



# NET ZERO CLIMATE TARGETS REPORT

Banking on a Climate-Safe Future



# LETTER FROM OUR LEADERSHIP

Amalgamated Bank, a wholly-owned subsidiary of Amalgamated Financial Corp., a Delaware Benefit Corporation, has long been committed to actions that represent the best of what the financial sector and a bank can offer to all of the stakeholders and communities we serve. Central to that dedication is our work to be a bank that is leading on the critical issue of climate change.

Today, we honor our history of climate leadership by setting formal targets that strive to achieve net zero emissions in our financing and operations. This report is our plan for how we intend to build and align with a climate safe future.

The foundation of our work is a commitment to measure our impact, to set targets that guide our business and the impact we have in the world and to be transparent about what this will mean. Many companies and countries have committed to a 1.5 degree temperature outcome that will provide a safe and stable climate. As society has already walked up to that line and is perilously slow to exceeding safe emissions levels, it is more important than ever that climate commitments are supported by hard science and real plans.

Without specific, comprehensive and measurable targets and plans we cannot credibly do our collective work to build a safe low carbon world. It has been a long journey for the banking sector to be able to set science-based targets; but through industry collaboration like the UN Principles for Responsible Banking (UN PRB), Net-Zero Banking Alliance (NZBA), and Partnership for Carbon Accounting Financials (PCAF), we are proud to have supported the advances in financial climate strategy that paved the way for this moment.

These plans for the financial sector cannot be separated from the public policy changes in the real economy. Without significant and transformative intervention from policy makers at every level, the economy will not change rapidly enough to meet any corporate or governmental target.

In the plans presented here, we have set targets and engagement strategies for every asset class in our portfolio that meet the requirements for Science-Based Targets. Based on these targets and supporting analyses, our ambition is to achieve net zero emissions by 2045. Importantly, this target year is ahead of 2050 — the year the IPCC has modeled to achieve net zero global emissions in order to meet the 1.5 degree temperature outcome. We have outlined the core strategies and assumptions behind those targets, including our client engagement, new streams of finance, and our expectations for public policy.

These plans are targets based on reasonable and credible assumptions of the road ahead. One thing we can be certain of is that our assumptions will change, and that we will be presented with new opportunities and challenges as we go. One other certainty is our commitment to the work ahead. For nearly 100 years Amalgamated Bank has served the organizations and working people of this country who have fought tirelessly for a better world. Better for those they serve and for future generations. Our climate work is technical and strategic, but it also honors the heritage of those who work for the future. We are excited to embark on these commitments, engage with partners to realize our goals, and communicate our progress to our valued stakeholders.



A handwritten signature in black ink, appearing to read 'Priscilla'.

**PRISCILLA SIMS BROWN**  
President & CEO



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

**IVAN FRISHBERG**  
Chief Sustainability Officer

# A HISTORY OF CLIMATE TARGETS

While corporate climate action is mainstream today, these initiatives are the result of decades-long collaborations among intergovernmental assemblies, technical working groups, business coalitions, greenhouse gas accounting standards, and civil society activism and advocacy — all working to establish consistent, science-based approaches to climate commitments.

While many sectors have had clear guidance on target setting for a few years now, the banking and finance sectors have faced unique challenges creating these standards due to the nature of where our emissions originate. Instead of emissions from energy, manufacturing, or other physical processes, the majority of emissions from the financial sector stem from financing — that is, emissions attributed to climate impact of an investment.

Thanks to the work of several groups, the industry now has the appropriate methods and assumptions to measure these emissions and set targets. Along every step of the way, Amalgamated Bank has contributed as a key stakeholder. The timeline below details some of the important climate-related milestones for our industry as well as our own climate action journey.

# AMALGAMATED BANK'S CLIMATE INITIATIVES



## CLIMATE TARGET GROUPS & INITIATIVES

# OUR CLIMATE TARGETS SUMMARY

As a financial institution, our climate targets are calculated based on our financed (Scope 3) as well as our direct (Scope 1 & 2) emissions. Specifically, these emissions categories are:

- Financed Emissions
  - Commercial Real Estate
  - Multi-Family Housing
  - Mortgages
  - Business Loans (ie. project financing)
- Direct Emissions
  - Purchased Heat
  - Purchased Electricity

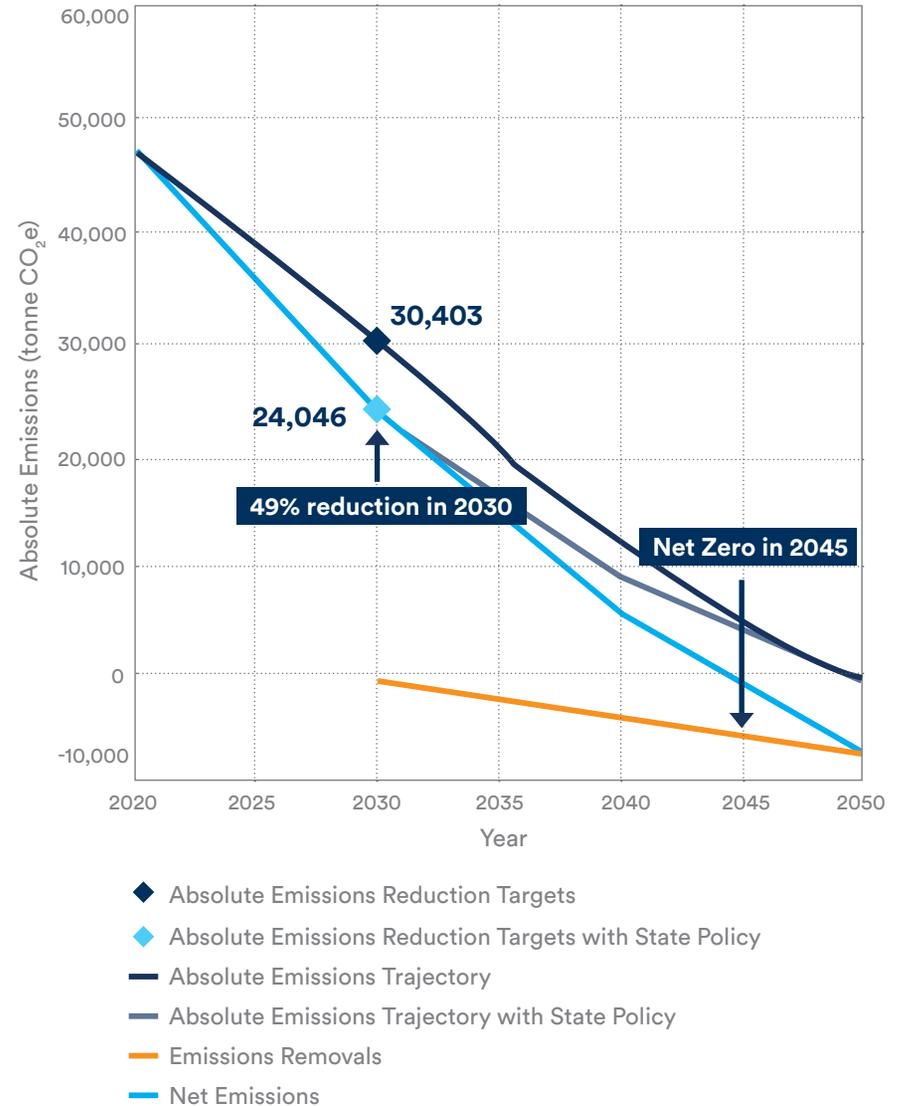
To reference our full greenhouse gas inventory, including our PCAF disclosure for financed emissions, please find our Annual CSR Report disclosures on our website.

To set Science-Based Targets, companies are required to select a baseline year for emissions reductions. We set our baseline emissions for year 2020 as this is the latest PCAF data we have available for target setting.

For each of our emissions categories, we modeled relevant decarbonization strategies and policies to build a pathway model for net zero emissions. These methods and assumptions follow the guidance established by the Science Based Targets initiative and the UN Collective Commitment on Climate Action as adopted by the UN convened Net Zero Banking Alliance.

The chart to the right details the results of our modeling. Note that there are multiple pathways included in our analysis. The top line titled “Absolute Emissions Trajectory” is an analysis of the average annual decline across our emissions categories needed to reach a 2050 net zero ambition. “Absolute Emissions Trajectory with State Policy” is an analysis inclusive of state regulations material to our portfolio that have a high degree of certainty to drive further decarbonization for our emissions categories. Starting in 2030, we have also modeled “emissions removals” as a third pathway in our analysis. The final line titled “Net Emissions” is the resulting average decline based on the “Absolute Emissions Trajectory with State Policy” and the “Emissions Removals” pathways. This line is the pathway guiding our overall climate ambition and targets.

**ABSOLUTE EMISSIONS REDUCTION TARGETS**



Based on the results of our analysis,  
**our ambition is to reach net zero emissions by year 2045.**

To achieve this goal,  
**we have set an intermediary climate goal of  
49% emissions reduction from our baseline by year 2030.**

The following sections of this report detail the category-specific pathways and intermediary targets we've set that align with our net zero climate ambition.

# ASSET CLASS TARGETS

## COMMERCIAL REAL ESTATE AND MULTI-FAMILY

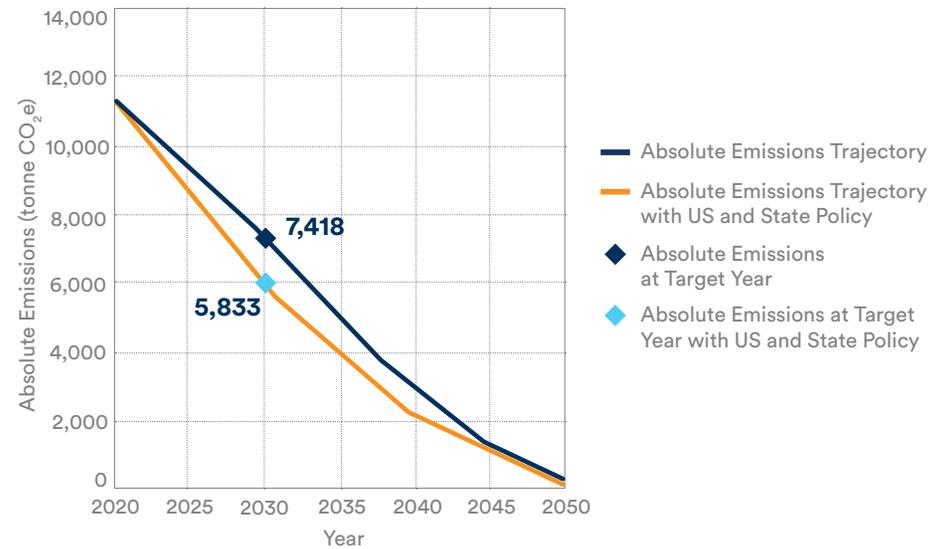
As of our baseline year 2020, financed emissions from our commercial real estate portfolio represent about one quarter of all financed emissions. The portfolio includes about 100 properties including industrial, warehouse, retail, office, and mixed-use facilities. As of our baseline year 2020, financed emissions from our multi-family portfolio represent about one eighth of all financed emissions. The portfolio includes about 200 multi-unit apartment buildings.



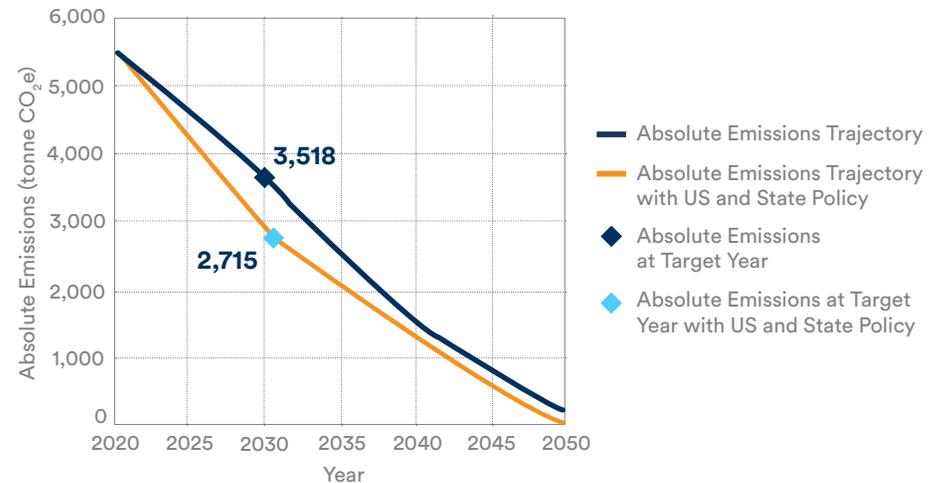
Based on our analysis, our goal is to reduce both our Commercial Real Estate and Multi-Family financed emissions by 50% by year 2030.

Achieving this goal is largely dependent upon public policy advocacy as a driver for decarbonization. While we plan to engage building owners in order to make progress on this goal through efficiency, fuel-switching, clean energy purchasing and production, new public policies are the most likely to achieve scalable results in the real estate market. We intend to support federal, state, and local policies that seek to electrify and decarbonize commercial and multi-family real estate and energy supply in order to meet these asset class targets.

COMMERCIAL REAL ESTATE ABSOLUTE EMISSIONS REDUCTION TARGET



MULTI-FAMILY ABSOLUTE EMISSIONS REDUCTION TARGET



# ASSET CLASS TARGETS

## MORTGAGES

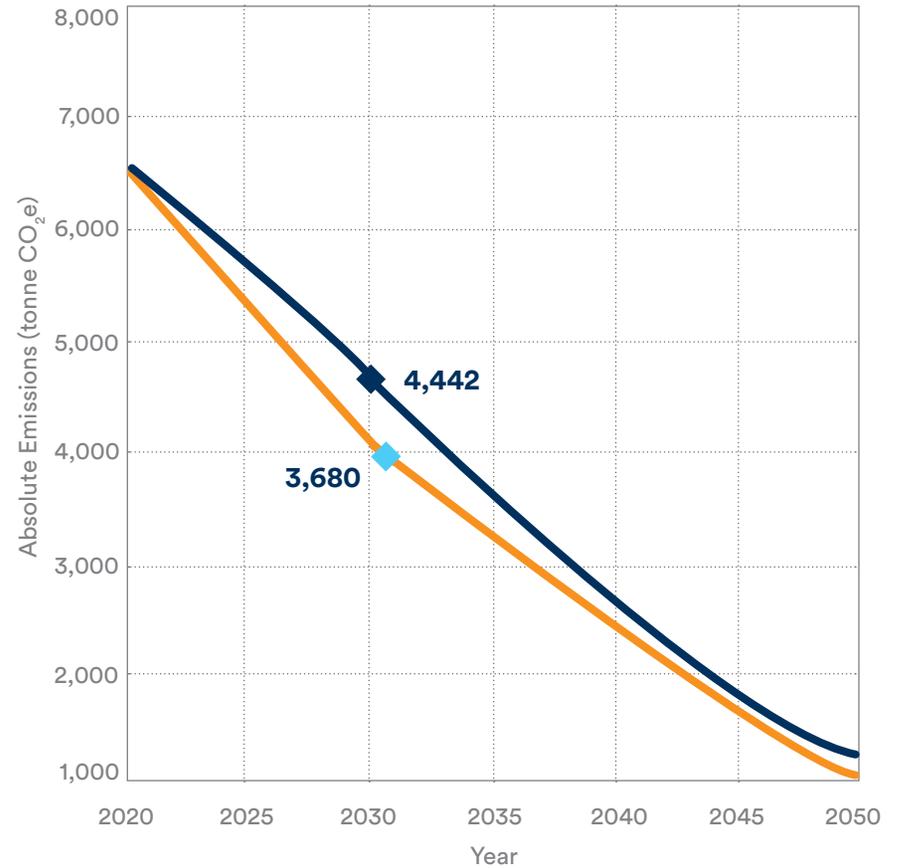
As of our baseline year 2020, financed emissions from our mortgage portfolio represent about one eighth of all financed emissions. The portfolio includes over 2,000 mortgages for apartments and single-family homes.



As with the previous asset classes, our strategy to achieve this goal will include public policy advocacy. We intend to support federal, state, and local policies that seek to electrify and decarbonize the real estate sector order to meet this asset class target.

In addition, we will continue to explore opportunities to market solar, renewable energy providers, and energy efficiency gains to meet our goal.

MORTGAGES ABSOLUTE EMISSIONS REDUCTION TARGET



- Absolute Emissions Trajectory
- Absolute Emissions Trajectory with US and State Policy
- ◆ Absolute Emissions at Target Year
- ◆ Absolute Emissions at Target Year with US and State Policy

# ASSET CLASS TARGETS

## BUSINESS LOANS

As of our baseline year 2020, financed emissions from our business loans represent about half of all financed emissions. Our business loan portfolio is comprised of over 200 small to medium-sized enterprises from across industries. Without adequate modeling and scenarios for SME emissions in our market we applied target pathways from the Commercial Real Estate Sector. Small businesses will benefit, as with other sectors, from decarbonization that is achieved from policy changes at the federal, state and municipal level. With primary emissions coming from purchased energy we believe energy standards are an essential part of the US hitting the climate targets committed to by President Biden.

Specifically, we plan to:

- Engage with our top 25% of emitters to assess actual performance, sources and emissions, and discuss emission reduction strategies.
- Provide resources for all clients to measure emissions and general strategies for reduction.
- Explore business to business relationships to implement specific strategies for emission reducing client emissions.
- Include emissions data in our underwriting, origination, and portfolio management process.
- Explore sustainability linked loans for borrowers with material and actionable emission reduction and removal opportunities.



**We intend to engage our business loan customers with the highest emissions and work with them to measure, manage, and reduce their emissions.**

# CORPORATE EMISSIONS TARGETS

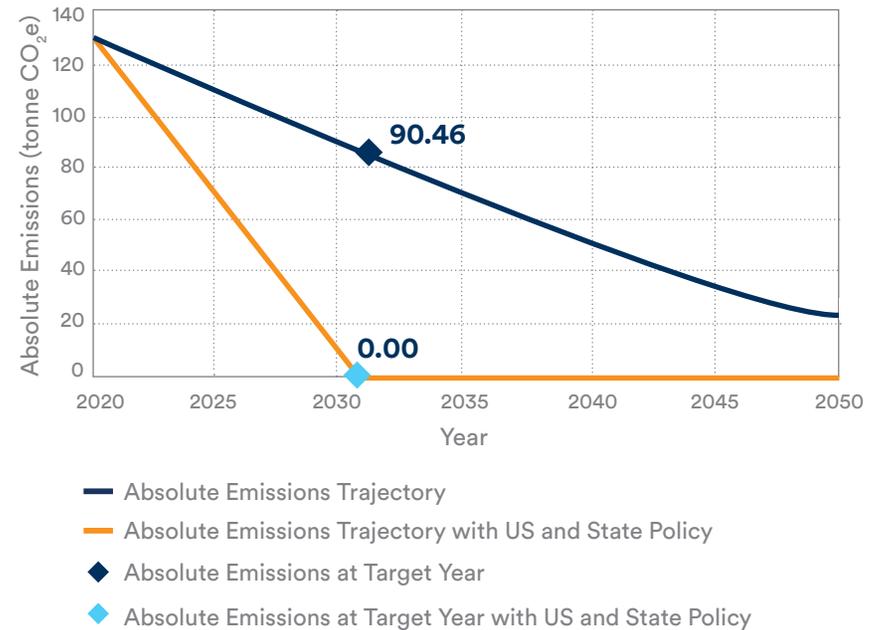
## SCOPE 1 & 2

Although Amalgamated Bank has been purchasing renewable energy for our office activities for the last four years, we intend to further manage our absolute direct emissions in order to meet our net zero climate ambition.



To achieve this goal, we will phase out use of fossil fuels for heat and power, namely natural gas-powered heat and non-renewable electricity, in our office locations. Over the next decade, we will seek office leasing that meets these criteria and provides us with 100% direct renewable power purchases.

SCOPE 1 & 2 ABSOLUTE EMISSIONS REDUCTION TARGET



# CLIMATE SOLUTIONS AND EMISSIONS REMOVALS

In addition to reducing our absolute emissions, one of the key mechanisms to meet our net zero target is to maximize financing for climate solutions. Through our Property Assessed Clean Energy (PACE) program and other initiatives, Amalgamated Bank has several investments in solar energy and energy efficiency programs.

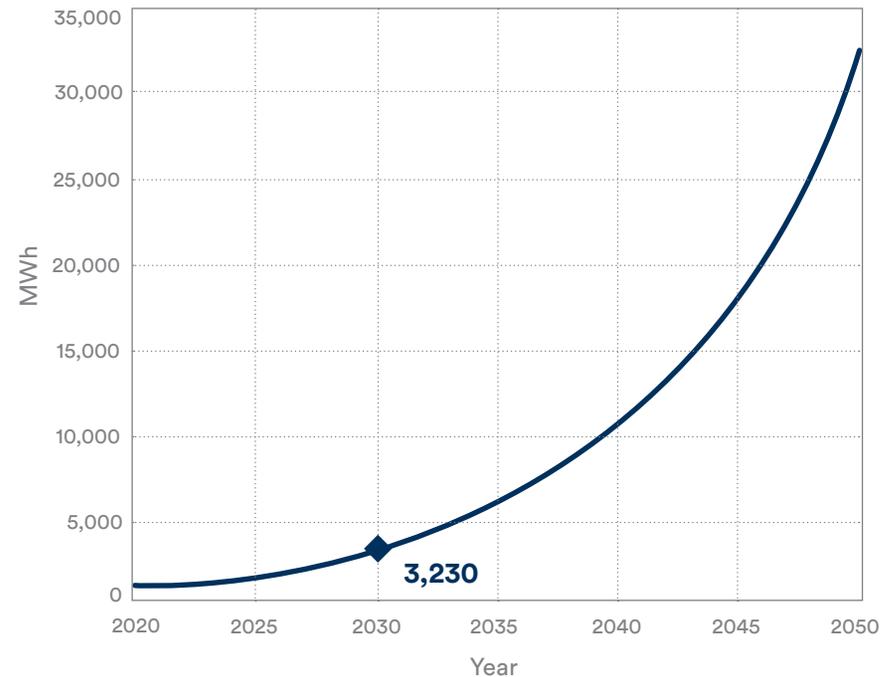
These investments will play a key role in increasing regional renewable energy capacity and driving decarbonization. By increasing solar energy capacity, we can credit carbon reductions through our financing activities to support our net zero ambition.

Amalgamated Bank is a leader in clean energy finance within our sector. Climate solutions comprise 23% of our loan and loan based investment portfolio as of baseline year 2020. Avoided emissions resulting from our climate solutions exceed our combined corporate and financed all emissions activities. We believe that this is a significant portfolio contribution that is unlike other banks and is a clear competitive advantage in our ability to set and meet climate targets.



In addition, while not part of our intermediate 2030 climate targets, we are also exploring opportunities to invest in clients delivering emissions removal in order to meet our net zero ambition. As emission removal technologies become more accessible to bank financing, we expect business loans in these areas will play a key role in meeting our 2045 target. We intend to focus our emissions removal activities to those that are not tied to the further development or production of fossil fuels, are measurable, verifiable and permanent, and make a full commitment to protecting the lands and cultures of indigenous and local communities. In accordance with the SBTi guidance, we intend not to use offsets of any kind for portfolio emissions and will execute due diligence on any client level offsets.

TARGET YEAR SOLAR PV GENERATION



# ASSUMPTIONS

In order to forecast reasonable rates of emissions growth and decline across our asset classes, we used a number of reasonable assumptions to predict policy and market trends that underpin our targets. The following table provides the method used to set each of our targets and the assumptions included in the exercise.

TARGET CATEGORY	TARGET SETTING METHODS	ASSUMPTIONS
Commercial Real Estate	Sector Decarbonization Approach	Amalgamated Bank's CRE lending grows with sector growth of 2.16% per year
Mortgages	Sector Decarbonization Approach	Amalgamated Bank's mortgage lending grows with sector growth
Multi-Family	Sector Decarbonization Approach	Amalgamated Bank's multifamily lending grows with sector growth
Business Loans	SBT Portfolio Coverage	Based on the enterprise size of loan customers, we assume that the emissions reduction is similar to reduction pathways of buildings.
Direct Emissions (Scope 1 & 2)	N/A	<ul style="list-style-type: none"> <li>• Multiple leases are due within the next 5 years.</li> <li>• Any new lease will not utilize gas powered heat or power within its systems.</li> <li>• Any new lease will have the option of 100% renewable power purchase.</li> <li>• To the extent that work from home continues for a material portion of the staff, and this is counted in our scope 1&amp;2 emissions, we will consider a policy that incentivizes staff making their own switch to renewable energy where available.</li> <li>• Not included in this target but assumed in our approach is a) continue to offset operational emissions, b) further develop purchasing / vendor choices that have low carbon advantage.</li> </ul>

# CONCLUSION

Our ambition to reach net zero emissions by 2045 and meet our intermediary 2030 goals is our commitment to bank responsibly towards a climate-safe future. As we embark on this exciting next step in our climate journey, we are determined to make progress year-after-year towards our 2030 commitments. As part of that commitment, we will publish our progress annually in order to keep our stakeholders and partners abreast of our efforts.

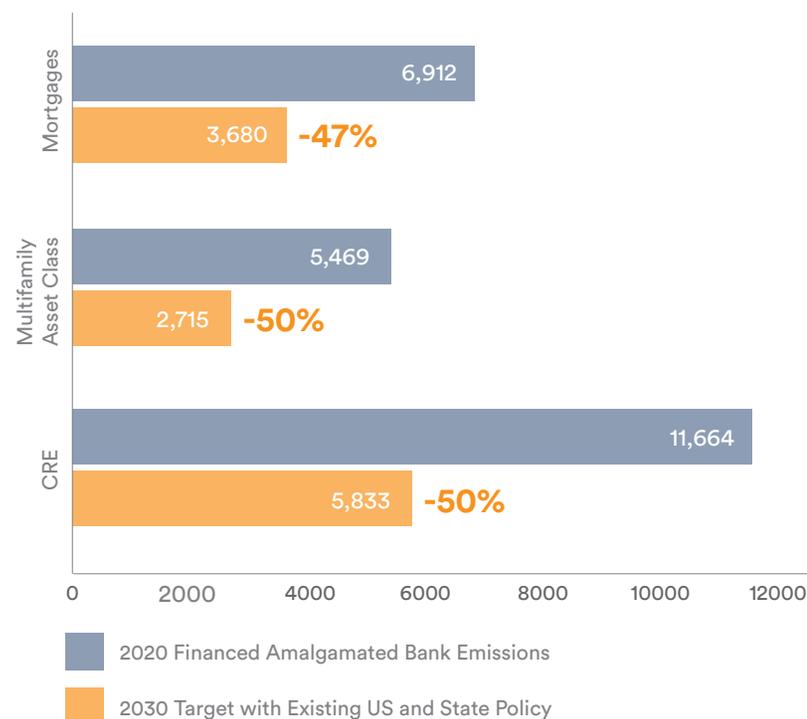
To further clarify how we intend to measure success, the figures here show our baseline emissions and the three 2030 financed emissions decarbonization goals we have laid out in the report. In addition, we've included our current emissions intensity across the four categories we will be reporting on in the future. With each report, we expect to show our progress towards these important milestones.

We would also like to reinforce that these are our first targets, and we understand that there will be points where we miss or exceed specifics, where conditions and our bank change. Through all of this we will work to keep bending the curve of emissions more aggressively down as the urgency of the science is expected to continue to escalate. Public policy is fundamental. It is a predicate of every bank commitment to the Net Zero Banking Alliance and therefore we believe it is our obligation to speak out for strong public policy that moves markets and protects our planet. We intend to work alongside other financial institutions willing to follow through on this commitment and hope more will join us.

Lastly, we recognize that meeting these targets will take significant determination and collaboration. To all of our customers and other partners with whom we will be working over the next decade, we are excited for the road ahead and we thank you for your collaboration. We hope that with bold commitments, feasible strategies, and a bias to action, we can make the next decade one of progress towards a better climate future for all.

We welcome your questions, feedback, and engagement on these targets and our other climate reports by emailing [sustainablefinance@amalgamatedbank.com](mailto:sustainablefinance@amalgamatedbank.com)

## ABSOLUTE EMISSIONS IN 2020 AND 2030 TARGET EMISSIONS



	EMISSIONS INTENSITY 2020 (KGCO <sub>2e</sub> /FT <sup>2</sup> )	EMISSIONS INTENSITY 2030 (KGCO <sub>2e</sub> /FT <sup>2</sup> )
Mortgage	4.1	1.7
Multifamily	3.8	1.5
CRE	10.1	4.1
Scope 1 & 2	0.8	0.0
<b>Total</b>	<b>5.4</b>	<b>2.2</b>

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this report are “forward-looking statements” within the meaning of the federal securities laws. Words and phrases such as “expect,” “plan,” “believe,” “goal,” “target,” “intend,” “continue,” “committed,” “will,” and variations of such words or similar expressions are intended to identify such forward-looking statements. Forward-looking statements in this document may include, but are not limited to: statements regarding our emissions, energy consumption, and other environmental targets, external ESG commitments and operational strategies. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions (“risk factors”), many of which are beyond our control and 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 adverse effects on the market price of our shares and on our operating results because of our inability to timely complete, if ever, the environmental goals described in this report; our ability to fully realize the general economic and business conditions that may affect us in connection with completing environmental goals; unanticipated expenses such as litigation or legal settlement expenses; changes in capital market conditions; and the impact of the completion of the environmental goals on our employees, customers and suppliers. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates, expectations or goals will be achieved. Additional factors that could cause our results to differ materially from those described in the forward-looking statements can be found under the section entitled “Risk Factors” in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), as updated in the Company’s Quarterly Reports on Form 10-Q, and as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov). The foregoing list of important factors is not exclusive.