

# 2022 Environmental, Social and Governance Report



Dear Washington Trust Bank Stakeholders:

Throughout the 121 years that Washington Trust Bank has served the Pacific Northwest, meeting the needs of our communities has always been an important part of our 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.

We are proud to present to you our most recent ESG report which outlines our activities during 2022 in support of environmental, social and governance factors.

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

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



Peter F. Stanton  
Chairman of the Board and CEO

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## Introduction

Since our founding in 1902, Washington Trust Bank has grown into 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 2022 ESG Report details Washington Trust Bank's 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

Washington Trust is continually seeking 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 operations practices.

## Paperless Project

- Washington Trust Bank 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

- Washington Trust has 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 2022, 42% of new account disclosures were provided electronically, saving an estimated 44,000 pages of printed paper.

## Reduce, Reuse, Recycle

- The bank deployed recycle bins throughout our footprint to encourage employees to recycle noncustomer paper, cans, bottles, etc.
- 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 40% of the waste stream at Washington Trust Financial Center is being recycled.

## Team Spotlight

Washington Trust's Portland team took their dedication to sustainability to the next level in 2022 by partnering with TerraCycle to compost and recycle the office's biggest source of waste – single-use coffee packets. The team also gifted Washington Trust branded water bottles to office employees and offers glasses of water to clients instead of single-use plastic bottles. With Portland's "Bottle Bill" in place, any glass bottles and aluminum cans can be returned to a bottle drop for cash back, which the team donates profits from the office's recycling to the nonprofit, New Avenues for Youth, which assists homeless children in the Portland area.



*Portland team with reusable water bottles.*

## Transportation Alternatives

- By using transportation methods such as biking, walking, busing and carpooling, Washington Trust employees prevented 39,369 one-way miles from being driven and 2,166 pounds of carbon monoxide from being emitted into the environment in 2022.
- Work-from-home options are also having a positive effect on the number of miles driven.
- Washington Trust's remote work program helps reduce the bank's 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 that the bank hires for our buildings all design to LEED standards. The Portland office is LEED Gold Certified. Our new Washington Trust locations built to these standards include Moscow, Lewiston and Smokey Point.

## Keeping Cool

- A new, more efficient chiller was purchased in 2022 for Washington Trust Bank – Tower East – a bank-owned building in downtown Spokane – which is scheduled to be installed in September of 2023 and will reduce future energy expenditures.



*Bend office LED lighting*

## Bright Idea

- Washington Trust 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, the bank updated 26 locations to LED for exterior lighting and drive-up areas.

## Social

Washington Trust is 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 enriches our communities as well as the lives of our employees.

### Social: Employees

Employees are the bank's 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

At Washington Trust, we take pride in creating a workplace that values our employees for their differences while ensuring equity and inclusion in all that we do. 2022 was a time of tremendous growth and development for the bank's DEI Task Force and its mission to continue to build a work culture that supports and celebrates diversity through meaningful actions.

In 2022, the DEI Task Force was restructured into the DEI Committee, continuing to focus on the strategic objectives set at inception. Committee members continue to work on various DEI deliverables and projects, including:

- United@Blue Employee Resource Groups to promote the experience of people of color at the bank and pursue inclusive opportunities to unite all who share Washington Trust's core values.

- 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 Examiner articles on employee communication channels.
- Monthly new hire orientation presentations to emphasize the importance of the committee throughout the bank and encourage involvement.
- Random Acts of Awesome events to surprise community members with gift cards to support local, diverse-owned businesses.
- 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, picture taken 2021.*

Our work in 2022 built upon the foundation established in 2021 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.
- Posting positions and sharing on social media to reach a wide variety of candidates.
- Intentionally holding specific internships for diverse individuals.
- When searching for candidates, intentionally finding qualified diverse candidates to present to hiring managers.



Washington Trust's record on gender diversity highlights this commitment. As of December 31, 2022, women made up 55% of our workforce, with 46% of our managers being women. In addition, women make up more than 25% of our executive leadership team.

*Washington Trust Bank's recruiting team members.*

## Care Programs

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

### Benefits

- Washington Trust offers 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 Washington Trust's 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.

Washington Trust's Crew in Blue – our employee-led philanthropic 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.



*Toys for Tots shopping trip, Southern Idaho team.*

## The Crew in Blue

In 2022, our employees reported volunteering over 4,650 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.

Many Washington Trust employees continued to volunteer with Tax-Aide, an ongoing program that assists low- and moderate-income households in obtaining their earned income tax credit and brings more than \$5 million in tax credits back to the Spokane region alone on an annual basis.

Washington Trust employees also continued to lend their expertise to local community development initiatives by serving on the boards of economic development councils, chambers of



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

commerce, urban renewal agencies and other organizations working to promote economic revitalization.

Employees shared their expertise by volunteering on the boards of directors for a wide range of nonprofit organizations, many of which focus their attention on low- and moderate-income individuals. These organizations include Meals on Wheels, Habitat for Humanity, Boys and Girls Clubs, local food banks, senior centers, and YMCAs and YWCAs across our footprint, as well as organizations focused on helping low-income women. Christ Kitchen and Project Beauty Share, for example, focus on helping women rise out of poverty, find sustainable housing and childcare, and succeed in meaningful work.

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 Bank's Crew in Blue holds a school supply drive to benefit schools in Washington, Idaho and Oregon.*

# 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 Washington Trust comes 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 2022.

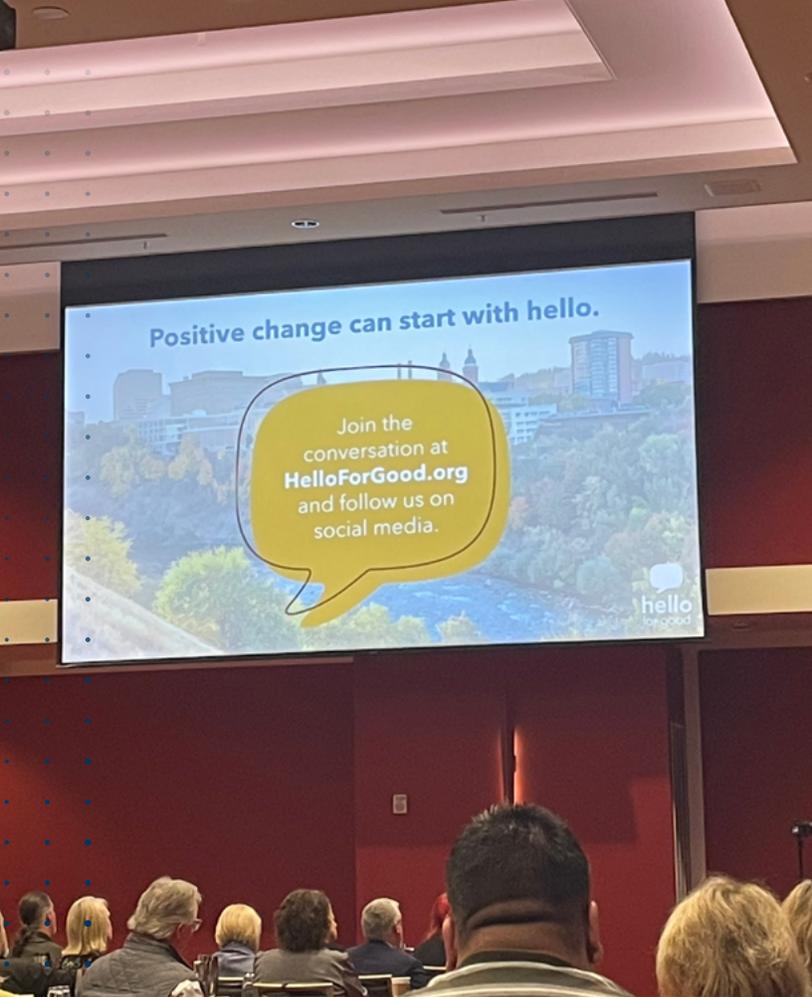
In Spokane, we hosted nine shred events, distributing more than 2,700 Seal N’ Shred bags. Participants who filled their bags at home and dropped off for shredding at DeVries Business Services, safely disposed of an estimated 40,500 pounds of personal documents.

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, Washington Trust is donating the full-time salary of a community advisor and office space for collaboration and meetings.

*Hello For Good symposium.*



*Hello For Good community outreach visit.*

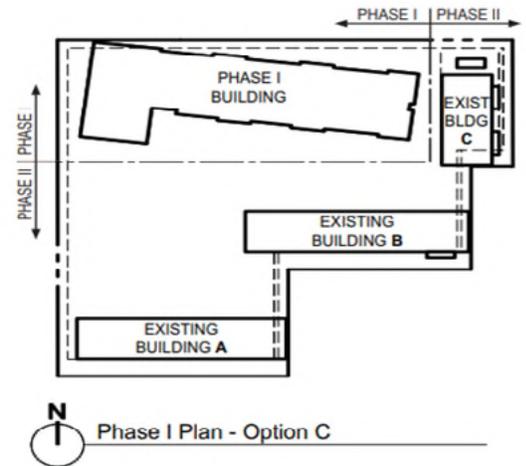
## Social: Community Development Lending and Donations

Washington Trust is 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.



AERIAL VIEW FROM NW - PHASES I & II

*Bryant Manor building project.*



Phase I Plan - Option C



*Completed Airway Heights housing development project.*

Our efforts to support the housing needs of our communities continued with a loan of \$11 million to Community Frameworks in 2022, enabling the construction of 49 rental units in Airway Heights, creating housing choices that stabilize individuals and families through increased safety and healthier living environments, improved energy efficiency, reduced monthly expenses, and access to jobs, education, health services and recreation. Units will be restricted to 60% of the AMI level.



*Rendering of Tigard Senior Housing development project.*

Washington Trust invested in the Enterprise Housing Partners' proposed Tigard Senior Housing development project. The project is being developed by Northwest Housing Alternatives – a locally-based nonprofit organization – and will include 58 apartments designed for seniors over the age of 62, who qualify as low- or moderate-income, providing critically-needed suburban housing options in the area. Residents of 23 of the units will pay no more than 30% of their income in rent.

Community lending continues to be a focus for Washington Trust in all the regions we serve.

## Donations

Throughout 2020, Washington Trust donated more than \$229,900 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. These efforts continued in 2021, when we surpassed our 2020 figures with a donation total over \$297,700. Washington Trust's qualified community development donations grew even further in 2022, with the bank's contributions totaling over \$690,000.



*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*



*Junior Achievement Program support through grants and volunteers, Portland.*

The bank 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 and Northwest Fair Housing Alliance; and food assistance programs including Idaho Food Bank, Northwest Harvest, Care to Nourish and Second Harvest. Additional support was provided to All in Washington and the Inclusive Development Council in Spokane which were initiated with equity as a central focus to uplift partners who address racialized disparities and reduce systemic barriers to health, safety and economic opportunity.

## Governance

For 120 years, Washington Trust has striven 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 Washington Trust, and the bank has 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, Washington Trust 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

Washington Trust offers employees an Ethics & Compliance Hotline, provided by third-party vendor Lighthouse Services. The bank maintains 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

Washington Trust performs 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.

Washington Trust recognizes that, as a financial intermediary, we must manage our overall risk potential. The bank's comprehensive Risk Management Policy is designed to provide strong oversight and monitoring.

### **The bank's 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.

### **The bank's 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

Washington Trust monitors and analyzes 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

Washington Trust Bank has recently implemented an assessment of the bank's 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.