


## Principles for Responsible Banking

### **Amalgamated Bank Report**

This report is the summary chart of our reporting as required by our commitment to the UN Principles for Responsible Banking, a commitment Amalgamated Bank made over two years ago. As a part of our annual [CSR Report on 2020](#), we published the information provided in this summary, along with our first Partnership for Carbon Accounting Financials (PCAF) data, our SASB disclosures, and the broad range of CSR activities of the bank.

The summary here follows the template provided by UN Environment Program for Financial Institutions. In future years, this report is planned to be incorporated into our annual CSR disclosures, providing a single source for our core sustainability and social responsibility disclosures.

Amalgamated Bank is proud of our participation in the UN Principles for Responsible Banking and the opportunity it has given us to contribute to sector leadership through the Collective Commitment for Climate Action, the Net Zero Banking Alliance, and the Glasgow Finance Alliance for Net Zero. These efforts are also highly integrated into our work supporting and implementing PCAF.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	References and links to more information
 <p><b>Principle 1: Alignment</b>  <b>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</b></p>		
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>For its nearly 100-year history, Amalgamated has been driven by its mission to help communities gain greater access to expert financial services and serve those organizations and individuals who expect their bank to reflect their values. Over the last decade have expanded our mission from a focus on the labor community to serve social change organizations and other impact businesses, offering products and services in four key areas: banking, lending, investing, and giving.</p>	<p><a href="#">2020 CSR Report .pdf (amalgamatedbank.com)</a> See Page 16 for sector exposures by Impact Area.</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>In 2019, we were the first U.S. bank to endorse the United Nations' Environment Programme Finance Initiative Principles for Responsible Banking (UNPRB), intended to accelerate the banking industry's contribution to achieving society's goals as expressed in the Sustainable Development Goals and the Paris Climate Agreement. Additionally, Amalgamated has joined 30 of its fellow UNPRB bank signatories to launch the Collective Commitment to Climate Action to mobilize products, services, and relationships to help facilitate the economic transition necessary to achieve climate neutrality. By joining the Collective Commitment, Amalgamated has committed to publishing and implementing a set of measures, such as the Partnership for</p>	<p><a href="#">2020 CSR Report .pdf (amalgamatedbank.com)</a>  See Page 57 for published PCAF report.   <a href="#">Amalgamated Bank B Lab Assessment 2019.pdf (amalgamatedbank.com)</a>   <a href="#">Net Zero Climate Targets Report .pdf (amalgamatedbank.com)</a></p>

	<p>Carbon Accounting Financials (PCAF) and setting Science Based Targets that will support and accelerate the shift toward low-carbon, climate-resilient technologies, business models, and societies. To meet our climate commitments, Amalgamated Bank recently published our climate targets based on the UN Guidelines for Target Setting. Amalgamated Bank is the largest B Corp Bank in the US and uses the B Corp certification process to measure the performance of the bank on a wide range of impact metrics.</p>	
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**Principle 2: Impact and Target Setting**

**We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.**

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) Scope: The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank’s activities and provision of products and services.

- a) Financed Emissions including: Commercial Real Estate, Multi-Family Housing, Mortgages, Business Loans; and Direct Emissions including: Purchased Heat, Purchased Electricity
- b) Direct footprint includes four main regions including New York, District of Columbia, San Francisco, and Boston.
- c) In our 2020 CSR report you will find a subset of UN Sustainable Development Goals that we believe align well with our business and its impacts. We’ve included a summary of how our business aligns with these goals, with additional detail in the relevant sections of this report. (page 11)
- d) Absolute Emissions targets for full portfolio set as the baseline for emission reduction performance.
- e) Impact Sector Analysis. Amalgamated Bank has developed a sector classification system for single impact areas associated with each lending transaction. We published our performance on our full portfolio on page 16 of our 2020 CSR report.
- f) We have categorized our impact using the UN Sustainable Development Goals and published our response for 10 priority areas on Page 11 of our 2020 CSR report.

[2020 CSR Report .pdf](#)  
[amalgamatedbank.com](http://amalgamatedbank.com)

[Net Zero Climate Targets Report .pdf](#)  
[amalgamatedbank.com](http://amalgamatedbank.com)

<p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>		
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Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

Our mission to be America’s socially responsible bank is closely aligned with multiple SDGs and is reflective of our endorsement of the United Nations Principles for Responsible Banking. We are committed to creating a more sustainable and just world, not only doing our part to drive progress toward meeting the goals, but also serving as a model others can and should follow. We have demonstrated a commitment to assessment, measurement and target setting in areas of both positive and negative impact.

## 2.2 Target Setting

*Show* that the bank has set and published a minimum of two **Specific, Measurable** (can be qualitative or quantitative), **Achievable, Relevant** and **Time-bound (SMART)** targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.

*Show* that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

*Show* that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

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)) and Direct Emissions (Purchased Heat, Purchased Electricity). 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 modelled 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.

[Net Zero Climate Targets Report .pdf \(amalgamatedbank.com\)](#)

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.

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.

<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>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 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 in our Net Zero Targets Report (page 13) 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.</p>	<p><a href="#">Net Zero Climate Targets Report .pdf (amalgamatedbank.com)</a></p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>We are committed to net-zero emissions from our on balance sheet loans and investments in pursuit of reducing the dangers of climate change for current and future generations of investors and clients. We are all in this together, and a key step in that journey has been to rigorously and transparently measure those emissions so that we can start to reduce them.</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p> <p><i>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative</i></p>	<p>We spent the majority of 2021 setting targets and engagement strategies for every asset class in our portfolio that meet the requirements for Science-Based Targets. Our Net Zero Targets Report was published in October 2021. Within this plan, we have committed to annual reporting in order to keep our stakeholders and partners abreast of our efforts.</p>	<p><a href="#">Net Zero Climate Targets Report .pdf (amalgamatedbank.com)</a></p>



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Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

Amalgamated Bank was the first US bank to commit to the Net Zero Banking Alliance, played a leadership role in the development of the UN Guidelines for Target Setting used by the Alliance, and was the first US bank to publish portfolio wide Science Based Targets.



**Principle 3: Clients and Customers**

**We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.**

<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Amalgamated Bank has a unique client based drawn to our mission and values alignment. We frequently collaborate with our clients on policy agendas designed to promote sustainability, equality, and economic justice. Our mission is focussed on supporting the institutions and people who seek to do good, and to help them do better. As such, a significant part of our client engagement is beyond just our transactional relationship, but as collaborators in a values based mission.</p>	<p><a href="#">Clients   Amalgamated Bank</a></p>
<p>3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>We are working to update our Supplier Code of Conduct which will standardize a new onboarding questionnaire that will engage potential vendors on the issues of governance, ethical conduct, workers rights, diversity and inclusion, human rights, and respect for the environment.</p> <p>We offer several products and services that emphasize social responsibility, including lending for affordable housing, fossil fuel free investment portfolios, green lending, financing for community development financial institutions, lending to minority owned businesses, and debit card options that allow for money to be donated to charities, among others. The 100% Fossil Fuel Free Portfolios managed by Amalgamated Investment Services contain mutual funds and</p>	<p><a href="#">The next step for your sustainable investments: investing in climate leadership   Amalgamated Bank</a></p> <p><a href="#">Amalgamated values. Invesco expertise.   Amalgamated Bank</a></p> <p><a href="#">Net Zero Climate Targets Report</a></p>



	<p>ETFs that have been rigorously screened and attained perfect scores for fossil fuel divestment per environmental watchdog As You Sow. In addition, the portfolios are constructed to integrate sustainability-focused industries, and social and racial justice impact themes, while also examining each manager’s diversity equity and inclusion metrics, shareholder advocacy, and public policy efforts.</p> <p>We are encouraging our network to embrace impact investing by investing directly in climate leadership. As part of the sustainable equity sleeve of the Fossil Fuel Free Portfolios, we are helping individuals and organizations invest in climate leaders, alternative energy solutions, and other types of environmentally focused industries such as water infrastructure, resource recovery, and sustainable food and agriculture.</p> <p>We will also continue to partner with clients and allies to advocate on a national level to further the issues we care about: climate justice, LGBTQ rights, anti-violence, voting rights, reproductive rights, racial justice, workers rights, and economic justice.</p> <p>As a part of our climate targets, we have engagement strategies in both policy and directly with clients. This engagement is for us an optional component of the SBTi target validation requirements, but we have chosen to engage in this work with 25% of the highest emitting SME clients of the bank.</p>	<p><a href="#">.pdf (amalgamatedbank.com)</a></p>
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**Principle 4: Stakeholders**

**We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.**

4.1 *Describe* which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Our corporate culture fosters an open dialogue across our stakeholder groups facilitated by both formal and informal channels for communication and engagement. We believe in thoughtful engagement with our various stakeholders, regularly discussing the issues that matter most to them. Key groups include **Employees** (Engagement surveys are conducted annually and allow us to identify areas of strength and opportunities for improvement to promote continued satisfaction and retention of our employees); **Industry alliance and affiliations** (work jointly with others in our industry to maximize our combined impact on such topics as climate change, financial inclusion, immigrant rights, LGBTQ+ rights, gun safety, workers’ rights, diversity, and community development); **investors** (we publish financial reports, regulatory filings, and proxy statements that include details of our financial performance and transparent disclosures on our CSR initiatives); **customers & communities**; and **unionized labor**.

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



**Principle 5: Governance & Culture**

**We will implement our commitment to these Principles through effective governance and a culture of responsible banking**

5.1 *Describe* the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

Amalgamated Bank is working to instill comprehensive ESG values across the enterprisewide risk analysis for subsidiaries, including credit, to address scenario modeling and sensitivity analysis. Specifically, Amalgamated maintains a risk rating metric reported to the Board of Directors that monitors ESG risk ratings to ensure that the company

[COMPLIANCE COMMITTEE CHARTER \(amalgamatedbank.com\)](#)

	<p>continues to progress on improving its scoring. The Board is also aware of Amalgamated Net Zero and SBTi commitments, which will inherently address climate risk. The risk rating will trigger an increase if scoring is changed and then require additional attention to mitigating ESG related risks.</p> <p>We have published a Charter of The Executive and Corporate Social Responsibility Committee of the Boards of Directors which outlines the duty to fulfil its oversight responsibilities with respect to the Company's development and implementation of corporate social responsibility and diversity, equity &amp; inclusion efforts.</p>	
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Our executive management team is responsible for setting and implementing strategy, advancing our mission, and managing our core business operations in a way that creates shared value for our stakeholders. As noted in their job descriptions, a portion of executive compensation is linked to our success in overall corporate performance in executing our business strategy and the fulfillment of Amalgamated's social mission. Executive compensation is contained within the proxy statement filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year.</p>	<p><a href="https://www.amalgamatedbank.com/social-governance-supplement-disclosures">Amalgamated Bank Social Governance Supplement Disclosures (amalgamatedbank.com)</a></p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or</li> </ul>	<p>Amalgamated Bank is working to instill comprehensive ESG values across the enterprise-wide risk analysis for subsidiaries, including credit, to address scenario modelling and sensitivity analysis. Specifically, Amalgamated maintains a risk rating metric reported to the Board of Directors that monitors ESG risk ratings to ensure that the company continues to progress on improving its</p>	<p><a href="https://www.amalgamatedbank.com/social-governance-supplement-disclosures">Amalgamated Bank Social Governance Supplement Disclosures (amalgamatedbank.com)</a></p>

<p>milestones not being achieved or unexpected negative impacts being detected.</p>	<p>scoring. The Board has reviewed Amalgamated Bank's Net Zero and SBTi commitments and targets, which will inherently address climate risk. The risk rating will trigger an increase if scoring is changed and then require additional attention to mitigating ESG related risks.</p> <p>The Bank's CSR Committee, which includes its President and CEO and other members of our executive and senior management team, is responsible for the promotion and implementation of Amalgamated Bank's social programs and disclosures and reporting on activities and results to the Board of Directors on a routine basis. The Governance and Nominating Committee of our board of directors has responsibility for, among other things, periodically reviewing the governance principles adopted by the board of directors and developing and recommending governance principles applicable to our board of directors</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>Our governance structure includes a strong oversight and direct engagement role for our Board of Directors. Our management committees and employee resource groups involve executive management and flow through a clear structure back to the board of directors. We are proud of our Board's direct engagement in our climate targets through multiple briefings and stages of review.</p>		



**Principle 6: Transparency & Accountability**

**We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.**

**1.1 Progress on Implementing the Principles**

*Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).*

*Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.*

*Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.*

In each of the prior five principle areas we have relied on public disclosures to demonstrate our progress on the Principles of Responsible Banking. We have focussed our work on collaborative initiatives within the finance industry with the goal of achieving harmonized and consistent approaches to measurement and disclosure across the globe. Nothing demonstrates this commitment to transparency and accountability better than our leadership within PCAF where we have been part of the launch both in North America and globally and sit on the global Steering Committee. Similarly, our election by our peers to the Steering Group of the NZBA demonstrates our commitment to collaborative and best practices approaches to sustainability in the finance sector.

[The Global GHG Accounting and Reporting Standard for the Financial Industry \(carbonaccountingfinancials.com\)](#)  
[About | PCAF \(carbonaccountingfinancials.com\)](#)  
[Governance – United Nations Environment – Finance Initiative \(unepfi.org\)](#)

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

Our commitment to and leadership within PCAF and NZBA along with our previously cited disclosures demonstrates our commitment to transparency and accountability.

**Annex: Definitions**

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus

where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.