



## 2023 Environmental, Social and Governance Report



Dear Community Members:

Meeting the needs of our communities has always been an important part of Washington Trust Bank's mission; a commitment shown through our dedication of time and resources to programs and activities that make a positive impact.

We have practiced sustainability and corporate responsibility since our doors first opened in 1902. To us, these concepts are not trends but rather an inherent part of how we do business. While the words and phrases used to describe these nonfinancial factors may change through the years, at its core, it comes down to one main idea – doing the right thing. This important part of our culture inspires us to know our communities, understand their needs, and take action in appropriate ways.

This ESG report outlines activities during 2023 in support of environmental, social, and governance factors.

The report summarizes our deep commitment to investing in the communities where we live and work; highlights our approach to supporting a diverse community of employees, customers, and clients; showcases how our governance structure supports not only sound business practices, but integrity, regulatory compliance, and appropriate risk management; and provides updates on environmental efforts to decrease our carbon footprint and use resources more efficiently.

We know that our consistent emphasis on doing the right thing — for people, for the organization, and for the planet — will advance our mission of being the best at understanding and meeting the financial needs of our clients and communities.



Peter F. Stanton  
CEO and Chairman of the Board

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## Introduction

Since our founding in 1902, Washington Trust Bank has grown to be the oldest and largest privately held bank in the Northwest. Four generations of Stanton family leadership have provided continuity for our unwavering focus on integrity, the environment, and the communities we serve. Our passion for our customers and the community is visible in everything we do — from helping local businesses meet their goals to volunteering, our passion is to make a positive impact.

The 2023 ESG Report details our progress and performance on key initiatives that drive sustainable, long-term value for all stakeholders and our impacts on the community as it pertains to environmental, social, and governance initiatives.



## **Environmental**

Energy efficiencies, carbon footprints, greenhouse gas emissions, deforestation, biodiversity, climate change and pollution mitigation, waste management and water usage.

## **Social**

Labor standards, wages and benefits, workplace and board diversity, racial justice, pay equity, human rights, talent management, community relations, privacy and data protection, health and safety, supply-chain management and other human capital and social justice issues.

## **Governance**

Covers the governing of the environmental and the social categories—corporate board composition and structure, strategic sustainability oversight and compliance, executive compensation, political contributions, lobbying, bribery and corruption.

# Environment

We continually seek opportunities to reduce our carbon footprint. Part of that effort involves finding ways to use existing resources more efficiently, which includes conservation activities in our operational practices.

## Paperless Project

- Branches have gone paperless; having completed a project to digitize all past business and legal documents.
- The impact of having these documents scanned has been significant. It has allowed branches, regional managers, and support staff to have easy access to customer identification information and legal documents. All branches and departments can review documentation from their desktop, eliminating the process of contacting a branch and printing and sending documentation.

## Paper Savers

- We've worked to reduce the amount of paper we print.
- We significantly reduced paper consumption in all printers, multifunction peripherals, and magnetic ink character recognition printers.
- We have worked to upgrade existing printers to newer, more energy-efficient devices.

## Electronic Fulfillment

- Our electronic fulfillment process has helped reduce printing by offering customers an eSign option when opening a new account.
- In 2023, 100% of new online accounts were signed electronically, saving an estimated 22,000 pages of printed paper.
- In branches, more than 7,000 pages were delivered to clients digitally in 2023.

## Reduce, Reuse, Recycle

- We continue to deploy recycle bins throughout our footprint to encourage employees to recycle noncustomer paper, cans, bottles, and plastics.
- Waste analysis from our recycling vendor, Resource Synergy, shows that 20% of the waste stream at the 2nd and Wall branch and the Center on Post being recycled, and 25% of the waste stream at Washington Trust Financial Center is being recycled.

## Transportation Alternatives

- By using transportation methods such as biking, walking, busing and carpooling, our employees prevented 120,894 miles from being driven and 6,648 pounds of carbon monoxide from being emitted into the environment in 2023.
- Work-from-home options are also having a positive effect on the number of miles driven.
- Our remote work program help reduce our carbon footprint, and we remain committed to continuing the culture of remote work opportunities .



## Leading with LEED

- Leadership in Energy and Environmental Design (LEED) is the most widely used green building rating system in the world. Available for virtually all building types, LEED provides a framework for healthy, highly efficient, and cost-saving green buildings. LEED certification is a globally recognized symbol of sustainability achievement and leadership.
- The designers and architects we hire for our buildings all design to LEED standards. The Portland office is LEED Gold Certified. Our new locations built to these standards include Moscow, Lewiston, Smokey Point, and Bend. Additionally, LEED lighting upgrades were made at Meridian, Idaho Center, and Nampa locations.

## Keeping Cool

- A new, more efficient chiller was purchased in 2023 for Tower East, a Bank-owned building in downtown Spokane, and will reduce future energy expenditures.



*Bend office LED lighting*

## Bright Idea

- We changed all lighting in parking lots and parking structures to LED lights in 2018.
- LED lights use 1/10th of the energy of the lighting they replaced.
- In 2022, we updated 26 locations to LED for exterior lighting and drive-up areas.



## Social

We are passionate about supporting the communities we serve. It's why we support as many local nonprofit organizations across our regions as we do. Each one addresses a critical need in our communities, and we're proud to offer an opportunity for our employees to serve, support, and enrich local nonprofits and neighborhoods. The success and momentum we see in our programs is a result of our bank-wide enthusiasm and dedication to service. We recognize that such participation not only enriches our communities but also the lives of our employees.

### Social: Employees

Employees are our greatest asset. It is our team members who make a difference in our communities, and we are committed to consistently evaluating how we can encourage their growth and create a working environment that promotes diversity, equity, and inclusion (DEI).



*Washington Trust Bank Wenatchee team.*

## Diversity, Equity and Inclusion

We take pride in creating a workplace that values our employees for their differences while ensuring equity and inclusion in all that we do. 2023 continued to build upon the work of the DEI Committee and its mission to build a work culture that supports and celebrates diversity through meaningful actions.

An executive advisory group was formed to provide meaningful support to the work performed by the Committee. Members continue to work on various DEI deliverables and projects, including:

- Employee Resource Groups: a new group was added in 2023 for Veterans.
- We're committed to providing a website that's accessible for everyone. As part of this commitment, we have worked to meet ADA compliance standards. In addition to the measures we've taken upfront to make accessibility a priority, we conduct regular inspections of our website in order to ensure that we're keeping up with current standards.

- Facilitate educational opportunities for employees throughout the organization, including Franklin Covey's Unconscious Bias and committee-hosted Listen & Learn events.
- Creation of scripts to help recognize and understand micro and macro aggressions in the workplace.
- Publication of insightful DEI articles on employee communication channels.
- Monthly new hire orientation presentations to emphasize the importance of the Committee throughout the Bank and encourage involvement.
- Sponsorship and volunteerism for Spokane's Lunar New Year and ANHPI (Asian Native Hawaiian Pacific Islander) Business Expo.

*Crew in Blue at Spokane's Lunar New Year and ANHPI Business Expo.*





*Washington Trust Bank's employee-led DEI group, conducting Random Acts of Awesome.*

Our work in 2023 built upon the foundation established in 2022 to further enhance our DEI efforts, with the formation of a robust, employee-led DEI group, involvement in executive presentations, the development of employee resource groups, the addition of inclusivity statements on all job openings and enhanced employee education.

Washington Trust is an equal opportunity employer, meaning we strive for a multicultural group of job

candidates and employees and we do not discriminate based on race, color, religion, sex, national origin, age, disability, sexual orientation or identification, or genetic information. Our recruitment team works with third-party diverse job networks and each month our jobs get an average of 500 views from various community organizations that support women, minorities, individuals with disabilities, veterans and others.

### Our diversity recruiting efforts include:

- College outreach, particularly those that cater to minority students.
- Posting positions and sharing on social media to reach a wide variety of candidates in a variety of geographic areas.
- Intentionally holding specific internships for diverse individuals.
- When searching for candidates, intentionally finding qualified diverse candidates to present to hiring managers.



As of December 31, 2023, women made up 54% of our workforce, with 48% of our managers being women. In addition, women make up more than 29% of our executive leadership team.

*Washington Trust team members conducting Random Acts of Awesome in Spokane, WA.*

## Care Programs

We continue to make a conscious effort to provide employees with options to help them maintain balance between their personal and professional lives.

### Benefits

- We offer all full- and part-time employees comprehensive and competitive benefit plans to provide them with options that meet their individual needs. In addition to health insurance benefits, we also offer:
  - 401(k) retirement savings plan
    - Washington Trust matches 50% of an employee's contribution up to 6% of their pay.
    - After one year, employees are also eligible for an additional 3% deposit by the Bank made to their 401(k).
    - We offer an online platform with retirement planning tools that allows employees to manage their 401(k) funds.
  - Subsidized long-term disability insurance.
  - Fully bank-paid life insurance for employees and their families.
  - Free travel assistance that includes support services and monetary compensation when emergencies happen while traveling.
  - Paid time off annually:
    - 11 holidays
    - 15–25 days of vacation
    - 12 days of sick time
    - Paid time for health care appointments
    - Paid time for community volunteering
    - Unlimited paid jury/witness duty time
  - Tuition assistance program reimburses employees up to \$5,250 annually for education costs.
  - Employee Assistance Program providing free personal and legal counseling for employees and their families.
  - Robust wellness program to help employees achieve their personal health goals:
    - Focuses on eight facets, from financial wellness, to physical wellness, to social wellness and more.
    - Provides customizable group and individual activities and education opportunities throughout the year.
    - Offers employees incentives including prizes, health insurance premium discounts and cash awards.
    - Provides access to an online well-being portal and app for 24/7 availability.

## Social: Community Involvement

Giving back to each of the communities we serve across the Northwest has been a major part of our mission since we first opened our doors in 1902. Through monetary donations, volunteer work, community partnerships and more, we seek to support the unique needs of our neighbors in Washington, Idaho, and Oregon.

Our employee-led volunteer committee enhances this mission by organizing team volunteer and giving opportunities under the motto, "Serve, Support and Enrich." We bolster our commitment to community involvement by offering employees up to eight hours of paid volunteer time each year.



*Bank volunteers at the Hutton Christmas Tree Sale & Holiday Market.*

## Volunteerism

In 2023, our employees reported volunteering over 4,250 hours of their time to support community organizations. They served as board members, committee members, mentors, fundraisers, leaders and helpers of all kinds for a wide variety of nonprofits, many of which are focused on activities such as affordable housing, community services, job creation, and urban renewal.

In response to the Gray and Oregon Road Fires, many of our employees volunteered to support wildfire relief by helping raise funds for the Eastern Washington Wildfire Emergency Response Fund.

Our employees also continued to lend their expertise to local community development initiatives by serving on the boards of economic development councils, chambers of commerce, urban renewal agencies, and other organizations working to promote



*Washington Trust Bank's Crew In Blue collected over 250 items for our nonprofit partner Self Enhancement, Inc., Portland.*

economic revitalization. many of which focus their attention on low- and moderate- income individuals. Examples include Meals on Wheels, Habitat for Humanity, Boys and Girls Clubs, local food banks, senior centers, and YWCAs across our footprint, as well as organizations focused on Project Beauty Share, for example, which provides personal hygiene, cosmetics and beauty products to non-profit organizations who serve women and families overcoming abuse, addiction, homelessness and poverty to help restore hope and dignity in their lives.

We continue to work with our teams and processes to ensure that volunteer hours are being tracked and that we are providing the needed support in a way that works for each community.



*Washington Trust employees volunteer at a wildfire relief call center.*

## Financial Education

A strong foundation of financial literacy is invaluable to empower individuals to make informed decisions about their finances. Our employees make an impact in the lives of children and adults through participation in a variety of financial education opportunities. Whether they're sharing their expertise on Money \$ense segments with 4 News Now in Spokane, providing educational materials to senior citizens when making Meals on Wheels deliveries in Portland, or visiting a classroom in Seattle to introduce students to the concept of saving, our team takes pride in doing their part to set others up for success.

### Financial Beginnings

Washington Trust partners with Financial Beginnings, a nonprofit organization that provides personalized programs focused on financial education for students of all ages. Financial Beginnings offers free financial education courses in schools, community centers and online. The courses impact around 40,000 people each year with an emphasis placed on educating groups from low- to middle-income households. In 2021, 63 Washington Trust employees were trained to teach course materials, and logged 20 hours of volunteer time stepping into classrooms and leading activities, discussions and lessons for students. In 2022, an additional 42 volunteers were trained, who logged almost 30 hours during the year.



*First-time homebuyers class facilitated by Washington Trust Bank.*

### First-Time Homebuyer Classes

Purchasing a home is the largest and most complicated transaction most people will engage in, and the process can be intimidating for first-time homebuyers. To help prospective buyers understand the details and feel confident about moving forward with a mortgage, Washington Trust offers free homebuying classes that are open to the public. Classes are promoted on social media to attract the participation of all community members.



## Protecting Our Customers and Communities

Identity theft can happen to anyone. The most important step in protecting yourself is making sure your sensitive information is secure. That's where we come in. We're here to provide the tools and information to help keep individuals and businesses safe and secure.

When it comes to the security of our employees, customers, and community members, we are focused on education to reduce the risk of them becoming a victim and taking the essential steps required to help safeguard personal information. We raise awareness of the latest digital scams and information security threats by hosting webinars and communicating via email, social media and other channels to help minimize any impact.

### Shred Days

We know how important it is to properly dispose of sensitive documents to stay protected from identity theft, so we continued to prioritize providing our community and customers with free shred days throughout 2023.

In Spokane, we hosted nine shred events, distributing more than 2,700 Shred Bags. Participants who filled their bags at home and dropped off for shredding at DeVries Business Services, safely disposed of an estimated 40,500 pounds of personal documents.

Residents of the Palouse and southern Idaho were invited to bring up to three, legal-size file boxes of documents for shredding on site at our Pullman, Meridian and Nampa locations.

Shredded documents from our shred events are recycled at a fiber reclaim mill.



*Free community shred day hosted by Washington Trust Bank.*



## Hello For Good

Our community work would not be complete without looking at issues of livability and affordability. That’s why we are proud to support Hello For Good. Standing for “helping empower lifelong opportunities,” Hello For Good represents a collaborative effort by business owners and community leaders to implement real, lasting change in how to meet the needs of people experiencing houselessness. The organization has been working since 2021 to pilot initiatives in Spokane to learn what is most successful and sustainable. To assist in these efforts, we underwrite the salary of a part-time community advisor and office space for collaboration and meetings, in addition to ongoing educational community symposiums.

*Hello For Good symposium.*



*Hello For Good community outreach visit.*

# Social: Community Development Lending and Donations

We are committed to supporting community development projects that benefit low- and moderate-income communities and individuals through the revitalization of neighborhoods, the creation of affordable housing, the promotion of economic activity that generates permanent jobs, and the provision of services that improve quality of life in disadvantaged communities.

In the Puget Sound region, we came alongside Amazon’s housing initiative to help address the Seattle-area’s housing affordability crisis. In downtown Bellevue, a \$32M construction loan was made for the Terrapin Apartments project, which will create 172 affordable housing units. The Terrapin Apartments are within walking distance of many Eastside employers and all of the amenities located downtown. The residents will have easy access to the light rail station providing quick access to downtown Seattle, Spring District, and the Microsoft campus.

Community developments loans in 2023 also supported economic development, community revitalization, and community service projects across our footprint.



*Design rendering of Terrapin Apartments in downtown Bellevue.*

## Donations

Throughout 2023, we donated more than \$1M to Community Reinvestment Act (CRA) qualified organizations providing vital resources to communities, including entities working to promote affordable housing, job creation, and urban renewal, as well as nonprofits providing direct community services in low-to moderate-income areas. Areas of Spokane County were devastated by wildfires in 2023. We were one of the initial funders of the Eastern Washington Wildfire Emergency Response Fund, donating \$50,000 to help victims of area fires.



*Washington Trust Bank provided a contribution in the amount of \$5,000 to Impact Capital (Home - Impact Capital). This donation was directed to the housing and homeownership development program*



*Peter Stanton Hall at AHANA was dedicated to Washington Trust Executive Chairman, Peter Stanton, in honor of his support of the organization since its inception.*

We supported youth educational and service programs such as Boys and Girls Club, Joya, and Junior Achievement; housing initiatives including home building projects of Habitat for Humanity, LEAP Housing and Proud Ground; and food assistance programs including food banks in Bonner County, ID; Clark County, WA; Ephrata, WA; Lewiston, ID; Moscow, ID; and Quincy, WA.

A \$100,000 donation was also made to AHANA, a Spokane-based nonprofit organization that provides education, technical assistance and outreach to multiethnic and multicultural businesses and their communities.

## Governance

We strive to provide quality service and financial stability for our customers. Four generations of Stanton family leadership later, we continue to focus on integrity through transparent governance and best practices.

Compliance with rules and regulations is integral to the success of the Bank. The board and senior management promote an organizational culture that places a priority on risk management, holding management accountable to maintain high standards of risk mitigation in the same way they are expected to adhere to sound business practices. Our governance structure ensures that all corporate committee charters and policies are reviewed, approved, and documented to confirm that the Bank is in compliance with all internal and external requirements.

### **Data Security and Privacy**

Privacy protection is a priority for us, and we have established strong governance measures to protect the privacy and security of customer information and to ensure compliance with privacy legislation. Prior to the existence of federal and state regulations detailing privacy policies and considerations, we adopted corporate policies and operating procedures governing how we collect, use, retain, and protect data. Our conservative policy has existed since 2008, and the Bank does not share or sell customer information.

### **Employee Ethics Hotline**

We offer employees an Ethics & Compliance Hotline, provided by third-party vendor Lighthouse Services. We maintain a strong Code of Business Conduct and Ethics and always encourages employees to speak up if they become aware of what they believe is a legal or ethical violation. Employees are also always welcome to discuss these matters with their manager or division leader, as well as Human Resources.

## Risk Management

We perform quarterly risk assessments to ensure the appropriate identification, assessment, management, and reporting of risk across the organization. The risk assessment is prepared and updated quarterly to ensure that all relevant rules are included for each of the business lines and their products. In addition, responses to assertions are reviewed for adequacy, and incidents are identified where applicable.

We recognize that, as a financial intermediary, we must manage our overall risk potential. Our comprehensive Risk Management Policy is designed to provide strong oversight and monitoring.

### **Our Risk Management Policy is designed to promote the following:**

- Business strategies aligned with risk tolerance.
- An enterprise-wide risk management strategy encompassing aggregate credit, financial, operational, and reputational risk management.
- A culture of strong risk management discipline and accountability.

### **Our loan portfolio targets are established annually and monitored regularly throughout the year. Loan targets are based on the following:**

- Financial statement row/property type.
- Geography.
- Concentrations.

The data is used for risk management purposes, which includes physical and transitional risk.

## Regulatory Relationships

We monitor and analyze rules and guidance issued by the Consumer Financial Protection Bureau (CFPB), the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve, the Public Company Accounting Oversight Board (PCAOB), and the Securities and Exchange Commission (SEC) relating to establishing and maintaining internal controls over financial reporting.

## Vendor Management

We have recently implemented an assessment of our vendors' commitments to minimize their use of scarce resources and act in an environmentally responsible manner in accordance with ESG criteria. One way in which the bank has begun to qualify vendors and review existing relationships is to look at established expectations and standards as they pertain to ESG practices before commencing or continuing arrangements.

Should an area of concern be identified during a vendor review, a risk assessment is conducted to ensure that the vendor is in collaborative discussions with the aim of improving their qualification status and strengthening the relationship. These procedures enable us to maintain the qualified status of our medium-to long-term tenured vendors.