusion with all members of leadership team in Q1 and Q2</p> <p>Continue other current strategies</p>
<p><b>Corporate policies and practices</b>          We maintain an associate guide that includes our code of conduct, diversity and inclusion policy, health and safety information, anti-harassment policy, and pay practices.</p>	<p>100% of associates completed annual training on associate guide and code of conduct and attested to their compliance with the code of conduct</p> <p>All corporate procedures catalogued and made available as appropriate via the company Intranet.</p> <p>There were no reports to our ethics hotline in 2020.</p>	<p>Continue current strategies</p>
<p><b>Risk management and compliance</b>          We have a responsibility to protect our clients and shareholders from unreasonable levels of risk. Associates are required to complete a number of annual training courses. These include fraud and security, cybersecurity, bank secrecy act/anti-money laundering, fair and responsible lending and others.</p>	<p>100% of associates completed assigned training and passed proficiency exams within our online learning management system.</p> <p>After building significant additional capacity in 2019, 8 more FTEs added to Risk Management and Compliance in 2020, including 6 new hires.</p>	<p>Continue our current strategies.</p>

**Create a fair and inclusive workplace culture.**

**Fairness as a value**

We treat our clients, shareholders, business partners and each other the way we want to be treated. In short, we do the right thing.

According to a 2019 survey through Great Place to Work™\*:

- 91% of female PNF employees feel that managers avoid playing favorites (benchmark is 74%)
- 93% of female PNF employees feel that promotions go to those who best deserve them (benchmark is 77%)
- 90% of PNF employees of color feel that they're paid fairly for the work they do (benchmark is 72%)

\*2020 survey results were delayed due to the COVID-19 pandemic.

On our own internal surveys, 93% of associates overall agree that our firm's policies and practices ensure fair treatment for all associates. See full survey results.

Continue our current strategies.

**Incentives for all**

All non-commissioned associates of Pinnacle bank participate in annual cash incentives. Incentives are paid if the firm as a whole reaches its earnings, soundness and other targets. We win and lose as a team.

100% of non-commissioned associates of Pinnacle bank participate in our annual cash incentive programs. This is virtually unheard of in the financial services industry. 93% of associates of the bank are non-commissioned and receive bonuses based on company-wide goals.

For 2020 performance, Pinnacle's Human Resources and Compensation Committee approved a mid-year modification to the incentive plan to include a performance metric tied to Pinnacle's pre-tax, pre-provision net revenue for 2020 when it appeared the diluted EPS metric was not achievable as a result of the pandemic. They believed incentivizing top line growth in 2020 would establish a strong foundation for growth into 2021. This move recognized the extraordinary efforts Pinnacle's associates were going to assist clients in weathering the pandemic. Under the modified plan, Pinnacle paid \$29.8 million in incentives to associates for 2020 performance.

Continue our current strategies.

EXCITED ASSOCIATES

	<p><b>Associate ownership</b> Our associates have a vested interest in not just acting like owners, they are owners.</p>	<p>100% of associates receive stock awards. In Jan. 2021, they received \$31 million in equity grants, based on stock price at the time of award.</p> <p>Total equity granted to associates would equal \$491 million at Jan. 22, 2021, based on our stock price on that date.</p>	<p>Continue our current strategies.</p>
	<p><b>Compensation practices</b> Each year we review our internal equity and compensation practices to ensure alignment and fairness.</p>	<p>All associates make at least \$15 per hour.</p> <p>Annually, the Human Resources and Compensation Committee of the Board of Directors works with an independent advisor, McLagan, to participate in an industry salary survey. The results show our compensation on the high end of the industry standard and also show us areas where we can improve. We also perform compensation risk assessments for all associates for the Human Resources and Compensation Committee.</p> <p>In addition, we commission an independent analysis of our salaries to identify and address any disparities with regard to gender and racial diversity.</p>	<p>We conduct a compensation study annually to ensure both competitive and fair pay.</p>
	<p><b>*NEW*</b> <b>Full-time, part-time and non-regular employment</b> Nearly all of our associates are employed full time by the firm, which we believe helps drive fairness and a better client experience. One of the keys to our distinctive client service is a consistent experience with the same associates, which we accomplish by driving turnover out of the system.</p>	<p>We rarely hire part-time associates, and most instances are formerly full-time associates who asked for a reduction of hours. As of Dec. 31, 2020, just 3.2% of associates were part time, or 84 associates of 2,624 total.</p> <p>On the same date, just one associate was working on a contracted basis. We do very little contract hiring and only in very limited roles. All contract hires are on-boarded as if they are full associates in accordance with requirements on confidentiality, information security and other regulations. Many contract associates go on to become full-time permanent hires.</p>	<p>Continue our current strategies.</p>

	<p><b>*NEW*</b>  <b>Associate guide</b>                  Our associate guide outlines what we do for associates and what we expect of them to comply with applicable laws, ethical conduct and regulatory requirements. It includes cultural considerations and policies from human resources and legal.</p>	<p>100% of associate attest to having read the associate guide and agree to the policies within. <a href="#">View the Associate Guide.</a></p>	<p>Continue our current strategies.</p>
<p><b>Promote a healthy and safe workplace.</b></p>			
	<p><b>Benefits</b>                  Our benefits are available to associates working 24+ hours per week, which is nearly 100% of associates. They are eligible for full benefits on the first day of employment or a qualifying event. Associates 21 and older are eligible to participate in our 401(k) plan with immediate vesting and company match.</p>	<p>Pinnacle paid \$142 million in employee benefits including all insurance costs, social security, Medicare, 401k matching, holidays, PTO, workers’ compensation, FICA, parking stipends, incentive payments and more, compared to \$50 million paid by associates.</p> <p>94% of associates participate in our 401(k) plan. In 2020, we matched \$10 million in associate contributions that were immediately vested.</p> <p>We contributed more than \$979,000 to associate health savings accounts and provided overdraft protection to make 100% of each associate’s annual HSA contributions available for use on Jan. 1.</p>	<p>Continue our current strategies.</p>
	<p><b>Wellness program</b>                  Our program is designed to create a culture of wellness and help associates balance their lives – one of our core values – by developing the physical, mental, social, financial and occupational well-being of associates.</p>	<p>86% of associates participated in our wellness program in 2020, earning the Inspire Health Award, Silver Status from Humana’s Go365. 140 trained wellness champions help coordinate and lead activities across the firm. They helped lead:</p> <ul style="list-style-type: none"> <li>• 6 firm-wide wellness challenges</li> <li>• 81 regional challenges</li> <li>• 21 money management workshops</li> <li>• 2 workshops on time and stress management led by a licensed counselor</li> </ul> <p>1,397 associates redeemed \$217,885 in company-paid wellness reward dollars to buy fitness equipment and gift cards. Another significant amount goes toward charitable donations from wellness reward dollars.</p> <p>See “Meeting 2020 Challenges” for details of wellness activities related to the pandemic.</p>	<p>Continue our current strategies.</p>

<p><b>*NEW*</b>  <b>Workplace health and safety</b>          We are committed to maintaining a safe work environment free from recognized hazards in compliance with the Occupational Safety and Health Act.</p>	<p>We provide an approved workers’ compensation program providing insurance coverage developed to protect workers who are injured during the course and in the scope of their employment. Associates receive needed benefits for medical treatments, lost work time, disability or death benefits, while the legal liability of employers is limited by workers’ compensation.</p> <p>We partner with Cigna for a health and safety management system to case manage short and long-term disability, as well as behavioral health.</p> <p>See “Meeting 2020 Challenges” for details of COVID safety practices.</p>	<p>Continue our current strategies.</p>
<p><b>*NEW*</b>  <b>Associate mental health</b>          We believe it is important to be mindful of and help care for all aspects of good health in our associates, including mental health.</p>	<p>Pinnacle provides resources like:</p> <ul style="list-style-type: none"> <li>• HealthJoy Employee Assistance Program – A company paid program available to all associates and their households regardless of eligibility or enrollment</li> <li>• Cigna Life Assistance Program – A company paid program available to all benefit eligible associates and their households</li> </ul> <p>Both provide three in-person, phone or video counseling sessions with a licensed professional, and also include 24/7/365 access to a licensed mental health provider. The services range from counseling to financial and legal assistance, as well as other resources.</p> <p>As part of Pinnacle’s group medical plan, associates have benefits available to them for counseling and treatment for behavioral health needs.</p> <p>See “Meeting 2020 Challenges” for details of how we kept up with associate mental health during the pandemic and other crises.</p>	<p>Continue our current strategies.</p>

TOPIC	METRIC	2020 OUTCOMES	OBJECTIVES FOR 2021
ENGAGED CLIENTS	<b>Listen to the voice of the client.</b>		
	<b>Client surveys</b> We reach out to clients at key moments in their relationship: opening an account, closing a mortgage and annually for many clients on the anniversary of their first account. Questions cover overall quality of service and advice, as well as an open-ended comment. Results are shared with the involved associate and firm-wide.	94.8% of clients strongly agree that we are recognizably better than the competition. <a href="#">See full results.</a>  In 2020 we completed the first full year of measuring the in-office experience via a transaction survey and saw strong response despite the pandemic.	We will continue our current strategy and set initiatives each year based on feedback. 2021 will see continued measurement via transaction survey and results will be compared to baselines set in 2020.
	<b>Complaints and feedback</b> Our complaint policy is comprehensive and designed to capture and address complaints coming from a variety of sources. All associates are trained on the policy and procedures for handling complaints. Complaints are logged and routed to the appropriate associates for follow-up and resolution.	Our expanded and enhanced complaint management program completed its first full calendar year of activity, setting appropriate baselines so future trends can be more fully measured.  379 complaints received, the majority related to the rollout of a new Health and Benefits platform in late 2019 and conversion of existing clients to a new system.  Just 12 complaints were filed against Pinnacle at the CFPB in 2020, by far the lowest number among our peers. All responses were timely.  100% of associates completed training on complaint management policy and procedure.	We will continue to monitor the current system and work to promptly address complaints as they arise.
	<b>Deliver an exceptional client experience.</b>		
<b>Distinctive Service</b> A live person answering the phone within three rings is our standard. But our associates go beyond what is expected to create a high-touch client experience. Our deeply engaged associates are empowered to make decisions that allow them to serve clients better and fairly.	752,000 client contacts received in our Client Service Center. That includes 680,000 calls, an increase of 26% over 2019, and 72,000 emails and secure online messages  90% of those answered within 3 rings  95.6% of clients who call our client service center strongly agree that we met their needs or resolved their issue.  \$169,700 spent by associates to go above and beyond, or WOW, our clients.  We earned 23 Greenwich Excellence Awards, the second highest total in the nation. We are also one of only five banks nationwide to receive four Greenwich Best Brand Awards for Ease of Doing Business and Trust. <a href="#">Read more.</a>	Continue our current strategies.	

<p><b>Effective Advice</b> Pinnacle positions itself as top of mind for financial information, ideas and insights. Through events, book clubs, articles, videos and other channels we reinforce our advisory capabilities.</p>	<p>In-person workshops and Mastermind classes weren't possible, but some associates adjusted to a virtual model. Firmwide, we held advisory webinars on topics important to businesses in a pandemic economy.</p> <p>We had approximately 27,000 live and recorded viewers for virtual workshops hosted by Pinnacle on the Paycheck Protection Program, pandemic-related financial advice and other personal and business topics.</p> <p>93% of clients agree that they receive insights they would not have gotten if they did not bank with Pinnacle.</p> <p>See "Meeting 2020 Challenges" for details of how we helped advise clients in facing the unique challenges of 2020.</p>	<p>Hold firm-wide advisory workshops and forums in a virtual format, at least one per month, while continuing virtual workshops and Mastermind classes at individual offices.</p> <p>Return to pre-pandemic in-person events as soon as it is safe to do so while integrating virtual events and recorded webinars to reach a broader audience.</p> <p>Develop enhanced Mastermind options to explore new business topics and appropriate follow-ups to the initial program.</p> <p>Identify opportunities to offer Mastermind sessions and advisory workshops to minority- and women-owned businesses.</p>
<p><b>Serve and advise conscientiously.</b></p>		
<p><b>Needs-based selling</b> Because our incentive plan does not reward specific product sales, our associates stay focused on what is best for the client. We rarely advertise products or rates.</p>	<p>100% of promotions and advertisements reviewed by compliance to help clients make informed decisions about the products and services that fit them best</p> <p>94.4% of clients agree that we make proposals that are responsive to needs.</p>	<p>Continue our current strategies.</p>
<p><b>Associate training</b> Our online learning management system ensures associates receive training and testing on a number of topics – fair client practices, fair lending, bank secrecy act, client privacy and other topics.</p>	<p>100% completion of all required annual training</p>	<p>Continue our current strategies.</p>
<p><b>Compliance monitoring</b> Pinnacle, as part of its overall Compliance Management Program, works to foster and promote a culture of compliance with regulatory requirements, internal policies, and industry guidance impacting consumer and business products and services.</p>	<p>We maintain an ongoing program of compliance reviews and an independent audit of the effectiveness of the overall compliance program. The Risk Committee of Pinnacle's board of directors receives quarterly reports of the compliance monitoring and testing results and other key risks. Internal audit reports are reviewed and approved by the Audit Committee of the board of directors.</p>	<p>Continue our current strategies.</p>

ENGAGED CLIENTS	<p><b>Ethical practices</b> In addition to the numerous legal and regulatory safeguards in place, Pinnacle’s common incentive structure, shared goals and culture that emphasizes service and advice over sales help create protection from ethical lapses and poor decisions that are often driven by high pressure sales goals.</p>	<p>We maintain an ongoing program of compliance reviews and an independent audit of the effectiveness of the overall compliance program. The Risk Committee of Pinnacle’s board of directors receives quarterly reports of the compliance monitoring and testing results and other key risks. Internal audit reports are reviewed and approved by the Audit Committee of the board of directors.</p>	<p>Continue current strategies.</p>
	<p><b>Protect clients from harm</b></p>		
	<p><b>Data security</b> Cybersecurity is at the heart of protecting our clients. We have made significant investments in our information security and in educating our associates and clients. We regularly assess threats and vulnerabilities and report monthly on trends.</p>	<p>100% of our associates completed information security training.</p> <p>Information security training was revised this year, and we offered 5 sessions dedicated to phishing schemes.</p> <p>Developed promotional campaign for eStatements stressing information security for clients.</p> <p>Published and promoted nine advisory articles to PNFP.com on cyber and data security topics.</p> <p>Conducted quarterly phishing tests of our associates to ensure they are prepared for real-life phishing attempts. We strengthened the tests this year by changing the process and the way associates experience it.</p>	<p>Continue our current strategies.</p>
	<p><b>Privacy practices</b> We maintain an enterprise privacy program that provides guidance on how we use and share client information.</p>	<p>100% of associates completed training on privacy practices</p>	<p>Continue our current strategies.</p>

TOPIC	METRIC	2020 OUTCOMES	OBJECTIVES FOR 2021
ENRICHED SHAREHOLDERS	<b>Engage in two-way communication.</b>		
	<b>Timely regulatory filings</b> Pinnacle is regulated by the SEC, FDIC, TDFI, Federal Reserve Bank Atlanta and CFPB.	We are in continuous conversation with our regulators both through verbal and written communication. This communication is channeled through our regulatory filings including, but not limited to, the Quarterly Call Report and Y-9 filings, the Quarterly Reports on Form 10-Q and Annual Report on Form 10-K filed with the SEC.	Continue to timely file all regulatory reports with each of our regulating bodies.
	<b>Earnings Calls/Announcements</b> Pinnacle believes it is important to provide both timely and transparent financial data to our shareholders.	We held investor calls quarterly to review our financial performance. Shareholders are encouraged to participate. These calls include a question/answer session following the prepared remarks.	Continue our current strategies.
	<b>Open lines of communication</b> Pinnacle provides its shareholders with the ability to communicate with its leadership and Board through multiple channels including through its Annual Proxy Statement for its Annual Meeting of Shareholders, a whistle blower hotline and quarterly investor calls.	<p>In 2020, certain shareholders communicated with our leadership and Board of Directors using the communication lines described in our Proxy Statement for its Annual Meeting of Shareholders. Additionally, a whistle blower hotline was operated throughout 2020. No calls placed to the hotline in 2020 resulted in any findings.</p> <p>Our CEO and CFO met with 312 active investors and attended (in-person or virtually) 20 unique events in 2020. Certain of these meetings and events included an ongoing dialogue to discuss diversity and inclusion strategies of our Company.</p>	Continue our current strategies.
	<b>Responsiveness to questions</b> Pinnacle believes it is important to respond to the questions it receives from its shareholders.	As indicated above, there are multiple channels through which shareholders may communicate with our board of directors and Leadership.	Continue our current strategies.
	<b>Govern responsibly.</b>		
	<b>Corporate Governance</b> Pinnacle believes Corporate Governance is essential to running the business effectively and maintaining the Company's integrity in the marketplace.	Pinnacle's board of directors has <a href="#">published its governance documents on the Company's website</a> and abides by its Corporate Governance Guidelines. These guidelines are also described annually in our Proxy Statement.	Continue our current strategies.

<p><b>Board Composition and Director Qualifications</b> Pinnacle places great importance on the structure of its board.</p>	<p>Each of Pinnacle’s directors is elected annually. The requirements for our board composition and director qualifications have been laid out in our Corporate Governance Guidelines as described in the Proxy Statement for our Annual Meeting of Shareholders. These requirements include, but are not limited to, the desire to maintain a board that is composed of a majority of independent directors and that consists of directors offering a diversity of experience, skillsets and education, as well as ethnic and gender diversity.</p> <p>In 2020, the board reiterated its commitment to diversity and inclusion and developed a plan to intentionally increase both racial and gender diversity to meet targets within the next three years.</p>	<p>The board members will continue to monitor the board structure and qualifications mix of its members. In February 2021, the Board members elected Decosta E. Jenkins, an African American man, to the board in a unanimous vote. Additionally, Dr. Glenda Baskin Glover, a current Board member and an African American woman, was selected as the chair of our Nominating and Corporate Governance Committee and joined the Executive Committee as Lead Director of our Board.</p>
<p><b>Executive Compensation</b> Pinnacle believes that shareholder value is built by consistent and sound growth in operating results that exceed those of peer firms. As such, compensation for our executive officers is determined with that top of mind.</p>	<p>Annually, the Human Resources and Compensation Committee of the board of directors works with an independent advisor, McLagan, to provide compensation assessments for all associates, including executive officers, and to facilitate the executive officer compensation process. This includes the determination of an appropriate peer group for purposes of comparing compensation and any adjustments that should be made to the peer group to keep it aligned with Pinnacle’s urban focus, size, corporate strategy and balance sheet composition. Additional details of the process for determining executive compensation and our relationship with McLagan are described in the <a href="#">Proxy Statement for our Annual Meeting of Shareholders</a> “Compensation Discussion and Analysis.”</p>	<p>Continue our current strategies.</p>
<p><b>Board Structure</b> Our board is structured so that there are six committees. Other than our executive committee, these committees are led by independent directors who serve on an executive committee which is chaired by our CEO and meets monthly to monitor the current status of the firm.</p>	<p>Pinnacle’s board structure is outlined in its Corporate Governance Guidelines as well as in its Proxy Statement for its Annual Meeting of Shareholders</p>	<p>Continue our current strategies.</p>

TOPIC	METRIC	2020 OUTCOMES	OBJECTIVES FOR 2021
EMPOWERED COMMUNITIES	<b>Commitment to shared prosperity.</b>		
	<b>Community Support</b> Our approach to community contributions (contributions, donations, sponsorships and support) is based on giving within four categories that improve quality of life: <ul style="list-style-type: none"> <li>• Education</li> <li>• Health &amp; Human Services</li> <li>• Economic Development</li> <li>• The Arts</li> </ul> Our goal is that up to 1% of pre-tax profits go to support these causes. Our annual community support budgets are given to each market, with decisions made locally based on associate recommendations and requests.	\$3.6 million in contributions to community causes and nonprofits  These included sponsorships for virtual events that would have typically been in person, as well as support given in lieu of an event to maintain consistent support of an organization.	Continue working with market leadership to direct contributions to best meet market-based goals and achieve our firm wide target.
	<b>Community Development Investment</b> In addition, we set a goal of investing 2% of total assets into community development organizations—an increase in 2021 from our previous 1% goal. These include: <ul style="list-style-type: none"> <li>• Community Development Financial Institutions, including minority-owned financial institutions</li> <li>• Small Business Investment Companies</li> <li>• Community Development Entities</li> <li>• Community Development Corporations</li> <li>• LIHTC investments and others</li> </ul>	Approx. \$367.9 million committed investment in community development for 2020, or 1.01% of assets as of Dec. 31, 2020.  This includes a \$2 million investment in Pathway Lending earmarked for helping small businesses and individuals affected by the COVID-19 pandemic.  It also includes Affordable Housing: Multifamily Investment item detailed later in the document.	Continue working with market leadership to increase community investment and meet market-based goals to achieve our new, higher firm wide goal.
	<b>Affordable Home Ownership: Lending</b> Affordable housing is a top priority because it is a path to wealth creation and a break in the cycle of poverty. We invest heavily in programs that remove barriers to low- to moderate-income home ownership including direct lending, lending partnerships with community organizations, down payment assistance, grant funding, construction financing, counseling services, direct service through Habitat for Humanity and many more.	746 home loans totaling \$131.5 million made to low- and moderate-income individuals; includes up to 100% financing, alternative sources of credit, no private mortgage insurance and fixed rate for 30 years 150 affordable housing units created and 25 assisted through grant funding with the FHLB of Cincinnati  6 homes made handicap accessible and 3 more assisted with tornado repairs through a program with the Federal Home Loan Bank	Continue our current strategies.

EMPOWERED COMMUNITIES

<p><b>Affordable Home Ownership: Down Payment Assistance</b>                  We want to help home buyers overcome one of the most common obstacles to purchasing a home. Through savings programs for our clients and through Habitat for Humanity, Pinnacle matches up to \$1,000 per borrower to use for a home down payment. We also fund down payment programs with our Community Housing Partners and through product offerings and a partnership with the FHLB of Cincinnati.</p>	<p>50 Individual Development Accounts funded, totaling \$48,761 in funds to help low-income families with down payments for home purchases</p> <p>166 Down payment loans closed in 2020, part of a \$2.4 million grant provided to housing partners for down payment assistance</p> <p>5 single-family homes purchased with down payment assistance through the FHLB of Cincinnati</p>	<p>Continue our current strategies</p>
<p><b>Community Development Investment</b>                  In addition, we set a goal of investing 2% of total assets into community development organizations—an increase in 2021 from our previous 1% goal. These include:</p> <ul style="list-style-type: none"> <li>• Community Development Financial Institutions, including minority-owned financial institutions</li> <li>• Small Business Investment Companies</li> <li>• Community Development Entities</li> <li>• Community Development Corporations</li> <li>• LIHTC investments and others</li> </ul>	<p>Approx. \$367.9 million committed investment in community development for 2020, or 1.01% of assets as of Dec. 31, 2020.</p> <p>This includes a \$2 million investment in Pathway Lending earmarked for helping small businesses and individuals affected by the COVID-19 pandemic.</p> <p>It also includes Affordable Housing: Multifamily Investment item detailed later in the document.</p>	<p>Continue working with market leadership to increase community investment and meet market-based goals to achieve our new, higher firm wide goal.</p>
<p><b>Affordable Housing: Multifamily Lending</b>                  We support the creation of affordable housing units through direct and indirect lending.</p>	<p>We are the largest provider of funding through the Community Investment Tax Credit program in the state of Tennessee with \$175 million in funding for low- and moderate-income housing currently on our books.</p> <p>\$310.3 million in lending through Freddie Mac Small Balance Loan program, with 77% (\$238.9 million) for affordable and underserved market segments</p>	<p>Continue our current strategies.</p>
<p><b>Affordable Housing: Multifamily Investment</b>                  We have a specialized group to support the creation of affordable multifamily and elderly rental housing through investment in projects that are awarded low-income housing tax credits.</p>	<p>\$199 million in investment commitments creating 3,061 units of affordable rental housing. These investments are also reflected in aggregate community development investment totals listed prior.</p>	<p>Continue our current strategies</p>

EMPOWERED COMMUNITIES

<p><b>Affordable Housing: Direct Service</b>                  Direct service comes through contributions to and volunteer projects with Habitat for Humanity, as well as an affordable housing construction program in High Point, NC. Working with the city, Pinnacle purchases blighted homes and finances construction or renovation for a new affordable housing unit, which is then sold to a low- to moderate-income buyer.</p>	<p>7 homes financed and built in partnership with the city of High Point, NC, to revitalize blighted neighborhoods</p> <p>562 associate volunteer hours at Habitat Organizations through board service, committee appointments and various other activities</p>	<p>Continue our current strategies</p>
<p><b>Serve broad community needs.</b></p>		
<p><b>Associate Volunteer Service</b>                  We empower our associates to serve the causes they are most passionate about by giving their time. We allow for time away from work for volunteer duties as needed and encourage them to organize group service projects. Each year, we set aside one day in April as “Make a Difference Day,” when associates organize volunteer projects for nonprofits or individuals in need.</p>	<p>COVID made in-person volunteer work a challenge, and our annual Make a Difference Day could not happen as normal. Pinnacle remained a community-minded organization with active associates empowered to serve. We asked them to be safe and shifted our approach to meet community needs however they could.</p> <p>21,008 associate volunteer service hours</p> <p>876 service opportunities</p> <p>See “Meeting 2020 Challenges” for details of how we helped educate and advise community members during the COVID-19 pandemic.</p>	<p>Return to pre-2020 methods of volunteer service, reinstate Make a Difference Day in an altered format to accommodate health and safety concerns.</p>
<p><b>Support local economies.</b></p>		
<p><b>Small Business Administration Lending</b>                  Our support of small business extends through government-guaranteed lending for companies that might not otherwise have a traditional path to financing.</p>	<p>105 loans worth \$95 million made through the SBA program</p> <p>Pinnacle was the No. 1 SBA lender in Tennessee by dollar volume and No. 2 in North Carolina. We also earned the SBA’s Community Bank of the Year award in Tennessee.</p> <p>That’s in addition to a strong performance in securing Paycheck Protection Program funds for clients. See “Meeting 2020 Challenges” for details of the PPP.</p>	<p>Continue current strategies</p>

<b>EMPOWERED COMMUNITIES</b>	<p><b>Local Suppliers</b> We strive to support local economies with our purchasing power. We believe in using local business partners and working directly with our clients as much as possible to meet the firm’s needs.</p>	<p>\$4.4 million in spending with minority, women and veteran-owned businesses</p> <p>A significant percentage of Pinnacle vendors are based within the states where we do business, and many of them are classified as minority-owned. We researched and developed new ways to identify diverse suppliers among our existing business partners, with full implementation beginning in Jan. 2021.</p>	Continue our current strategies
	<b>Advocate responsibly.</b>		
	<p><b>Community Advocacy</b> We don’t often get involved in advocacy action but do when we feel it is in the best interest of the community as a whole, including making our cities more equitable places to live and earn a living.</p>	<p>No direct giving to voter or legislature-related campaigns in 2020. Some Pinnacle-supported organizations, like chambers of commerce, education foundations, regional partnerships, transit groups and others, are regularly involved in political advocacy.</p>	Continue our current strategies.
	<p><b>Political Advocacy</b> While we have no policy against lobbying or individual political contributions, we stay out of the fray and do not contribute to campaigns or activity around elections and legislation. We do, however, facilitate associate contributions to political action committees that serve the banking and finance communities statewide within our footprint.</p>	<p>\$4,000 in associate and director contributions to the Tennessee Bankers Association BankPAC</p>	Continue our current strategies.

TOPIC	METRIC	2020 OUTCOMES	OBJECTIVES FOR 2021
CORPORATE RESPONSIBILITY	<b>Track and report CSR issues.</b>		
	<b>Corporate and Social Responsibility Committee</b> This committee includes senior leaders and diverse associates. It promotes a culture that sets high standards for corporate and social responsibility and reports on our performance against those standards. It reports to the Community Affairs Committee of our board of directors. <a href="#">View the committee charter online.</a>	Created and published on our website our first corporate responsibility report. View the full report online.  Our Corporate Social Responsibility Committee met quarterly throughout 2020 to research and discuss potential improvements to the issues covered in this report. The committee grew to include new members including our CEO and new diversity and inclusion officer. Committee members were instrumental in helping drive the firmwide commitment to D&I and racial justice issues.  The inaugural CSR report issued in 2020 led to a significant improvement in Pinnacle's ESG corporate rating from Institutional Shareholder Services, Inc. (ISS).	Continue our current strategies.
	<b>Engage with stakeholders.</b>		
	<b>Reputation management plan</b> We build an annual plan that outlines how we understand the needs and engage with a broad range of stakeholders. In addition to strategies to share our story and practices, we outline how we solicit feedback and maintain two-way communication.	COVID prevented in-person meetings, but Reputation Management planning continued with market leadership. Each market's plan outlines how we will engage with key stakeholders including our associates, clients, board of directors, shareholders, business partners and the community at large.  Meetings this year included discussions of D&I and affirmative action	Continue with current strategies.
<b>Operate sustainability.</b>			
<b>Client practices</b> The Company provides numerous options for clients to minimize the carbon impact of their operations – eStatements, online banking and remote deposit capture among them. This enables fewer trips to the bank reducing the impact on the environment.	More than 342,000 accounts receive an eStatement.  Nearly 194,000 online banking users  More than 430,000 checks deposited via mobile deposit rather than driving to an office  2.1 million bills paid via online and mobile banking rather than mailing a paper check  More than 481,000 deposits made through our mobile app.	Continue with current strategy and increase utilization of digital channels.	

**CORPORATE RESPONSIBILITY**

**Our facilities**

We consider the environmental impact of our footprint in the construction and maintenance of facilities. Our projects focus on energy conservation including items such as recyclable materials, occupancy sensing LED lighting, programmed HVAC systems, water conservation, and high performing insulation practices such as reflective roofing materials, continuous exterior insulation, and energy efficient windows and structural design.

We operate our corporate headquarters from a leased facility that has been designated as a LEED gold certified building.

In addition, two of our recently constructed bank owned facilities have been designated as LEED certified.

Pursue LEED certification on each new construction project beginning in 2021 as a one-year pilot to assess its impact on multiple areas of the firm.

**Our electronic waste**

While our first mission when retiring old electronic equipment is securing and destroying our clients' private and sensitive data, our business partner is committed to protecting the environment and guarantees that none of the IT waste will ever wind up in general or global waste streams.

Materials are recycled following strict EPA, R2 and ISO practices and federal regulations.

Continue with current strategy.

# MEETING 2020 CHALLENGES

COVID-19 and nationwide unrest spurred by racial and social justice issues led to large-scale challenges for all businesses. Pinnacle quickly and decisively executed an aggressive pandemic response plan and accelerated diversity and inclusion efforts to take care of associates, clients and shareholders.

## JANUARY

-  Activates the firm's pandemic response the same day the World Health Organization (WHO) declares a global health emergency.

## FEBRUARY

-  Begins communicating with associates about COVID-19 and how to protect against infection.
-  Orders initial supply of health, safety and sanitation items for offices.

## MARCH

-  Activates our associate assistance fund for the March 3 tornado in Nashville and matches contributions to the account.
-  Contacts tornado-affected clients to assess their needs and determine the best vehicles for financial assistance.
-  Offers disaster assistance loans for tornado relief with low rates, flexible terms and no fees. Implements full paid leave policies and guidance for associates who are ill, caring for a high-risk family member or unable to arrange childcare.
-  Decides to fully cover all COVID-related medical costs for associates on Pinnacle's insurance plan at no cost to the associate, including testing, treatment and hospitalization.
-  Asks high-risk and other associates in back-office roles who can work remotely to stay home.
-  Restricts non-essential business trips to help prevent exposure, inventories personal travel and asks associates to report illness.

Moves in-person firm events to virtual and limits size of meetings.

Shifts banking office model to drive thru only with lobbies available for specific needs by appt.

Launches client education series on pandemic-related financial topics, such as FDIC deposit coverage, mortgage relief and small business tactics, with more than 3,000 views.

Offers credit relief in the form of loan payment deferrals, as well as personal recovery and home equity recovery loans.

Suspends share buyback program and subordinated debt redemption to preserve capital until firm has better clarity on length and severity of pandemic.

Begins managing our well-diversified portfolio to understand the impact of COVID on our borrowers that are in industries we believe were directly impacted.

## APRIL

-  Launches the Paycheck Protection Program (PPP) application, making 14,000 loans worth \$2.4 billion in a matter of weeks.
-  Conducts PPP education webinars for clients with 5,100 participants prior to launch.

## MAY

-  Begins education on PPP forgiveness, including two recorded webinars for clients with nearly 11,000 participants.
-  Issues \$120 million of preferred stock to add incremental capital and significantly increase our flexibility.

# JUNE

-  Implements screening measures, such as taking associates' temperatures, monitoring symptoms and assessing exposure.
- Launches PPP forgiveness, submitting 547 applications before many national banks even begin accepting them.
- Regrades roughly 1,280 loans for clients with deferred payments by the end of the second quarter to better understand our borrower's current financial health.
-  Opens dialogue between associates, the CEO and other senior leaders on racial justice issues, including internal blog series on listening, empathy and care for each other.
- Commits to escalating diversity and inclusion efforts and improving concrete outcomes for the firm to be "the most fair place to work in the country."
- Commemorates Juneteenth by closing offices early on Friday, June 19.

# JULY

-  Conducts associate survey on COVID-19 response to assess the need for adjustment, ensure associates' basic needs are met and identify anyone who needs medical, mental or financial assistance. More than 1,300 associates respond, with 97% saying the firm's overall response is favorable or very favorable.
- Participates in the Federal Reserve's Main Street Lending Program to support small- and mid-sized business by creating another avenue for accessing credit during the pandemic.
- Adds a component to the incentive plan to encourage us to grow pre-provision net revenue.

# AUGUST

-  Appoints first diversity and inclusion officer, who joins the leadership team and begins work with a series of listening sessions with diverse associates across the firm.

# SEPTEMBER

-  Regrades roughly 2,500 commercial loans in the C&I and CRE segments.
- Implements the CARES Act 4013 loan modification provision that provides guidance on modifying existing loans to help clients bridge to the other side of COVID.
-  Begins meeting with market leaders to discuss diversity and inclusion initiatives to include hiring pipelines, succession plans and potential new leaders.

# OCTOBER

-  Presents first draft of Diversity and Inclusion Strategic Plan, with measurable goals and priorities for swift implementation.

# NOVEMBER

-  Names 33 associates to the leadership team, marking an immediate improvement in gender and racial diversity.

# DECEMBER

-  Regrades nearly 430 commercial loans that had been assigned a temporary risk grade specifically for clients disrupted by COVID.
- Enacts a "hub and spoke" model for our banking offices to keep critical locations operating at all times and reduce the number of temporary office closures overall.
-  Activates crisis response for the Christmas Day bombing in Downtown Nashville, just two blocks from headquarters. Associates assess client impact to determine need and credit exposure.