Dear Washington Trust Bank Stakeholders:

As the oldest and largest privately held commercial bank in the Northwest, we’ve long been proud of our independence — and the ability it gives us to focus on long-term goals and doing what’s right for our colleagues, our clients and our communities. In short, although we haven’t always used the same terms to describe our commitment, we’ve been practicing sustainability and corporate responsibility for 120 years; to us, these concepts are not marketing buzzwords or current trends but part of our DNA.

We’ve always believed that nonfinancial factors – such as environmental, social and governance (ESG) considerations – are relevant indicators of a company’s performance. This year, we’ve taken the step of formalizing the presentation and analysis of these factors in our inaugural ESG report. This report focuses on our ESG activities and performance in 2021, but we also look back a bit further in some areas to provide context or set a baseline.

The report outlines how we’re working to use resources more efficiently and reduce our carbon footprint; highlights some of the ways in which we support our employees, our clients and the communities in which we live and work; and illuminates how our governance structure supports not only sound business practices but integrity, regulatory compliance and appropriate risk management.

While our specific ESG efforts will evolve as circumstances change and new challenges and opportunities emerge, we are committed to maintaining a steadfast focus on being good stewards of the environment, seeking to improve lives, and ensuring transparency and integrity in bank operations.

While we still have room for improvement, we believe that a consistent emphasis on doing the right thing — for the planet, for people and for the business — will ultimately help us advance our mission of being the best at understanding and meeting the financial needs of our clients.

Peter F. Stanton
Chairman of the Board and CEO
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Introduction

Welcome to the inaugural edition of Washington Trust Bank’s Environmental, Social and Governance (ESG) Report. Since our founding in 1902, Washington Trust 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 2021 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 branches have scanned all past business and legal documents and will scan all new business and legal documents going forward.

• 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 also worked to reduce the number of printers in our environment and upgrade existing printers to newer, more energy-efficient devices.

• Washington Trust has reduced the number of printers within the bank by 35, from 338 in 2109 to 303 by the end of 2021.
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.

### Paper Usage

Annual totals and monthly averages, in sheets:

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Total</th>
<th>Monthly Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>7,049,799</td>
<td>587,483</td>
</tr>
<tr>
<td>2020</td>
<td>4,180,141</td>
<td>348,345</td>
</tr>
<tr>
<td>2021</td>
<td>2,456,014</td>
<td>307,002</td>
</tr>
</tbody>
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Transportation Alternatives

- By using transportation methods such as biking, walking, busing and carpooling, Washington Trust employees have prevented 7,180 one-way miles from being driven and 395 pounds of carbon monoxide from being emitted into the environment.

- 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.

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 committed to updating the lighting at all drive-up locations.
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).
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. 2021 was a time of tremendous growth and development for the bank’s DEI Task Force and its mission to create a work culture that supports and celebrates diversity through meaningful actions.

In 2021, task force members from across the bank’s footprint gathered in Spokane for a two-day summit to connect, learn from one another and receive training, including on the following topics:

- Franklin Covey’s Unconscious Bias
- Emotional Intelligence (EQ) Through a DEI Lens
- Workplace DEI and Microaggressions

Participating chairs of the DEI Task Force were then invited to present to the bank’s executive leadership team to further discuss the group’s work and present related initiatives. The executive team heard from members of the three DEI subcommittees: Supportive Culture, External Outreach, and Training and Awareness. Since that session, the bank has implemented several important programs, including the following:

- Established the bank’s first Employee Resource Group, United@Blue. This group was created 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.
- Added an inclusivity statement to all bank job postings that emphasizes the organization’s commitment to creating a supportive and inclusive work environment where employees feel heard and are comfortable having the conversations needed to create change without worry of penalties.
- Hosting DEI-themed Listen & Learn events where employees learn new perspectives and discuss their own experiences. To ensure engagement, participating team members receive wellness points that can be used toward their overall wellness point total. If employees earn 100 (or more) wellness points throughout the year, and complete a well-being survey, they earn a $200 wellness award.
To further enhance our DEI efforts, the bank’s task force connected with Global View Communications (GVC) to conduct a diversity assessment. GVC is an inclusion business strategy firm that has experience developing DEI strategies for financial institutions — especially for local and regional banks. GVC is reviewing focus group data and confidential survey responses and will present a summary of its findings to the task force in 2022. The task force plans to use this data to help inform its efforts moving forward.

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, 2021, women made up 58% of our workforce, with 59% of our managers being women. In addition, women make up more than 31% of our executive leadership team.
Care Programs

As it did throughout the world, COVID-19 continued to have an impact on the bank in 2021. As the lines between work and the rest of life remained blurry, Washington Trust made a conscious effort to provide employees with options to help them restore balance to 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: Customers and COVID-19

Community Reinvestment Act and the Paycheck Protection Program

Washington Trust is committed to ensuring the success of our customers no matter the economic environment, and we have always taken a personal approach to achieving that goal. The Paycheck Protection Program (PPP) is no exception. All of us at Washington Trust were honored to play a significant role in delivering PPP funds to the local organizations that needed them most.
Our team’s performance by the numbers:

- Number of PPP loans facilitated: More than 8,000.
- Total value of PPP loans awarded: A little over $1.7 billion.

Of course, these numbers tell only part of the story. The people and businesses we’ve impacted tell it more fully. Following is an example from Spokane, Washington.

“I’ll never forget when the pandemic closures hit,” says Susan Readel, owner of Latah Bistro, Wine & Taps and Latah Latte in Spokane. “We had just received all the ‘bar swag’ for our St. Patrick’s Day advertising, and suddenly everything came to a screeching halt. We were shocked that it was actually happening and that we really had to close.”

It was a difficult time for Susan as a business owner, as well as for her employees and the community, so she was elated when her Washington Trust relationship manager, Cody Hines, told her about the PPP.

At that point, Susan had been working with Washington Trust for about two years — since the inception of her businesses. The bank had helped orchestrate her purchase of the Latah Bistro fine-dining restaurant and nearby Latah Latte drive-through coffeehouse in 2018, along with the simultaneous construction and launch of the Wine & Taps bar next door. She applied for PPP funds for all three businesses.

“I needed a bit of hand-holding because I was working full time doing to-go meals and didn’t have a lot of extra
time, but I knew how important it was,” Susan says. “Cody and the Washington Trust team worked with my accountant and me from start to finish to facilitate the process and coordinate everything we needed in order to qualify. My mental health improved immediately the day the application was deposited because I knew my business wasn’t going to fail and I could bring back my employees.”

Susan used the PPP funds for payroll, rent and utilities and was able to bring back her entire 40-person team. She was especially grateful to be able to help the employees who had not yet received any unemployment support and were in dire financial need.

Both first- and second-round PPP loans were ultimately 100% forgiven.

When asked about her overall impression of the loan process, Susan is quick to praise her relationship manager’s efforts. “I work with more than 60 vendors with my three businesses, and I have never received the level of personal attention from any of them that I received from Cody,” she says. “My initial reaction was, ‘Oh my gosh, how can he keep doing this for all these people?’ because every client has different needs, but he was so thorough in following up. And despite the last-minute nature of the program rollout, Washington Trust figured everything out and made it easy for us.”

Today, sales are up at all three businesses, and Latah Bistro is busier than it has ever been. “I have to keep expressing my gratitude to my staff,” Susan stresses, “because they’ve been putting in a lot of extra time and energy. We do face shortages every day — whether due to transport delays, manufacturing bottlenecks or import issues — but everyone is doing the best they can, and as long as we don’t have to shut down again we’ll be okay.”
Bank and Branch Operations

With the entire nation in crisis, Washington Trust implemented a variety of measures and made a number of changes to our banking services to address the unusual needs of our customers, recognizing that low- and moderate-income individuals and small businesses were suffering the greatest impact.

Increased Flexibility

Beginning in April 2020, to help ease the financial pressures many individuals were facing, Washington Trust raised the limit on funds immediately available for withdrawal from an ATM deposit, from $200 to $500. This change will become permanent with the conversion to image-enabled ATMs.

To further support the community, Washington Trust waived the $6 check-cashing fee for noncustomers cashing any state or federal government check. This began in April 2020 and continued through August 2021, allowing anyone to cash their stimulus or unemployment checks without paying a fee.

Washington Trust also processed PPP loans for noncustomers. Our Priority Service phone support was instrumental in gathering information for businesses that needed help and support. To assist these businesses in transferring the funds to their primary bank, we offered three options: a wire transfer, with the fee waived; a Bill Pay transaction via a specially opened WTB Online account including an exception limit increase if necessary; or a cashier’s check, picked up at the drive-up of the branch of their choice.
In-Branch Health and Safety Measures

To protect the health and safety of both customers and staff during the pandemic, Washington Trust created a wellness ambassador position in each branch. These individuals were responsible for implementing COVID-19 health protocols such as supplying masks to customers who did not have them when they entered a branch; wiping down high-touch surfaces; and ensuring that social distancing measures were followed, including limiting how many customers could enter the branch and stay safely distanced.

We provided Priority Service phone support to assist customers in navigating our digital services so that they could avoid potential COVID-19 exposure and access their accounts and information from the safety of their homes. We raised remote deposit limits to give customers greater ability to deposit checks via mobile banking and made a special effort to support digital access for low- and moderate-income individuals. Priority Service also made appointments for low- and moderate-income individuals to receive tax assistance from Tax-Aide volunteers.

To decrease face-to-face contact, as mandated by state law and as advised by the Centers for Disease Control and Prevention, Washington Trust implemented split teams and reduced lobby hours at some locations and temporarily closed some branches with overlapping service areas. To minimize the impact of any changes and ensure continuity of service when branch lobbies were closed, we encouraged customers to make greater use of online banking, drive-ups (including for cashier’s check pickup) and ATMs. We also scheduled appointments for lobby visits for those needing to conduct transactions in person. We communicated via our website, social media channels and email to ensure that our customers knew about their various options.
Not Offsetting Stimulus Paychecks for Bank Debt

Many Americans chose to have their government stimulus checks deposited directly into their bank accounts; however, this left the funds vulnerable to potential garnishment, including by banks themselves to offset other bank debt. Washington Trust believed that these relief payments were intended as genuine relief and therefore opted not to offset due to any past-due loan payments, as permitted in our loan agreements. Most state governments moved quickly to prevent banks from garnishing stimulus payments for consumer debt judgments. However, many banks continued to use relief payments to offset bank debt such as overdraft fees and past-due loan payments. Washington Trust did not.

Tenant Rent and Parking Relief

When the Washington state governor issued stay-at-home orders at the beginning of the pandemic, Washington Trust responded by offering rent and parking relief to the tenants in our two buildings in Spokane, the Washington Trust Financial Center and the Washington Trust–owned Wells Fargo Building. Rent and parking relief continued through 2020.

Visit Spokane, a nonprofit organization, and PotlatchDeltic, a timberland real estate investment trust, received full rent and parking relief for three months. PotlatchDeltic CEO Mike Covey, in thanking Washington Trust for waiving the parking fees, noted that because staff members paid for their parking out of pocket, they had agreed to donate the equivalent amount to Second Harvest, a regional food bank serving the Inland Northwest. In October 2020, Washington Trust offered Visit Spokane a lease buyout, as the organization saw no immediate prospects of being able to afford the rent and needed to downsize. Washington Trust Financial Center tenant Domini Sandwiches, a family-owned small business, received half rent relief plus parking relief from April through July 2020.
Mortgages and Home Lending
The pandemic-caused economic crisis has led to more precarious housing situations for many low- and moderate-income individuals and families throughout our communities. Washington Trust has worked to promote housing stability through our mortgage and home lending programs by increasing loan flexibility and helping more low- and moderate-income families purchase affordable housing.

Lending Accommodations
Washington Trust has offered loan forbearance, reduced payments and loan modifications for low- and moderate-income homeowners who are experiencing financial hardship.

We have offered similar accommodations to landlords renting to low- or moderate-income tenants (or for homes in low- or moderate-income geographies) if they agreed to offer rent relief to their tenants.

Virtual Classes for First-Time Homebuyers
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. Prior to the pandemic we hosted in-person events before moving to a virtual format. We promoted the classes on social media to attract the participation of all community members.
Social: Community Involvement and Development Lending

Washington Trust is committed to supporting 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.

Washington Trust started 2020 with an $11 million loan to Spokane’s Hope House for the construction of a women’s shelter and long-term supportive housing. Hope House, operated by Volunteers of America, had outgrown its existing space and needed to expand to meet the increasing need for shelter beds and supportive services for women. The new facility opened in April 2021.

In the Western Washington region, Washington Trust issued a $12.5 million community development loan to the Seattle Housing Authority in 2020. This participation loan, in conjunction with other area lenders, provided liquidity to the Seattle Housing Authority, enabling the organization to fulfill its mission to provide affordable housing options in the greater Seattle area.

Our efforts to support the housing needs of our communities continued in 2021 with a loan of $21 million to the City of Seattle to construct 81 rental units that will provide housing for individuals experiencing homelessness, which includes designated units specifically for those with disabilities. Of those units, 40 will be rent restricted to 30% of the area median income (AMI) threshold, and 39 will be at a 50% AMI level. Two units will be utilized for on-site management staff. This is our second project of this nature with the City of Seattle.

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

When the COVID-19 pandemic struck, Washington Trust moved quickly to support emergency assistance in the communities we serve. The bank donated to many local nonprofit organizations as well as provided support to state and local government emergency management efforts.

Throughout 2020, Washington Trust also donated $229,911 to Community Reinvestment Act (CRA)-qualified organizations providing vital assistance to hard-hit 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.

The bank supported youth programs such as Boys and Girls Club, Joya and Junior Achievement; housing initiatives such as Habitat for Humanity and Northwest Fair Housing Alliance; and food assistance programs including Idaho Food Bank, Northwest Harvest, Care to Nourish, Extend the Love and Second Harvest. Additional support, with equity as a central focus, was provided to All in Washington to uplift partners that specifically address racialized disparities and reduce systemic barriers to health, safety and opportunity.

Washington Trust’s CRA-qualified donations provided support for emergency assistance, affordable housing, community services, job creation and urban renewal efforts. These efforts continued in 2021, when we surpassed our 2020 figures with donation totals of $297,768.
Giving Back

At Washington Trust, we are committed to strengthening and uplifting the communities we serve.

In 2020 and 2021, 29% of our employees volunteered their time (nearly 350 paid hours) 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.

During this time, Washington Trust’s community service hours were lower than usual due to the pandemic, as many of the volunteer activities that bank employees normally engage in are face-to-face activities that were cancelled or restricted because of safety concerns. However, we quickly shifted our focus from in-person opportunities to virtual events such as remote learning. This shift to virtual gatherings continued through 2021 as the impact of the pandemic persisted, limiting in-person events. 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.

With schools and financial education activities all moving to the virtual world, many employees participated in “career days” to share their professional experiences, expertise and advice with students of all ages. They also participated in virtual Junior Achievement activities by recording videos that helped students navigate the program digitally. Teachers were looking for financial education content as well, and many employees read financially themed and age-appropriate books to students in the elementary grades. Many of these schools were in low- and moderate-income areas where live content was highly sought after as teachers navigated so much screen time with their students.

Many Washington Trust employees continued to volunteer with Tax-Aide, an ongoing digital 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 — often virtually — 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 economic revitalization. In these roles, and in other volunteer and board member roles, employees provided expert guidance and information regarding the PPP initiative, encouraging local small businesses that were navigating unknown territory to seek out this relief funding.
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. Transitions Living, Christ’s Kitchen and Project Beauty Share, for example, all focus on helping women rise out of poverty, find sustainable housing and childcare, and succeed in meaningful work.

Also in 2021, the bank created a nonprofit fundraising program to generate dollars for the local organizations that needed it most, especially due to the impacts of the COVID-19 pandemic. Every employee was asked to nominate a nonprofit that was important to them. From these nominations, our Crew in Blue (employee volunteer committee) created an extensive list of organizations — divided into categories such as supporting women, children and families; combating food insecurity; affordable housing/ending homelessness; arts and culture; health and wellness; and environmental and animal protection — spanning our footprint. Then, each team member voted on their favorite organization and the bank donated $50 per vote.

Of the listed options, 28 nonprofits were selected, with the impact of donations totaling $36,250. In addition to selections from the prepared list of organizations, employees wrote in 134 organizations, to which we donated a total of $6,700.
Our community work would not be complete without looking at issues of livability and affordability. That’s why we helped form hello for good in December of 2021. 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 will 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.
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 compliance risk assessments to ensure the appropriate identification, assessment, management and reporting of compliance risk across the organization. The compliance 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 Federal Deposit Insurance Corporation (FDIC), the American Institute of Certified Public Accountants (AICPA), the Securities and Exchange Commission (SEC), and the Public Company Accounting Oversight Board (PCAOB) 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.