



Ms. Jeanne Martin
ShareAction
63/66 Hatton Garden
Fifth Floor, Suite 23
London EC1N 8LE

July 14, 2021

Dear Ms. Martin,

I am writing in response to the ShareAction investor letter of July 5, 2021 inquiring about how Amalgamated Bank (“Amalgamated”) intends to align its financing activities with the 1.5°C goal of the Paris Climate Agreement.

We understand your concerns about the details and timelines of the recent commitments to the 1.5°C goal and greatly appreciate the opportunity to share our approach on this critical issue.

We agree with your concern.

Amalgamated has been a long-time advocate for climate action within the financial sector and has used its position as a mission driven bank (whose holding company, Amalgamated Financial Corp., is a Delaware Public Benefit Corporation) to push for greater action in confronting the climate crisis.

- we have a strict policy against financing the fossil fuel sector
- we are a leader of the globalization of the global standard for carbon accounting (PCAF),
- we were the first bank to endorse the UN Principles for Responsible Banking and the UN Collective Commitment on Climate Action
- we were a founding member of the Net Zero Banking Alliance (NZBA) and co-chaired the working group that developed the UNEP Guidelines for Target Setting
- we are the only United States bank to commit to the Science Based Targets Initiative (SBTi)

We are proud of our active leadership in these initiatives and believe they are significant contributions to bringing the finance sector into alignment with a truly sustainable planet. We also understand that they are just a beginning and, in many cases, will **need to be strengthened and added to** in order for the planet to have a reasonable chance of staying inside catastrophic levels of atmospheric warming. After many years of inadequate response, the finance sector is coming to terms with its role in the climate crisis and how it must change. It will take significant action from regulators and policy makers to achieve our collective goals in addition to increased leadership from the finance sector. Amalgamated is committed to the role of driving change within the sector and as an advocate for climate action.

With respect to your specific information requests:

1. Publish short-term (5-10 years) climate-related targets covering all relevant financial services ahead of your 2022 AGM.

We are currently setting targets and outlining our approach to portfolio alignment per our commitment to SBTi and NZBA. Our hope is to have a validated target approved by COP26; but this timeline, while significantly ahead of our commitments, remains dependent on both internal and external review. Our plan is to have both a 2030 and 2050 target working from the baseline of absolute emissions published earlier this year as part of our commitment to PCAF. With respect to your request on facilitated emissions, this issue is not relevant to our book of business and all emissions are considered on-balance sheet emissions. Further, Amalgamated does not lend to the high carbon emitting sectors mentioned in your letter. However, through our leadership within PCAF we are engaged with other banks for whom this is relevant and agree with the urgency of including these sectors in measurements, disclosure and target setting.

2. Integrate the findings of the IEA Net-Zero scenario and/or another 1.5C scenario with low overshoot and minimal reliance on Negative Emission Technologies into your climate strategy.

Following our credit policies, we do not finance fossil fuel businesses. As you note such financing is seemingly at odds with commitments to net-zero portfolios. You will see in our 2020 Corporate Social Responsibility Report (“CSR Report”) that 26% of our lending and investments are to “climate solutions”, which are predominantly solar energy and energy efficiency projects. These avoided emissions are not used to offset any of our portfolio emissions. With respect to negative emission technologies, we do not currently finance these activities, but we expect to approach this sector with the highest standards of sustainability and consistent with our commitment to social justice.

3. Phase out from coal by 2030 in OECD countries and by 2040 in non-OECD countries at the latest.

We do not finance coal.

4. Ensure your financial statements are drawn up in alignment with a 1.5C-pathway.

Amalgamated has launched internal work streams addressing climate risk in alignment with the guidance of the Taskforce on Climate Related Financial Disclosures. Our work in this area has been reviewed by our Board of Directors and will be reflected as appropriate in our annual report.

5. Commit to protect and restore biodiversity.

Amalgamated’s loan portfolio is screened to align with our mission and values; we disclose the impact sectors we finance and are proud that we have achieved 100% mission alignment, with 65% being what we categorize as “High Impact”¹. Per our CSR Report, we have 1% of our lending portfolio dedicated to “Land and Development” which is exclusively in urban environments. We finance neither resource-extraction nor resource intensive industries.

¹ [2020 CSR Report.pdf \(amalgamatedbank.com\)](#)



We lend only in the United States. As such we do not believe we are appropriate participants in the Taskforce on Nature-Related Financial Disclosures or the Conference on Biological Diversity.

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Amalgamated is dedicated to maintaining our leadership role on climate and proud of the actions we've taken to drive the low-carbon transition that addresses the worst consequences of climate change. Our objective is to continue using our position in the financial sector to demonstrate the leadership and action commensurate with the scale of the climate risk before us.

We appreciate the investor voice and commitment on this issue and welcome your engagement with the banking sector and with policy makers. Please let me know if we may be of any further assistance or if you would like to discuss the issues raised in more detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Ivan Frishberg".

Ivan Frishberg
Director of Impact Policy
Amalgamated Bank

Cautionary Note Regarding Forward-Looking Statements

Some of the statements in this letter are “forward-looking statements” within the meaning of the federal securities laws. Words and phrases such as “expect,” “plan,” “believe,” “continue,” “committed,” “will,” “hope” and variations of such words or similar expressions are intended to identify such forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions (“risk factors”) that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements. We assume no duty to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Risks factors include, without limitation the strength of the United States economy in general and the strength of the local economies in which we conduct our operations may be different than expected, including, but not limited to, due to the negative impacts and disruptions resulting from the recent outbreak of COVID-19, on the economies and communities we serve, which may have an adverse impact on the our business, operations and performance, and could have a negative impact on our credit portfolio, share price, borrowers, and on the economy as a whole, both domestically and globally; changes in legislation,



regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action; adverse conditions in the stock market, the public debt market and other capital markets could have a negative impact on us; and changes in interest rates. In addition, risk factors include, but are not limited to, the risk factors described in Item 1A of our enclosed Annual Report on Form 10-K for 2020. These and other factors are representative of the risk factors that may emerge and could cause a difference between an ultimate actual outcome and a preceding forward-looking statement.