

**BHLB**

**PURPOSE &  
PERFORMANCE**

**THAT MATTERS**

**2022**

**ENVIRONMENTAL,  
SOCIAL & GOVERNANCE  
REPORT**

# TABLE OF CONTENTS

## INTRODUCTION

- 1 Table of Contents/Overview »
- 2 About This Report »
- 3 CEO/CSRO Letter »
- 4 BEST Community Comeback »
- 5 Materiality and Stakeholder Engagement »
- 6 Investor Performance Summary and SASB Disclosure »

## FINANCIAL ACCESS AND AFFORDABILITY

- 7 Homeownership »
- 7 Small Business Lending »
- 8 Community Development Lending and Investments »
- 8 Sustainable Finance and Impact Investments »
- 9 Financial Wellness and Economic Inclusion »

## RESPONSIBLE BANKING

- 10 Business Ethics and Consumer Financial Protection »
- 11 Customer Satisfaction »
- 12 Data Privacy, Cybersecurity and Fraud »
- 14 ESG Risk Management »
- 16 Responsible Asset Management »

## LEADERSHIP AND GOVERNANCE

- 17 Board Overview »
- 18 Risk Management and Compliance »

## HUMAN CAPITAL MANAGEMENT

- 19 Human Capital Management »
- 20 Health and Wellness »
- 21 Diversity, Equity and Inclusion »

## COMMUNITY INVESTMENTS

- 23 Corporate Giving and Berkshire Bank Foundation »

## ENVIRONMENTAL SUSTAINABILITY

- 24 Climate Change and Natural Resource Management »

## AWARDS

- 28 Awards and Recognition »

## APPENDIX

- 29 ESG Scorecard »
- 30 TCFD Disclosure »
- 30 GRI Content Index »

## BERKSHIRE BANK

(BERKSHIRE HILLS BANCORP | NYSE: BHLB)

Berkshire Hills Bancorp, Inc. (NYSE: BHLB) is the parent company of Berkshire Bank. Founded in 1846, the Bank sets itself apart as a leader in environmental, social and governance (ESG) performance, demonstrating that corporations can deliver both financial returns and meaningful change to benefit future generations. It also differentiates through its DigiTouch<sup>SM</sup> strategy that combines extraordinary community bank service with convenient, user-friendly technology enabled through leading fintech partnerships.

### OUR VISION

To be a high-performing, leading socially responsible community bank in New England and beyond.

### OUR MISSION

To empower the financial potential of individuals, families, businesses and organizations by making banking available where, when and how it's needed.

### OUR BRAND PROMISE

Where you bank matters.



## BERKSHIRE BANK AT A GLANCE

- **Assets:** \$11.7B
- **Community banking footprint:** 100 financial centers, 150 ATMs and MyTeller<sup>SM</sup> ITMs in Massachusetts, New York, Vermont, Connecticut and Rhode Island
- **Workforce:** More than 1,300 Berkshire bankers
- **Headquarters:** Boston
- **Founded:** 1846 in the Berkshires in western Massachusetts



NY



MANCHESTER



VT

NH

BURLINGTON



BOSTON

WORCESTER

MA

PITTSFIELD

SPRINGFIELD



CT

HARTFORD

WILLIMANTIC

NEW HAVEN

RI

PROVIDENCE

## HOW TO CONNECT

We value your active engagement. If you would like to connect with us to offer your feedback or stay involved, here are a few ways:

**BERKSHIRE HILLS BANCORP, INC.**  
60 State Street, Boston, MA 02109  
833-BERKBNK  
berkshirebank.com »

**CUSTOMER SERVICE**  
833-BERKBNK  
berkshirebank.com/help »

**INVESTOR RELATIONS**  
investorrelations@berkshirebank.com »

**ESG AND CORPORATE RESPONSIBILITY**  
csr@berkshirebank.com »

**COMMUNITY GIVING**  
foundation@berkshirebank.com »

**TWITTER**  
@BerkshireBank »

**FACEBOOK**  
facebook.com/BerkshireBank »

**LINKEDIN**  
linkedin.com/company/berkshirebank »

**INSTAGRAM**  
@berkshirebank »

## REPORTING SCOPE AND BOUNDARY

This report presents the material topics and impacts of our Environmental, Social, Governance and Corporate Responsibility activities during the fiscal year ending December 31, 2022, unless otherwise noted. This report encompasses all of Berkshire Hills Bancorp’s wholly owned operations and activities. Throughout this report, “Berkshire Bank” or “the Bank” refers to Berkshire Bank. “BHLB” or “the Company” refers to Berkshire Hills Bancorp.

All data reported in currency is in USD and abbreviated to M (thousands), MM (millions) and B (billions). This document is not required to be prepared or filed by the Company (as defined in this document) under U.S. securities laws, and the information contained herein should not be read as necessarily rising to the level of materiality of disclosure required in securities law filings.

## REPORTING FRAMEWORK

Berkshire Hills Bancorp’s Corporate Responsibility report is based on globally recognized reporting frameworks and standards, including the IFRS Foundation’s International Sustainability Standards Board (ISSB) SASB Commercial Bank disclosure standards version 2018-10, the Task Force on Climate-Related Financial Disclosure (TCFD), and the Global Reporting Initiative (GRI) standards. We continue to monitor the reporting landscape to ensure it aligns with best practices as well as the size and complexity of our operations.

## ADDITIONAL RESOURCES

Berkshire Hills Bancorp  
Annual Report on Form 10-K »

Berkshire Hills Bancorp  
2023 Proxy Statement »

Berkshire Hills Bancorp  
Corporate Governance Website »

# ABOUT THIS REPORT

## SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Launched in 2015 by the United Nations General Assembly and signed by 193 world leaders, the 17 Sustainable Development Goals (SDGs) provide a plan for action to address challenges across the globe. The Company’s corporate responsibility work contributes in some way to all 17 goals, but most closely align with the following:



# PURPOSE & PERFORMANCE THAT MATTERS



## NOTABLE 2022 ESG HIGHLIGHTS



### TOP QUARTILE ESG

Achieved BEST top quartile ESG score based on aggregated ESG rankings, solidifying position as a leader among socially responsible banks



### SUSTAINABILITY BOND

Issued the first Sustainability Bond by a U.S. public community bank holding company with under \$150B in assets



### BEST COMMUNITY COMEBACK

Delivered meaningful progress on Berkshire's \$5B BEST Community Comeback program aimed at addressing four areas critical to the long-term vibrancy and success of its communities and business: fueling small businesses; community financing and philanthropy; financial access and empowerment; and funding environmental sustainability



### CENTER FOR WOMEN, WELLNESS & WEALTH

Launched the Center for Women, Wellness & Wealth to provide women with tools to help create a future enriched with financial stability and wellness



### MINIMUM STARTING PAY

Raised the minimum starting pay for employees



### SUSTAINABLE FINANCING FRAMEWORK

Released Sustainable Financing Framework to guide Berkshire's sustainable financing activities



### AWARDS

See page 28 for a listing of awards and accolades »

## DEAR STAKEHOLDERS,

Berkshire has always been at the forefront of empowering the financial potential of its stakeholders. It's been true since our founding in 1846 by local business and community leaders, whose interests varied from manufacturing to the abolitionist movement. Our first deposit of \$25 by a local farmer started us on our journey to today.

We've long understood that purpose and performance matter. Our purpose drives our financial performance, creating capacity to invest more in our business and stakeholders. It allows us to create an ecosystem of positive impact and value through the totality of our environmental, social and governance (ESG) activities, which demonstrate that businesses can yield both financial returns and create meaningful change to benefit future generations.

As we write this letter, the American and global economies are experiencing inflation, slowing growth and disruption in the banking sector. Against this backdrop, we remain resolved to maintain our position of strength and buoyed that our sense of purpose will not only guide us through but continue to enhance our performance.

Our brand promise—where you bank matters—is more true now than ever. Berkshire stands ready to help all its stakeholders navigate these challenging times and reach what we know are better days ahead. Over the last year, we helped unlock the potential for all our stakeholders as we elevated our impact and furthered progress on Berkshire's Exciting Strategic Transformation (BEST). A few of many highlights from our journey last year include:

- Issuing the **first Sustainability Bond by a public community bank** holding company with less than \$150 billion in assets in the U.S.
- Releasing our **Sustainable Financing Framework**
- Launching the **Center for Women, Wellness & Wealth**
- **Raising the minimum starting pay** for our employees
- Listing in **Bloomberg's Gender Equality Index** and **Human Rights Campaign Best Places to Work for LGBTQIA+ Equality**

- Being recognized by Newsweek as one of **the top 10 most trustworthy banks in the nation** and by the **Sustainable Business Network of Massachusetts as Sustainable Bank of the Year**
- Exceeding our **BEST Top Quartile ESG** goal to become one of the leading ESG banks in the country
- Delivering meaningful progress on our **BEST Community Comeback** program, including more than \$1 billion in financing in low- and moderate-income neighborhoods and lending over \$300 million to support low-carbon projects

These efforts are creating jobs along our main streets, putting more people in homes, and building a green and equitable economy. They are meaningfully contributing to our improved performance, leading to new business opportunities, deepening relationships with consumers and attracting the best talent.

We've stood by our customers, employees, shareholders and communities with unwavering commitment for more than 175 years. We will always remain purpose-guided and performance-driven as we continue on our path toward becoming a high-performing, leading socially responsible community bank in New England and beyond.

Our ability to deliver on that vision starts with you. It starts with your relationship with Berkshire as a customer, employee, shareholder or community partner. Together, we can build a better approach to banking that leads to endless possibilities for all of us. We invite you to join us on that journey.

Onward and upward.

**Nitin J. Mhatre** (He, Him, His)  
Chief Executive Officer

**Gary Levante** (He, Him, His)  
SVP, Corporate Responsibility

# BEST COMMUNITY COMEBACK



\$5B for local communities

BerkshireBank

In September 2021, we launched our BEST Community Comeback, a multiyear \$5 billion commitment that is rooted in our purpose to power the financial potential of our communities and as part of Berkshire's Exciting Strategic Transformation (BEST).

The plan focuses on strengthening all of our communities and unleashing the untapped potential within every community we serve through four key areas: fueling small businesses, community financing and philanthropy, financial access and empowerment, and environmental sustainability.

Through this effort, Berkshire will create and save countless jobs, invest in our neighborhoods and employees, and strengthen our diversity, equity and inclusion work in our communities. In 2022, we made steady progress toward the achievement of the plan, helping communities across our footprint.



## OUR RESULTS



### FUELING SMALL BUSINESS

	PERFORMANCE TO DATE*	GOAL**	✓
Small Business Lending	\$587MM	\$1.5B	



### COMMUNITY FINANCING AND PHILANTHROPY

Mortgage Lending	\$1.25B	\$2.5B	
Community Contributions	\$5.5MM	\$15MM	
Employee Volunteer Time	\$901M	\$3MM equivalent	
Socially Responsible Investments under Management	\$41MM	\$50MM	



### FINANCIAL ACCESS AND EMPOWERMENT

Lending for Low- and Moderate-Income Neighborhoods	\$1.7B	\$2.5B	
Lending for Minority Mortgage Borrowers	\$164MM	\$200MM	
Individuals Impacted by Financial Wellness Programming***	351,845	300,000	✓
Socially Responsible Customer Bank Accounts	180,231	200,000	



### ENVIRONMENT

Lending for Low-Carbon Projects	\$364MM	\$300MM	✓
Renewable Electricity Usage	90%	100%	

\*BEST Community Comeback performance includes July 1, 2021 to December 31, 2022 results. \*\*BEST Community Comeback runs through December 31, 2024. \*\*\*Performance and goal includes individuals impacted by direct programming delivered by Berkshire employees and programming delivered through nonprofit partners funded by Berkshire and/or its Foundation.



# MATERIALITY STAKEHOLDER ENGAGEMENT



Our ESG report centers on the material topics identified in our most recent ESG materiality assessment. We define material topics as those that affect our economic, environmental and social performance or influence the decisions of our stakeholders today and into the future. Top material topics are outlined below. These topics drive the content, structure and scope of our report and program. Detailed information on our most recent Materiality Assessment can be found on our website at [berkshirebank.com/esg](https://berkshirebank.com/esg). »

## LEADERSHIP AND GOVERNANCE

- Board Governance
- Risk Management and Compliance

## HUMAN CAPITAL MANAGEMENT

- Recruitment, Retention, Training and Engagement
- Diversity, Equity and Inclusion
- Health and Wellness

## RESPONSIBLE BANKING

- Business Ethics and Consumer Financial Protection
- Customer Satisfaction
- Data Privacy, Cybersecurity and Fraud
- ESG Risk Management

## COMMUNITY

- Community Investments

## ENVIRONMENTAL SUSTAINABILITY

- Financing Environmental Sustainability
- Climate Change
- Energy and Natural Resource Management

## FINANCIAL ACCESS AND AFFORDABILITY

- Homeownership
- Small Business Lending
- Community Development Lending and Investments

## STAKEHOLDER ENGAGEMENT

It's our goal to engage stakeholders clearly, honestly and respectfully to understand current and emerging trends that impact our business operations. We work together to identify topics that demand our attention. We are proactive and responsive to the unique needs of all stakeholders, evaluating each of their priorities based on its influence, legitimacy and urgency. We understand that meaningful engagement with our stakeholders is critical to improving our business and communities.

STAKEHOLDER	HOW WE ENGAGE	WHAT WE HEARD
Employees	Performance reviews, training and development, surveys, emails, intranet, employee assistance fund, employee town halls, community visits	Workplace flexibility, career growth, performance and rewards, work-life balance, customer focus, future of Berkshire
Customers	Meetings, phone calls, emails, satisfaction surveys, social media	Customer service, communication, account offerings, fees, branch locations/hours, digital accessibility and personal service, privacy and data security
Shareholders and Investors	Phone calls, emails, annual shareholder meeting, quarterly earnings calls, shareholder outreach, conferences, non-deal roadshows	Evolution of company leadership, continued financial returns momentum, BEST plan progress, human capital management practices, ESG performance, cybersecurity
Communities	Meetings, conferences, forums, social media, email, foundation grantmaking, XTEAM volunteering, stakeholder listening sessions, industry/chamber memberships, community rooms	BEST Community Comeback, housing, small business support, labor market, diversity, equity and inclusion, financial education
Government and Regulators	Meetings, webinars, CRA and compliance reviews, emails, phone calls	Strong regulatory partnerships, commitment to risk governance, support for mission and vision
Suppliers	Meetings, phone calls, emails, surveys, events	Procurement opportunities, supplier diversity
Nonprofit Organizations	Meetings, email, social media, conferences, stakeholder listening sessions, foundation grantmaking, XTEAM volunteering, board service	BEST Community Comeback, funding, volunteer opportunities, labor market, diversity, equity and inclusion

# INVESTOR PERFORMANCE SUMMARY

Throughout this report, we reference topics contained in the IFRS Foundation's International Sustainability Standards Board (ISSB) SASB Commercial Bank disclosure standards. Our investor performance summary presents the topics and standards that are most relevant to our operations and highlights where those quantitative and qualitative measures can be found. If a standard is not disclosed, it is because it is not considered material or is privileged or confidential; could cause a competitive disadvantage; or is not collected in a manner that allows us to correlate it to an SASB standard. Detailed analysis relevant to all our stakeholders is shared on subsequent pages throughout this report.



TOPIC	SASB CODE	METRIC	DIRECT RESPONSE OR LINK
DATA SECURITY	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Not disclosed
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	Data Privacy, Cybersecurity and Fraud pg. 12
FINANCIAL INCLUSION AND CAPACITY BUILDING	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Small Business: (1) 4,286 (2) \$289MM Small Business Lending pg. 7 Community Development: (1) 76 (2) \$318MM Community Development Lending and Investments pg. 8
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Small Business: (1) 207 (2) \$6.6MM Community Development: (1) 0 (2) 0
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	180,231* Financial Wellness and Economic Inclusion pg. 9
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked or underserved customers	157,862 Financial Wellness and Economic Inclusion pg. 9
INCORPORATION OF ESG FACTORS IN CREDIT ANALYSIS	FN-CB-410a.1	Commercial and industrial credit exposure by industry	See chart FN-CB-410a.1 on pg. 8
	FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	ESG Risk Management pg. 14

TOPIC	SASB CODE	METRIC	DIRECT RESPONSE OR LINK
BUSINESS ETHICS	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behavior, market manipulation, malpractice or other related financial industry laws or regulations	Not disclosed. Material legal proceedings are included in Part I, Item 3 of the 2022 Annual Report on Form 10-K
	FN-CB-510a.2	Description of whistleblower policies and procedures	Business Ethics and Consumer Financial Protection pg. 10 and Business Code of Conduct and Anonymous Reporting Line
SYSTEMIC RISK MANAGEMENT	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	N/A
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities	Disclosed as part of Part 1, Item 1a, Risk Factors and Part 2, Item 7 Management Discussion and Analysis of our 2022 Annual Report on Form 10-K
ACTIVITY METRICS	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Personal (1) 253,804 (2) \$2.6B Small Business (1) 5,599 (2) \$388MM
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business and (c) corporate	Personal (1) 44,072 (2) \$2.8B Small Business (1) 4,286 (2) \$289MM Corporate (1) 4,144 (2) \$5.3B

\*The figures provided encompass all no-cost, as defined by SASB, retail checking accounts. The Company does not collect information in a way that would allow us to correlate those accounts to unbanked or underbanked individuals.

# FINANCIAL ACCESS | AFFORDABILITY



## HOMEOWNERSHIP

Berkshire recognizes that owning a home does more than put a roof over your head. It is the key to unlocking upward economic mobility, helping our neighborhoods flourish and diminishing the wealth gap. These efforts were made all the more important given the housing market trends that took place in the communities we serve. Rising interest rates, home prices and low inventory continued to create significant obstacles to many trying to enter the housing market. Despite these headwinds, Berkshire continues to assist its borrowers, originating approximately \$1 billion in mortgages during the last year, a significant increase from prior years, to help individuals realize the dream of homeownership.



Dollar value of mortgages originated	\$1.1B
--------------------------------------	--------

In 2022, Berkshire rolled out a new first-time homebuyer program, down payment assistance program and adopted alternative credit underwriting standards for those with no credit history for select mortgage products. These programs were all aimed at assisting low- and moderate-income borrowers as well as those from underrepresented populations. In addition, Berkshire offers a comprehensive suite of mortgage options, including the Federal Home Loan Bank of Boston Home Equity Builder Program, USDA Residential Program, VA Mortgages and the FHA Loan Program, along with numerous state and local programs to meet each borrower's unique needs. If customers run into challenges paying their bills, we offer a number of loan forbearance options, as well as financial coaching, to help get people back on track.

The Bank continued to make significant progress on its BEST Community Comeback program, marching toward its goal to deliver \$2.5 billion to help people achieve the dream of homeownership. Thanks to the collective efforts of Berkshire employees and partners, the Bank provided nearly \$1.3 billion through the program as of year-end, including more than \$160 million for minority borrowers.



### COMMON ROOTS BREWERY

Berkshire provides financial solutions to meet all your business needs and is proud to partner with customers, like Common Roots Brewery, who share in our commitment to sustainability and community impact.

## SMALL BUSINESS LENDING

Small businesses are the backbone of our main streets and local economies. As they continued in their recovery from the global COVID-19 pandemic, they faced new pressures from inflation, a potential recession and an increasing interest rate environment. Despite the state of the economy, and how it continues to affect the trajectories of many small businesses throughout our market, most remain optimistic about their future. That's in part because Berkshire, as it always has, stands by its small business customers, providing support, guidance and financing to navigate through the tough times and help make the best ones possible.



Dollar value of loans outstanding to support small businesses	\$289MM
---	---------

Berkshire and its 44 Business Capital Division have dedicated teams of experts to help with every small businesses' financing needs. The Company remains one of the top SBA lenders in the Country providing several SBA and traditional lending solutions as well as a full suite of depository, cash management and merchant services.

We understand the outsized impact small businesses have on local communities and that's why, as part of our BEST Community Comeback program, we set a goal to fuel the untapped potential of the business community by increasing our financing, technical assistance and development of new partnerships to prepare entrepreneurs for success, as well as increasing representation among historically marginalized populations. Since the launch of the program, Berkshire has deployed nearly \$600 million in capital to power small business growth as we continue to expand partnerships with organizations such as the Initiative for a Competitive Inner City (ICIC), Valley Venture Mentors, EforAll and dozens of others. In addition, Berkshire created special-purpose credit programs, such as The Futures Fund, to further assist business owners from marginalized and underrepresented communities.





### COMMUNITY DEVELOPMENT LENDING AND INVESTMENTS

Berkshire is responsible for collaborating with local government, nonprofit, private sector and individual stakeholders to deploy its capital in a manner that helps unleash the potential of every community. We harness our expertise to catalyze economic development in urban and rural communities across our footprint through our community development lending and investment programs.

Our community development lending program encompasses activities aimed at creating jobs, stabilizing and revitalizing neighborhoods, and building stronger communities. The Bank originated \$67MM in qualified community development loans in 2022, an increase of 40% from the prior year, as we focused on organic growth and delivering on our BEST Community Comeback. The Bank has a total outstanding balance of \$318MM for all community development loans.

The Company makes targeted investments and tax credit financing through federal and state programs, holding \$71MM in community development investments at year-end. During our most recent Community Reinvestment Act (CRA) exam in 2022, the Bank had an overall rating of Satisfactory and was rated Satisfactory for Lending and Outstanding for Community Development Investments. Our CRA exam results and other formal and informal regulatory guidance help inform goal-setting and the Company's strategy. We will always look to meet all our communities' credit needs regardless of ZIP code or income.



Dollar value of all qualified community development loans originated	\$67MM
Dollar value of all qualified community development loans outstanding	\$318MM
Dollar value of all qualified community development investments held at year-end	\$71MM

### TOP 10 COMMERCIAL INDUSTRIAL CREDIT EXPOSURE BY NAICS INDUSTRY 2022: FN-CB-410A.1

Wholesale Trade	\$689MM	Retail Trade	\$142MM
Manufacturing	\$328MM	Professional, Scientific and Technical Services	\$87MM
Real Estate, and Rental and Leasing	\$299MM	Administrative and Support, and Waste Management and Remediation Services	\$68MM
Health Care and Social Assistance	\$173MM	Transportation and Warehousing	\$57MM
Finance and Insurance	\$163MM		
Arts, Entertainment and Recreation	\$146MM		

### SUSTAINABLE FINANCE & IMPACT INVESTMENTS

Berkshire became the first U.S. community bank holding company with under \$150 billion in assets to issue a Sustainability Bond with a \$100 million issuance in 2022. The company intends to use an amount equal to the net proceeds to finance or refinance new or existing social and environmental projects consistent with its Sustainable Financing Framework, including renewable electricity generation; green buildings; renewable energy technology, storage and manufacturing; energy efficiency in commercial, residential and public buildings; affordable housing; workforce housing; and financial inclusion and access activities. The Sustainable Financing Framework was independently verified by Sustainalytics, a Morningstar Company, for its impact and alignment with the International Capital Market Association's (ICMA) Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. Berkshire intends to publish a report in 2023 describing the amount of net proceeds allocated to each eligible project category, descriptions of specific projects financed, unallocated balances and, where feasible, qualitative and quantitative measures of the expected environmental or social impact.

Beyond the issuance of its sustainability bond, Berkshire looks for innovative ways to advance its ESG positioning and its strategic business priorities through sustainable finance and impact investing. The Bank partners with public and private entities, including state green banks, to offer several sustainable financial solutions to residential and commercial clients. This includes the Mass Save® HEAT Loan program, which provides zero-interest financing opportunities up to \$50,000 for energy-efficient home upgrades. In addition, Berkshire makes targeted impact investments in Small Business Investment Companies (SBIC) and other strategically aligned assets that are within risk appetite and drive a competitive rate of return. The Company also has a strong tax-credit business whereby it makes targeted investments in low-income housing tax credits (LIHTC), historic tax credits (HTC) and solar tax credits to further Berkshire's ESG goals and strengthen its Community Reinvestment Act (CRA) performance. These investments help bring to life important economic development, revitalization and renewable energy projects, while providing an appropriate return to the Bank consistent with its capital and tax strategies.



**FINANCIAL WELLNESS AND ECONOMIC INCLUSION**

For more than 175 years, Berkshire has been a bank for everyone, regardless of wealth. From our founding to serve those working in textile mills and factories to our vision today to be a leading socially responsible community bank in New England and beyond, we have been unwavering in our belief that good for some isn't good enough. Berkshire sets itself apart from its peers through a focus on exceptional customer experience that's driven by its **DigiTouch<sup>SM</sup>** commitment to combining extraordinary personal service with convenient, user-friendly technology enabled through leading fintech partnerships and outstanding performance on environmental, social and governance (ESG) matters.

The Bank offers a comprehensive suite of financial solutions, financial coaching and education all aimed at empowering individuals to reach their financial potential and bring the "unbanked" and "underbanked" into the banking system. We provide a rich offering of financial counseling to all our stakeholders through dedicated

programming and partnerships, including our relationship with the nonprofit GreenPath Financial Wellness. These services are available in person from Berkshire Bankers, over the phone and through a dedicated financial wellness microsite. We also provide individuals with access to financial wellness literature and printed materials through our financial centers. Berkshire strives to integrate financial

wellness into our financial solutions, including our Student Checking+ account that features online resources that offer information, activities and conversation starters to help students build a strong foundation in financial education. We continue to offer financial wellness programs virtually, in partnership with community organizations and at targeted events, to increase their reach and accessibility, impacting nearly 158,000 people last year. When our customers run into financial challenges, we have their backs, providing direct financial coaching and referring them to our network of nonprofit partners, including GreenPath Financial Wellness, to get the counseling and support they need to realize their full potential.



Number of individuals impacted by financial inclusion programming	157,862
Number of low-/no-cost retail checking accounts	180,231

Our DigiTouch<sup>SM</sup> commitment is a defining tenet of our digital transformation and approach to financial inclusion, making banking available when, where and how customers want it. Berkshire has robust distribution channels, including financial centers, ATMs and ITMs across its New England and New York footprint. MyTeller<sup>SM</sup> interactive teller machines provide greater access across our footprint for individuals looking to do basic banking services, fully accessible online and mobile channels, and a best-in-class digital online account-opening experience. This makes creating a new account from anywhere effortless, while improving fraud detection and risk-based decision-making. Our unique, complimentary MyBanker Program brings the Bank to the customer based on their preference by providing a personal banker who leverages technology to deliver concierge financial services to customers, regardless of wealth, in person, by phone and video conference.

Berkshire continues to expand access to financial services throughout its markets by offering several no- and low-cost checking and savings accounts to young adults, senior citizens, the underbanked, active-duty military members, and veterans and first responders. These solutions offer core banking services without extra fees, monthly or annual maintenance fees or minimum average balance requirements. The Company continues to work toward building economic equity in its communities by developing and offering safe, accessible, affordable financial solutions and programs, including its MyFreedom Checking account, nationally certified by BankOn for its affordability, and the Futures Fund. The Futures Fund is a special-purpose credit program that provides access to a low-interest, low-barrier-to-entry line of credit in collaboration with nonprofit partners who provide wrap-around technical assistance to minorities, LGBTQIA+ and other businesses owned by underrepresented individuals. Since launching the program in 2020, it has deployed nearly \$1.5 million to underrepresented business owners. We also offer MyCheck, which allows noncustomers to cash checks for significantly reduced fees and provides the opportunity to start a committed banking relationship.



**POP-UP RETAIL PROGRAM**

Berkshire invited local businesses, entrepreneurs, artists and start-ups to participate in our retail pop-up program. Selected applicants were granted a series of opportunities to sell their products, grow their customer base, and increase their knowledge and skills at a dedicated Berkshire storefront and at the Big-E, the third largest fair in the United States. The program is targeted toward businesses owned by women, people of color and those from the LGBTQIA+ community.



**Center for Women, Wellness & Wealth<sup>SM</sup>**  
Inspired by Berkshire Bank

[berkshirebank.com/cwww](http://berkshirebank.com/cwww) »

**CENTER FOR WOMEN, WELLNESS & WEALTH (CWWW)**

Berkshire launched the Center to provide women with tools to help create a future enriched with financial stability and wellness. Through partnerships with community organizations, specialized experts and thought leaders, we offer events on wellness and financial planning, philanthropic coaching and development support, and complimentary portfolio reviews through Berkshire Bank Wealth Management.

Ultimately, the Center is working to strengthen women's financial lives by empowering active participation in financial decision-making and addressing the longevity risk that women face through a transformative approach to wealth management, which centers on balance, stability, growth and overall wellness.

# RESPONSIBLE BANKING

## BUSINESS ETHICS AND CONSUMER FINANCIAL PROTECTION

### OVERVIEW

Berkshire works to uphold the highest ethical standards in all areas of our business through a combination of formal policies, procedures, employee training and governance mechanisms. The Company also works to ensure its customers and consumers are informed and protected from all types of financial malfeasance.

Berkshire maintains a Code of Business Conduct and Employee Handbook, which applies to all company employees and operations. Employees must attest their adherence to the Code of Business Conduct upon beginning their employment and attest again annually. The Code covers topics such as bribery, corruption, insider trading, gifts, political activity, equal employment opportunity, conflicts of interest and more. Employees are required to complete annual training to ensure compliance with the Code and other applicable policies designed to protect consumers. We also have numerous other policies and procedures to help identify corruption and support a strong culture of compliance applied across all operations.

### BRIBERY AND CORRUPTION

Bribery and corruption are illegal and can expose employees, consumers and the Company to financial and other penalties, up to imprisonment, as well as cause significant reputational damage. Furthermore, Berkshire's Be FIRST values, vision, Code of Business Conduct and Employee Handbook set expectations for how employees should perform within the workplace. Berkshire's Code of Business Conduct and Employee Handbook include specific definitions for bribery, corruption and facilitating payments and lay out strict anti-bribery and anti-facilitating payments provisions.

### WHISTLEBLOWER PROGRAMS

Our Anonymous Reporting Line and Whistleblower Policy establish the standards and procedures to ensure that handling of any complaint related to violations of our Code of Business Conduct, any wrongdoing, including fraud or embezzlement, or any questionable, unethical or suspicious accounting or auditing matters comply with management's and the Audit Committee's objectives. The Policy applies to all Company operations and employees. Employees receive annual training and regular communications across multiple channels, including a feature on the Company's intranet homepage that promotes access.

Upon receipt of a complaint, the Audit Committee chair or other Audit Committee designee will determine if the complaint pertains to accounting matters. If the complaint is determined to pertain to accounting matters, the Audit Committee chair or Audit Committee designee will submit the complaint to the full Audit Committee, which will then investigate the matter and take corrective action as warranted within the judgment of the Audit Committee with Human Resources' assistance. If the complaint is determined to not involve accounting matters, the Audit Committee chair or Audit Committee designee may direct the complaint to other appropriate Board Committees, executive officers or employees of the Company and/or outside legal or other advisors to review and, if and as necessary, conduct an investigation for determining appropriate action.

### RESPONSIBLE MARKETING AND ADVERTISING

Berkshire is committed to fair and transparent marketing practices and maintains strong relationships with its regulators. The Company promotes products, services and itself in a transparent manner that is reflective of the diversity



of its communities, building trust with consumers. The Company's comprehensive Marketing Advertising Policy, which applies to all operations, further outlines expectations for fair and responsible marketing, which includes transparent pricing information, use of clear and bold print and compliance with all regulations, including Unfair, Deceptive or Abusive Acts or Practices (UDAAP), Truth in Savings Act, Fair Housing Act, Equal Credit Opportunity Act, Truth in Lending Act, Fair and Accurate Credit Transactions (FACT) Act, The Interagency Statement on Retail Sales of Non-Deposit Investment and Insurance Products, Consumer Protection for Bank Sales of Insurance, CAN-SPAM Act of 2003 and many more. Our Compliance team reviews all marketing materials before their posting to ensure accordance with the appropriate regulations. Oversight of Berkshire's marketing and advertising falls to the SVP, Director of Marketing. The Compliance Committee provides further management-level oversight, and the Board's Risk Management, Capital and Compliance Committee provides board-level oversight. Employees receive annual training on fair advertising and all applicable compliance regulations impacting Berkshire's advertising and marketing initiatives.

### SALES PRACTICES

As a commercial bank, Berkshire is subject to strict regulations for responsible sales and compensation practices. It may engage in sales and marketing programs to expand its business and offer financial solutions to existing or new customers to help them realize their financial goals. These activities are subject to numerous regulations, including the Federal Communications Commission's (FCC) Telephone Consumer Protection Act (TCPA) of 1991, the Federal CAN-SPAM Act of 2003 and the Junk Fax Prevention Act of 2005. It is also the intent that the Company will comply with all requirements of UDAAP (Unfair, Deceptive and Abusive Acts and Practices) through clear, concise and

meaningful advertisements, disclosures, and other sales and marketing collateral used in any sales solicitation program. Berkshire maintains a Sales Solicitation Policy that covers all employees and operations and governs all types of sales activities. All customer-facing employees and those engaged in any type of sales solicitations are required to complete annual trainings related to ethical sales practices, marketing and compliance to ensure they have the knowledge, understanding and skills to deliver a superior customer experience, comply with regulations and offer solutions that help empower our customers' financial potential.

### DEBT COLLECTION

As a community-driven lending institution, Berkshire implements respectful and conscientious collection activities grounded in applicable law to preserve consumers' rights. This includes educating borrowers to maintain proper payment habits throughout the life cycle of a loan. Berkshire Collections teams always strive to be tactful and sympathetic to the borrowers' circumstances, while educating them on the importance of making payments and maintaining a good credit rating. Our Collections Department also partners with other lines of business and nonprofit organizations to educate delinquent borrowers and help them build stronger financial habits. Employees in our Collections Department receive regular, ongoing training on best practices, compliance requirements and procedures. The department also maintains detailed procedures that outline the Company's debt collection practices and complete quarterly monitoring reviews to ensure that we are operating within regulations and our own policies.

Our Consumer Debt Collection Policy, which applies to the Bank's operations, helps ensure compliance with all applicable laws and ensures that our policies and procedures are guided by the Fair Debt Collection Practices Act. It is to



the Bank’s benefit, as well as the borrowers, to develop a relationship of understanding, trust and cooperation. Our collectors always strive to offer mutually beneficial solutions and alternatives to rectify the borrower’s delinquency within the shortest period of time, while also preserving bank safety and soundness requirements.

**BANK SECRECY ACT (BSA) AND ANTI-MONEY LAUNDERING (AML)**

As a financial institution, Berkshire must maintain comprehensive AML programs that include established internal policies, procedures and controls, a designated BSA/AML officer, an ongoing employee training program and testing of the program by an independent audit function. Money laundering is a by-product of drug trafficking, terrorism or other illegal activity. Because of this, it is the responsibility of the Board of Directors and all employees to not only comply with the requirements of the Bank Secrecy Act but to be proactive in the prevention of these activities and vigilant in looking for activities at the institution that may constitute money laundering.

Berkshire maintains a comprehensive Bank Secrecy Act/ Anti-Money Laundering Policy designed to ensure compliance with all applicable regulations and laws as well as support strong risk management practices. The policy applies to all Company operations and includes our customer due diligence and identification program (Know Your Customer). The policy details the requirements for our BSA/AML program, reporting, information sharing, sale of financial instruments, defines high-risk customers and products/ services along with exceptions. The policy also contains Berkshire’s commitment to identify unusual and suspicious transactions, defines key terms, and ensures Berkshire takes steps and actions against those who attempt to use its services for financial criminal conduct.

Our policy includes the appointment of a BSA/AML officer who has day-to-day responsibility for the BSA and AML efforts, a system of internal controls, self-monitoring and independent testing, customer due diligence and training. Our employee training program includes provisions to ensure that all personnel, including senior management, who have contact with customers, who see customer transaction activity or who handle cash in any way, receive appropriate BSA/AML training at least annually. We have a detailed reporting process that includes currency transaction reporting (CTR), suspicious activity reporting (SAR), a task-force and ongoing record-keeping requirements. Berkshire maintains extensive procedures for high-risk customers and products or services as part of the policy. This includes enhanced due diligence and monitoring requirements. Our Know Your Customer identification program ensures compliance with all regulatory requirements and details all the steps Berkshire undertakes to verify the identity of all its customers, along with risk management and board oversight. In addition, not less than annually, our Internal Audit Department, or a suitable vendor of their choosing, reviews the Bank’s compliance with the Bank Secrecy Act and its BSA/AML policy. The policy is reviewed and approved annually by applicable Committees and the Board of Directors.

**PRODUCT DEVELOPMENT AND OVERSIGHT**

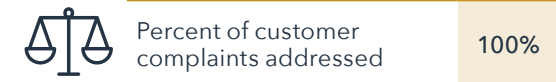
We are committed to responsibly developing financial solutions to meet our customers’ needs. Our Products and Services Development Policy creates a governance process for developing and implementing new, modified and enhanced products and services to ensure risks are identified, understood and managed. Proposed products are developed and implemented consistent with sound risk management practices and align with the Company’s overall business plans and strategies. Proposed products also must encourage fair access to financial services and fair treatment

of consumers consistent with the Company’s Be FIRST values and applicable laws and regulations.

Risk management for new products and services is a shared responsibility of various stakeholders across the Company, including the full Board of Directors, Risk Management, Capital and Compliance Committee of the Board, Enterprise Risk Management Committee, Products and Services Development Committee, Executive Management and Line of Business Owners. Our Products and Services Development Committee helps ensure our financial solutions are delivered consistently with our values, ethical standards, policies and practices. The committee oversees the assessment of the design, risks, profitability and viability of new, modified and expanded products and services. It also provides guidance and oversight during the due diligence and implementation of proposed products and services, as well as monitors results to ensure compliance with risk tolerances, diversification standards, strategic missions and regulatory requirements. All products undergo a thorough risk assessment, which includes, but is not limited to, an evaluation of financial, strategic, credit, compliance and reputational risks. This includes an evaluation of the social impact, along with any social/environmental risks related to the proposed product or service. To further ensure those risks and opportunities are appropriately mitigated and captured, the Company’s Chief Diversity Officer and svp, Corporate Responsibility serve as voting members of the committee. Through its formal assessment process, the committee helps ensure that new products and services are designed to fulfill the needs of consumers before they are launched. Berkshire maintains monitoring systems to ensure it continuously monitors the social impact and risks of its portfolio of financial solutions to ensure it’s protecting the best interests of its customers and communities. In addition, customer-facing employees receive annual training for all new products and services.

**CUSTOMER SATISFACTION**

Berkshire views our customers’ satisfaction as paramount to our success and, as such, has incorporated publicly disclosed measures and goals into our BEST plan to enhance our current performance. The Company’s goal is to be in the top quartile of all banks in New England in its Net Promoter Score, a measurement of customer loyalty that predicts business growth. To accomplish this objective, we have multiple programs in place to monitor, measure and evaluate customer satisfaction, as well as address and resolve any complaints brought to our attention.



In 2022, we further enhanced this work by hiring a new Head of Retail Customer Experience to drive integrated improvements in how our customers perceive Berkshire across the franchise. These efforts complement our ongoing partnership with J.D. Power, who completes an ongoing comprehensive survey of our customers’ satisfaction with our in-branch and digital experiences. This partnership allows us to gain valuable insights into our customers’ experience, monitor perceptions, evaluate performance and identify opportunity areas. Our customers shared several areas where they felt Berkshire could enhance its offerings, including customer communications, account options, financial center locations and hours, digital channels and service. As a result, we are taking a number of steps to address these opportunities, including developing new programs, services, enhancing employee training and upgrading our customer communications. Berkshire has already implemented new customer service training programs and expects to roll out expanded customer call



center hours, a new online and mobile experience, and onboard additional communications resources. We expect that these collective actions will help improve our customers' experience and contribute to our culture of service excellence.

Another key dimension to how we deliver an exceptional customer experience is in the management of customer complaints. When we receive customers' complaints, we make sure to successfully address and resolve them as quickly as possible. The Board of Directors Risk Management, Capital and Compliance Committee provides Board-level oversight of the Company's complaint management process, which is managed by staff in our Compliance Department in close collaboration with all business lines. Complaints are written statements, including emails, letters, faxes, social media posts or verbal comments indicating dissatisfaction with a product or service. In some cases, regulations include specific steps to follow when a customer complaint is received. All business lines have a responsibility to respond to and resolve customer inquiries and complaints. All complaints are documented and tracked to ensure they are resolved to a high level of customer satisfaction. Our complaint management system also allows us to identify trends, elevate those trends and implement mitigating measures to address and ultimately reduce instances of dissatisfaction.

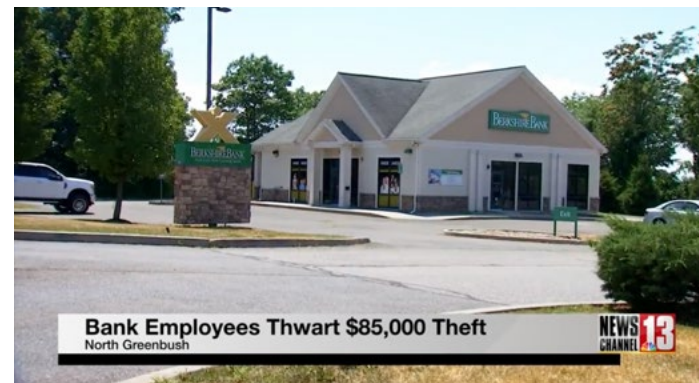
Berkshire experienced a 37% decrease in the number of complaints in 2022, compared to the previous year. This reduction is due to multiple factors, including enhancements to our complaint resolutions processes, customer experience improvements, a continued return to more normalized pre-pandemic conditions and activities that continue to be rolled out as part of our BEST plan. We continue to strive to resolve all complaints in a timely manner, and as of year-end, 100% of customer complaints were addressed.

## DATA PRIVACY, CYBERSECURITY AND FRAUD

Securing and protecting the personal and financial information of our customers is a top priority. As a community bank, the Company is subject to security and operational risks relating to the use of technology and cybersecurity, including denial of service attacks, ransomware, hacking and identity theft that could result in confidential disclosure information or the creation of unauthorized transactions. You can find detailed descriptions of these risks in our 2022 Annual Report Form 10-K Item 1A Risk Factors.

Our information and cybersecurity function is designed to mitigate these risks proactively. It includes a comprehensive Information Security Program containing technical, administrative and physical controls and additional policies, processes and procedures to assist with safeguarding information against unauthorized disclosure, modification or destruction. It will also help protect our information systems against unauthorized access, use, modification, destruction, loss, misuse, theft or denial of service.

- Information Security Program:** The Company's Information Security Program provides direction for managing and protecting the security, confidentiality, integrity, and availability of the Company's information assets, including customer information under guidelines established as part of the Gramm-Leach-Bliley Act (GLBA). This program informs the organization of the administrative, technical and physical safeguards in place to adequately protect nonpublic personal information, as well as comply with applicable laws and regulations. The Information Security Program sets forth the Company's commitment to the continual review and improvement of policies, processes, procedures and standards for evaluating electronic and physical methods of accessing, collecting,



Courtesy News Channel 13

storing, using, transmitting, disposing of and protecting customer information. The Company leverages relevant expectations from the Federal Financial Institutions Examination Council (FFIEC) and uses standards from the National Institute of Standards and Technology (NIST), among others, to control data security risk, as well as to assess the maturity and effectiveness of the program.

- Acceptable Use Policy:** The purpose of the Acceptable Use Policy is to clearly establish each member of the Company's role in protecting its information assets and communicate minimum expectations for meeting these requirements. Fulfilling these objectives will enable the Company to implement a comprehensive systemwide Information Security Program. The policy applies to all users of computing resources owned, managed or otherwise provided by the Company. Computing resources include all Company-owned, licensed or managed hardware and software, email domains and related services, and any use of the Company's network via a physical or wireless connection, regardless of the ownership of the computer or device connected to the network.
- Data Classification Policy:** The policy provides a framework for classifying and protecting information for the Company and aids in determining the appropriate security controls for the given data. Data classification involves the assignment of a label to data indicating the significance, risk and confidentiality of data in accordance with the definitions, roles and responsibilities provided in this policy. The label then assists the Company with ensuring proper safeguards are in place for the data. This policy is intended to be used in conjunction with Berkshire's Data Governance Program.
- Logging and Monitoring Policy:** The policy establishes requirements for security monitoring and event

management to detect unauthorized activities on company information systems. Frequent monitoring and logging components are required to effectively assess information system controls, operations and general security. This policy defines controls and acceptable practices on: audit requirements for user activities, exceptions and information security events; logging activities and actions required to resolve system fault errors; guidelines for the frequency of reviewing audit logs; protection of audit logs through technical controls such as file permissions; and integration of suspicious audit events and investigation into incident response processes.

- Security Incident Response Policy and Plan:** The Security Incident Response Policy is specifically related to critical or major security incidents that affect business operations or information assets and encompasses the IT infrastructure, the information that infrastructure supports and the Company's regular business operations. The policy ensures that a plan of action and approved procedures for incident handling, investigations and responses, including details of the tasks, roles, responsibilities and accountabilities is maintained, reviewed and updated as appropriate. It also ensures security incidents are categorized and prioritized to ensure continuity of core services within the Company and Berkshire is prepared to effectively respond and contain security incidents.
- Vulnerability and Configuration Management Policy:** Vulnerabilities create security weaknesses that can be exploited by criminals and other adversaries. The purpose of this policy is to ensure the company reduces risks resulting from exploitation of published technical vulnerabilities. The company ensures all applications are fully supported by the vendor, maintains all support and maintenance agreements for the lifetime of the application, includes language in contracts requiring

timely updates of applications, obtains timely information about technical vulnerabilities of systems and applications in use, evaluates its exposure to such vulnerabilities, takes appropriate, timely measures to address the associated risk, including, but not limited to, the patching of vulnerabilities.

The Information Security Program and all applicable policies apply to all Company operations, and all employees receive annual training. Routine security assessments and internal/external audits are conducted on a minimum of an annual basis to ensure internal controls are adequate. Updates and oversight on the information security program are provided by management to the Replace with Risk Management, Capital and Compliance Committee of the Board of Directors regularly, including three times in 2022.

The Company continually reviews and invests in new technologies and cybersecurity professionals to mitigate threats and adhere to regulatory requirements. Cybersecurity resources are dedicated to protecting the confidentiality, integrity and availability of customer and financial data. Our business processes, policies and controls regarding customer data protection and privacy are subject to numerous laws and regulations, including Gramm-Leach-Bliley and Sarbanes-Oxley acts. The Company leverages relevant expectations from the Federal Financial Institutions Examination Council (FFIEC) and uses standards from the National Institute of Standards and Technology (NIST) to help manage cybersecurity risk by organizing information, enabling risk management decisions and addressing emerging threats.

**OUR CYBERSECURITY STRATEGY INCLUDES:**

- A top-down focus on cybersecurity from our Board of Directors, Board Risk Management, Capital and

Compliance Committee and executive management to prioritize cybersecurity initiatives based on risk, emerging threats and Company objectives

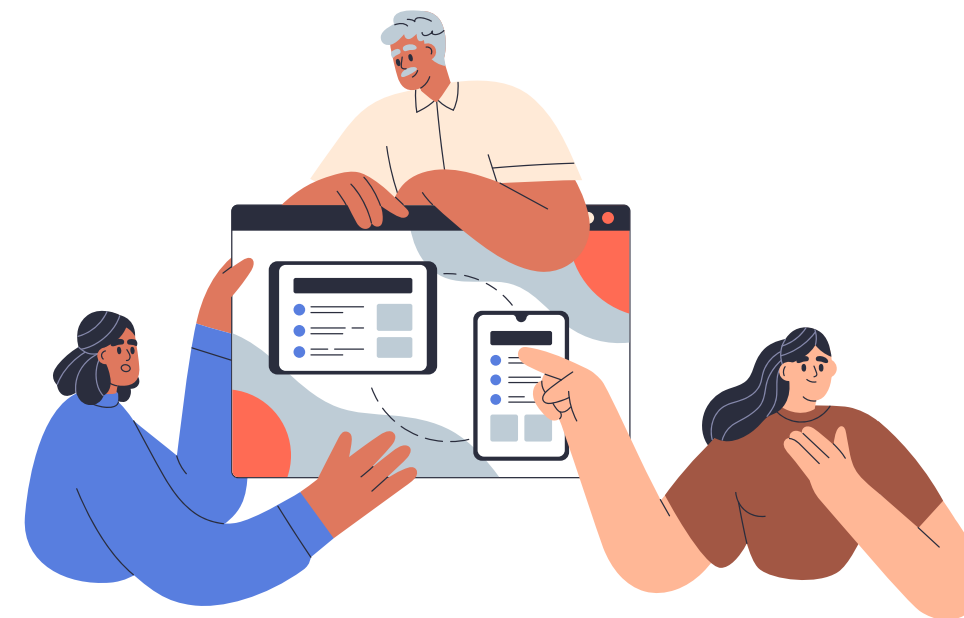
- Robust enterprise risk governance and oversight to enforce adherence to cybersecurity frameworks, policies and standards, and to meet compliance initiatives and requirements to ensure proper data protection, including encryption of all data and clear policies governing access and control of data
- Significant investments in “best-in-class” information security tool stacks and continuous security assessments to ensure proper risk mitigation based on emerging threats
- Strong security controls on customer-facing applications, including multifactor authentication and fraud monitoring
- Strong partnerships with industry-leading, third-party security providers for system monitoring, threat intelligence and incident response, along with robust third-party due diligence practices that include ongoing monitoring of critical third-party service providers. In addition, we expect third parties to maintain a system of technologies, policies, procedures and controls to detect and prevent fraud, unauthorized access or use and disclosure of any customers’, employees’ Company data or sensitive/confidential information
- Implementation of cybersecurity through investing in highly skilled talent and leveraging technologies to identify and mitigate existing and emerging threats
- Promotion of cybersecurity through employee awareness and cybersecurity-related training focusing on email/internet security, social engineering and protecting customer information

- Implementation of a comprehensive vulnerability management program to continually assess the threat and vulnerability landscape, along with leveraging industry-leading tools and intelligence to detect, evaluate, prioritize and track vulnerabilities through remediation
- Comprehensive cyber insurance policy to ensure coverage is in place to protect the bank, its employees, customers and shareholders
- Collaboration with threat intelligence organizations, law enforcement agencies and partners to keep abreast of cybersecurity threats
- Commitment to notify stakeholders in a timely manner in case of policy changes or data breach, obtain user data through lawful and transparent means with explicit consent where required, and collect and process user data that is limited to the stated purpose

If a data security breach is discovered, the Company has a comprehensive security incident response plan that includes notification of key authorities and stakeholders, including those impacted based on state and federal requirements. Potential corrective actions are taken to prevent a similar breach from happening in the future. The Company also maintains a business continuity program that addresses crisis management, business impact, and data and systems recovery.

**PRIVACY**

Berkshire adheres to all federal and state regulations as they relate to the privacy and confidentiality of information supplied by individuals who obtain a financial product or



service. The Company maintains a comprehensive Privacy Policy, which applies to all operations, to protect consumer and customer financial privacy and ensure that consumers and customers are informed and notified about the Company’s information-sharing practices. This includes a commitment to collect and process data that is limited to its stated purpose and collected through lawful and transparent means, a commitment to notify individuals in a timely manner in the event of a policy change or data breach and clear terms governing the collection, use, sharing and retention of data. Berkshire’s privacy policy and statements outline the Company’s practices and consent requirements surrounding the handling of personal data and govern consumers’ rights regarding access, rectification and deletion of their data.

All employees are educated at least annually about the importance of consumer and customer confidentiality, information security and privacy. In addition, security procedures have been implemented that help prevent unauthorized access to consumer and customer information and will safeguard information that is exchanged with third parties in accordance with applicable laws and regulations, including the Gramm-Leach-Bliley Act (GLBA) and the Federal Right to Financial Privacy Act (RFPA).

The Company incorporates privacy and data security considerations throughout its operations, including the development of new products, services and programs. Berkshire provides regular, ongoing resources to its customers and the public through its financial centers, website and hosted webinars. Each year, the bank celebrates fraud prevention week with a series of internal and external

communications programs and customer events. Berkshire's fraud prevention experts are regularly featured in regional media outlets. They raise awareness of emerging trends, provide best practices and tips to help prevent fraud. Robust ongoing training and Berkshire's Fraud Crushers Program, which rewards employees for helping to protect our customers' privacy and preventing fraud, further amplify the Company's strong commitment to privacy and fraud prevention.

**ESG RISK MANAGEMENT**

We understand that ESG risks can lead to reputational, operational, strategic and credit risks affecting both short- and long-term stakeholder value as well as our communities. Our approach to managing ESG risk is grounded in our Enterprise Risk Management (ERM) program and integrates social and environmental considerations into our due diligence and business processes. **Our ESG policies and standards apply to all Company operations and subsidiaries.** This helps ensure we have an appropriate governance structure in place to oversee the identification, measurement, monitoring, assessment, controlling and reporting of ESG-related risk.

**ESG RISK OVERSIGHT**

Key to effective ESG risk management is having a strong governance structure, which integrates oversight across the enterprise.

- **Berkshire Hills Bancorp Board of Directors** is responsible for overseeing all aspects of the Company, including ESG, to ensure we are effectively identifying, monitoring and mitigating social, cultural and environmental risks. These efforts are incorporated across the enterprise and into strategic planning.

- **Berkshire Hills Bancorp Corporate Responsibility and Culture Committee (CRCC):** In conjunction with the full Board, the CRCC sets the tone for ESG at the Company. It helps oversee management's implementation of the ESG program and ensures ESG risks are appropriately controlled.
- **ESG Committee (ESGC):** Berkshire maintains an extensive management committee structure, including the ESG committee, which is responsible for overseeing all aspects of ESG within the organization. The committee monitors performance and ensures appropriate strategies are in place to identify and mitigate ESG risk.



Percent of employees completing Corporate Responsibility Policy Training	99%
Activities granted exceptions from Responsible and Sustainable Business Policy	0

- **Executive Management and Corporate Social Responsibility Officer (CSRO):** The executive management team is responsible for promoting and communicating the Company's ESG commitment. The CSRO is the head of Berkshire's ESG activities and is responsible for facilitating the development, implementation and execution of the overall ESG program.
- **Business Unit Heads:** The business unit heads are ultimately responsible for the line-of-business functions and for the ESG risks within their operations and financing activities. They are accountable for implementing strategies approved by the CRCC and ESGC in a manner that complies with policies, rules, regulations and supervisory requirements. They are also responsible for the implementation,

integrity and maintenance of management information systems used to monitor and report on ESG risks and controls within their areas of responsibilities.

- **All Employees:** All employees are accountable and responsible for adhering to the Company's ESG policies and completing annual training. Credit and Lending teams, along with business line employees, also receive training on social and environmental policies and procedures impacting their specific areas of responsibilities. Employees are also responsible for helping to identify opportunities in their areas of responsibility and advising their managers of potential ways to enhance responsible and sustainable business performance and mitigate ESG risks.

**ESG RISK IDENTIFICATION AND ASSESSMENT**

Berkshire uses a variety of tools and information systems, and maintains a framework to identify, assess and manage existing and emerging ESG risks in its operations and financing activities. This includes formal analysis and reporting as part of the ERM framework and guidance from regulatory agencies, nongovernmental organizations and broader stakeholder engagement. The primary tool for identifying these risks is through a base-tier and mid-tier risk assessment process, which assesses ESG risks and their impact to Company operations, credit, project finance, investments and broader communities.

Business units are ultimately responsible for mitigating ESG risks within their operations and financing activities by identifying potential base-tier risks within their respective functions. These risks are documented in the Company's risk register. In addition, the Company completes an annual mid-tier ESG risk assessment to evaluate the bank's operations, lending, and investment activities for potential

exposure to ESG risks. This assessment includes a detailed review of risks and potential impacts across the Company's financing activities and operations. Emerging risk assessments are completed when potential ESG risks rise to a level requiring proactive monitoring and possible interventions. The results of all these risk assessments inform Berkshire's forward ESG risk management strategies to ensure it's controlling and mitigating the risk.

**ESG RISK MONITORING**

After identifying and determining the appropriate response to ESG risks, Berkshire continuously monitors these risks, impacts on its business activities and the effectiveness of its risk mitigation strategies. This includes monitoring of the external environment and government regulation, proactive stakeholder engagement, ongoing ESG risk assessments and review of monthly reporting to identify shifts in the Company's exposure to sectors at highest potential to be impacted by ESG matters.

**ESG DUE DILIGENCE**

Berkshire maintains comprehensive ESG due diligence methodologies to ensure it mitigates potential ESG risks. These due diligence processes and standards apply across credit, project finance, investment and depository businesses encompassing all Company and subsidiary operations. These due diligence processes are based on Company operating standards, sound risk management practices and third-party guidance, including the Equator Principles. Standard due diligence is conducted for all lending, investment and depository relationships, while enhanced due diligence is triggered based on the sensitivity of the industry, project, company policies and severity of potential environmental or social impacts. In some cases, these are also escalated to the CSRO.





Standard due diligence is conducted for all lending, investment and depository relationships and projects when social and environmental risks are well understood and expected to be relatively low, site specific or completely reversible. All due diligence begins with frontline staff and involves credit, risk, lending, investment and consumer teams depending on the nature of the relationship, project or transaction. The process generally includes, but is not limited to, research, ensuring compliance with all federal, state and local laws and permits, assessment of creditworthiness and screening against all applicable company policies. If, during this process, staff determine the customer, business, borrower or business activity poses heightened risk because it is subject to the Responsible & Sustainable Business sections of Berkshire's credit, loan, deposit or investment policies or the industry or projects pose heightened risk for severe environmental or social impacts, enhanced due diligence is triggered.

Enhanced due diligence includes a deeper analysis of topics, risks, documentation and assessments related to the transaction or relationship to ensure the company understands the full scope of potential impacts across risk categories and to its stakeholders. In some cases, a formal social and environmental impact assessment is conducted to ensure a potential borrower or project has a track record, commitment, policies and procedures in place to minimize, manage, mitigate and monitor impacts. In such cases where a borrower can demonstrate appropriate mitigating measures, a transaction may be allowed to move forward but is treated as an exception-based loan and may be subject to additional ongoing requirements.

Due to the severity of ESG risks and potential impacts to stakeholders, Berkshire maintains an exclusionary business list which includes, but is not limited to, private prisons and

firearm, weapon and ammunition manufacturers. Berkshire has no direct exposure to oil and gas extractors/producers, coal mining, arctic drilling, palm oil and many other socially or environmentally sensitive areas, and generally will not do business with industries exposed to substantial social and environmental risks.

**ESG RISK CONTROLS**

The Company protects itself from potential ESG risks and associated impacts through a system of formal controls. Collectively these controls are designed to protect the Company's reputation, mitigate negative financial, credit and operational impacts and enhance its positioning as a leading socially responsible community bank. These include:

- **Governance Mechanisms:** An extensive collection of Board and Management committees is responsible for overseeing operations and for ensuring that ESG risks are appropriately identified, controlled and monitored in accordance with Company standards.
- **Policies:** Company policies are designed to manage ESG risks in a consistent manner and align with the Bank's strategic priorities. Policies define the control and oversight standards to effectively manage ESG risk within the defined risk appetite and are supported by procedures across businesses and functions. These policies, which apply to all Company operations and subsidiaries, include:
  - **Responsible & Sustainable Business Policy:** provides guidance to employees on the Company's environmental, social and governance (ESG) activities, business practices, codes and commitments.

- **Environmental Loan Policy:** provides guidance on environmental due diligence requirements prior to entering into, and throughout the life of, any real estate transaction secured by commercial properties or multifamily properties. The purpose of environmental due diligence is to assess the nature and extent of environmental conditions of the collateral and any associated risk posed by those environmental conditions in order to make sound business decisions and underwriting.
- **Investment Policy:** contains guidelines to be used by management in the execution of the overall corporate investment securities portfolio. This includes a list of prohibited securities that addresses social and environmental risks such as Oil and Gas Extraction, Production, and Pipeline Construction, Petroleum and Coal Products Manufacturing, Mining, Firearms, Ammunition and Weapons Manufacturing, Private Prisons or Detention Centers, Companies with known environmental violations by a local, state or federal agency or government that caused irreparable harm to biodiversity, critical habitats, the environment or are otherwise inconsistent with the Company's Responsible & Sustainable Business Policy.
- **Deposit Policy:** Outlines the types of deposit products offered and governance of common account-related activity to manage and mitigate risks associated with deposit accounts. This includes processes for addressing and completing further due diligence for businesses and nonprofit organizations that pose heightened social, environmental and reputational risks due to their involvement in highly sensitive activities such as certain nongovernmental entities, Oil & Gas Extraction, Mining, Support Activities for Mining and

- Oil Pipeline Construction, Chemical, Petroleum and Coal Products Manufacturers, Firearms & Ammunition Manufactures and Retailers, and Private Prisons and Detention Centers.
- **Loan Policy-General:** Defines how the Bank ensures that emphasis is placed on sound client selection, overall loan quality, attentive credit administration, regulation compliance, and proactive risk recognition, while continuing to pursue new business. The responsible and sustainable business section of this policy ensures that industries exposed to significant ESG risks, such as oil and gas and mining sectors, receive appropriate due diligence and are treated as exception-based loans, only if the projects can meet rigorous ESG standards. As a result, there is no exposure to oil and gas extraction, producers, coal mining and other environmentally sensitive industries. The policy also includes a list of prohibited businesses, including, but not limited to, firearm and weapon manufactures. The policy helps ensure respect for biodiversity, critical habitats and the environment, ensuring projects are consistent with the Company's Responsible or Sustainable Business Policy commitments.
- **Transaction Due Diligence:** Berkshire maintains a formal due diligence framework for its business activities, which applies to all operations, and includes a standard and enhanced layer of due diligence with triggers and escalation processes. This process is further detailed in the "ESG Due Diligence" section of this report.
- **Exclusionary Criteria:** Due to the severity of ESG impacts associated with certain industries, Berkshire prohibits/excludes select industries exposed to substantial ESG risk. Exclusions are included in applicable Company policies.





The ESG Committee periodically reviews these lists of industries and updates as appropriate.

- **Stakeholder Engagement:** The Company regularly engages with its stakeholders to understand current and emerging trends that may affect its business and inform response and mitigation tactics to ESG risks.
- **Employee Education:** Berkshire provides employee training and ongoing communications to ensure employees learn about relevant ESG matters that could impact the Company and its management of ESG risks. These materials are delivered across several platforms to ensure employees receive information that is concise, digestible, understandable and relevant to their roles and responsibilities. These include both formal and informal training on applicable Company policies along with ESG risk briefs as emerging risks materialize.

The goal of these efforts is to help employees understand how ESG risk events could impact the Company and its stakeholders as well as educate them on the steps the Company is taking to mitigate those risks.

Our comprehensive approach to identifying, preventing and mitigating ESG risks prioritizes and protects our stakeholders and communities, while supporting responsible risk-based decision-making and driving competitive returns.

### RESPONSIBLE ASSET MANAGEMENT

Berkshire has a duty to act in the best long-term interests of our stakeholders. We believe that environmental, social and governance (ESG) matters can affect the performance of our corporate investment portfolios as well as the portfolios of our clients. As such, Berkshire analyzes ESG factors through the investment process and engages on ESG matters with

issuers, as appropriate. Ultimately our goal is to identify potential business and financial risk to protect customers, communities and our long-term sustainability.

Our Wealth Management division has developed Socially Responsible Investing (SRI) Portfolios for clients, which are constructed to maximize impact through an extensive due diligence process that leverages multiple ESG data aggregators, alongside proprietary research and company engagement. In addition, Berkshire built the portfolios to include mission-aligned companies with solid track records across ESG metrics and strong fundamental attributes that positively contribute to the long-term sustainability of communities. The SRI portfolios were launched in late 2021, so while they are a small component of the division's existing overall assets under management/administration, they grew by approximately 64% over the last year.

While Berkshire is not currently a formal signatory of the Principles for Responsible Investment, it has adopted and incorporated those principles into its policies and operations. Berkshire's corporate investment policy integrates ESG considerations and contains guidelines to be used by management in the execution of the overall corporate investment securities portfolio. This includes a list of prohibited securities such as Oil & Gas Extraction, Production, Pipeline Construction, Petroleum and Coal Products Manufacturing, Mining, Firearms, Ammunition and Weapons Manufacturing, Private Prisons or Detention Centers, along with companies with known environmental violations by a local, state or federal agency or government that caused irreparable harm to biodiversity, critical habitats, the environment or are otherwise inconsistent with the Company's Responsible & Sustainable Business Policy.



# LEADERSHIP GOVERNANCE



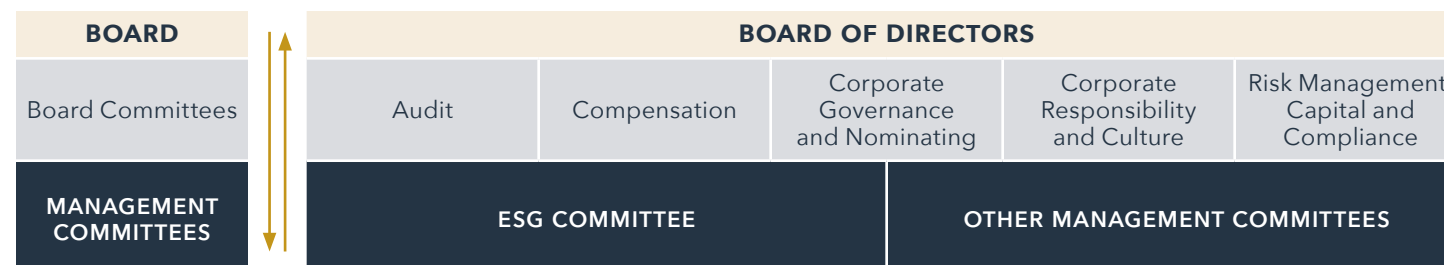
## BOARD OVERVIEW

Our corporate governance practices guide us as we look to deliver on our vision to be a high-performing and leading socially responsible community bank in New England and beyond. The Company's Board of Directors is responsible for promoting and acting in the best interests of all shareholders of the Company. The Board is the ultimate decision-making body, except with respect to those matters reserved for shareholders. The business and affairs of the Company are managed by its officers under the direction of the Board. The Board's responsibilities include nominating directors, selecting the CEO, succession planning, completing a periodic self-assessment and evaluating strategy and performance of the Company and CEO. Additional information on board meetings, attendance and tenure can be found in our 2023 Proxy Statement.

The Company maintains a formal shareholder engagement process to ensure the perspectives and views of its owners are regularly reviewed by the Board and senior management. This includes engagement on ESG matters such as diversity, climate change, sustainability and other social topics.

## BOARD COMPOSITION AND COMMITTEES

Twelve Board nominees are presented in our 2023 Proxy Statement, 11 of whom are independent. Each director brings a diverse background of skills, tenure, age and experiences that are necessary to oversee Berkshire's Exciting Strategic Transformation (BEST), exercise independent judgment and drive continued success. All members of the Board are up for annual election. Among the 2023 Director nominees, 33% (4/12) are women and 33% (4/12) are ethnic minorities – resulting in two thirds gender and ethnic diversity of the Board.



One of the responsibilities of the Board is to identify, evaluate and select director nominees. We ensure the composition of our Board aligns with our long-term strategic direction. The Board periodically assesses the size of the Board and reviews the composition of its membership to ensure that the appropriate knowledge, skills and experience are represented. In early 2023, Berkshire named former Massachusetts Lt. Governor Karyn Polito and former Federal Reserve Bank of Boston President and CEO Eric S. Rosengren to the Board. Since 2020, five other new directors also joined the Board: Nina A. Charnley, Mihir A. Desai, Jeffrey W. Kip, Michael A. Zaitzeff, and Sylvia Maxfield, broadening the Board's expertise in support of BEST and strengthening its governance oversight. The average tenure and age of the Board have decreased in recent years and reflect the impact of Board policies for maximum tenure and age.

The Board maintains five standing committees comprising directors and supported by designated officers for the purpose of advising the Board on operational matters: Corporate Governance/Nominating; Corporate Responsibility and Culture; Risk Management, Capital and Compliance; Audit; and the Compensation Committee. All committees are currently independent.

## BOARD OVERSIGHT OF ESG

In order to drive forward our vision to be a leading socially responsible community bank, our Board of Directors and executive management understand the critical importance of ESG matters to our future success and the success of our stakeholders. That's why **we were one of the first banks in the country to establish a dedicated committee of our Board of Directors to oversee ESG matters.** The joint Corporate Responsibility and Culture Committee of the Board of Directors of Berkshire Bank and Berkshire Hills Bancorp, Inc., is responsible for overseeing the management of the Company's enterprise-wide Corporate Responsibility/

ESG, Environmental Sustainability, Climate Change, Diversity, Equity and Inclusion and Culture programs. The committee is appointed by the Board to approve policies and oversee management's implementation of programs.

In addition to the committee, the full Board periodically receives presentations on Berkshire's ESG program, the BEST Community Comeback and other sustainability matters. The Board receives reports on climate risk as well as activities underway to help mitigate those risks and capitalize on the transition to a lower-carbon economy. It reviews the Company's annual climate risk assessment, evaluates those risks and opportunities and uses the results to inform its strategic planning process. The Board's oversight further enhances controls over ESG, alongside the Company's management-level ESG Committee, which includes members of the executive management team and monitors and approves strategies designed to identify, measure, control and enhance the Company's ESG/ Corporate Responsibility performance.

## EXECUTIVE COMPENSATION

Our philosophy is to provide an executive compensation program that rewards creation of long-term value for our shareholders, promotes sound risk management and aligns with our vision of being a leading socially responsible community bank.

## THE KEY PRINCIPLES THAT SUPPORT OUR PHILOSOPHY ARE:

- Attract and retain highly talented executives committed to our success
- Pay for performance
- Align executive interests with those of our shareholders
- Manage risk through oversight and compensation design features and practices

## IMPORTANT FEATURES OF OUR PROGRAM ARE:

- A significant portion of direct pay is variable and performance-based



**SELECT COMPANY POLICIES**

- Anonymous Reporting Line/Whistleblower Policy
- Bank Secrecy Act/Anti-Money Laundering Policy
- Bank Security Program
- Code of Business Conduct
- Compliance Risk Management Policy
- Community Reinvestment Act Policy
- Corporate Governance Policy
- Crisis Management Plan
- Deposit Policy
- Enterprise Risk Management Program
- Fraud Risk Management Program
- Hedging Policy
- Information Security Program
- Loan Policy
- Marketing and Advertising Policy
- Public and Media Relations Policy
- Privacy Policy
- Responsible and Sustainable Business Policy
- Reputation Risk Management Program
- Third-Party Risk Management Policy
- Capital Planning Policy
- Investment Policy
- Interest Rate Risk Policy
- Funds Management & Liquidity Policy
- Data Governance Program
- Model Risk Management Program

- A meaningful portion of pay is equity-based to align our executives with shareholder interests
- The long-term incentive is 60% based on performance and 40% based on time

Berkshire’s short-term incentive (“STI”) program includes a specific ESG component in the calculation of the total STI plan funding. This measurement is based on a qualitative assessment of Berkshire’s ESG rankings, its social/community impacts, and other results of its ESG initiatives, which include sustainability items. The introduction of this ESG component follows the significant progress the Company made in 2021 in developing and implementing its ESG and sustainability programs. It also supports our objective to align executive compensation with strategic objectives create long-term value for shareholders, manage risk and support our vision. The sustainability items are further incentivized through the overall qualitative operation of our compensation program. This is fundamentally addressed through the operation of our BEST strategic plan, which sets out top quartile ESG rankings as an objective and also drives results in overall CSR targets (including sustainability targets).

Executive base salaries, and the individual payouts under our short- and long-term incentive plans, include an assessment of individual performance, which is evaluated qualitatively for the achievement of these goals. Specific reference to such achievement was included in the evaluation of CEO and COO contributions in the 2023 proxy statement. This also included emphasis on our \$5 billion BEST Community Comeback financing program to strengthen our communities, which includes specific goals for lending and investments in low- to moderate-income communities, \$300MM in lending for low-carbon projects, 100 percent renewable electricity usage, and overall greenhouse gas (GHG) emission reduction.

Additional information on our executive compensation program for 2022 can be found in our 2023 Proxy Statement Compensation Discussion and Analysis.

**RISK MANAGEMENT AND COMPLIANCE**

Our Enterprise Risk Management (ERM) office, under the direction of our Senior Executive Vice President, Chief Risk Officer, serves as the second line of defense, providing independent oversight and challenge of risk-taking activities of business units/the first line of defense. This includes risk governance, organization, culture, framework, risk appetite and development of a risk management platform to ensure appropriate monitoring and controls are in place. The ERM office monitors, aggregates, integrates and correlates risk information into a holistic picture of the corporation’s risk profile. The ERM office also establishes policies and limits, and reports sources and amounts of risk to executive leadership, management committees and the Board of Directors.

Berkshire maintains a comprehensive framework of management committees to provide oversight to all areas of the bank. Our Policy Committee, which reports directly to the Board’s Risk Management, Capital & Compliance Committee, regularly reviews and improves all major operational and risk policies to ensure they align with governance best practices, our values and the complexity of our operations. All our policies apply to all Company operations.

**COMPLIANCE**

The Compliance function, under the direction of our Executive Vice President, Chief Compliance Officer, helps ensure the Company complies with the letter and the spirit of all federal and state laws and regulations that are applicable to its operations, including those involving civil rights, fair

lending, community reinvestment and anti-money laundering. Adherence to compliance requirements limits the risk of legal and regulatory penalties, financial loss and damage to the Company’s reputation. The Company operates under the premise that keeping customers informed and treating them fairly is good business. Our Compliance Program includes oversight and reporting, written compliance policies and procedures, monitoring, corrective action, training, complaint management, change management and independent audit and risk assessments. Employees are required to complete a suite of training courses based on their functional responsibilities.

**AUDIT**

Our Internal Audit Department serves as a third line of defense evaluating the design and effectiveness of our risk framework and its results. The department helps provide assurance that risks are properly governed, identified, assessed and managed by the first and second lines of defense. Results are reported to the executive leadership and the Board of Directors according to our Internal Audit Policy. Audits are completed based on a risk-based assessment and audit plan. Culture and ethical standards are assessed in various audits to help ensure Berkshire is holding itself to the highest ethical standards and has appropriate anti-corruption practices in place. In 2022, the team completed over 20,000 hours of operational audits. Our internal auditors are required to obtain 40 hours of continuing education annually, including ethics and governance training. The EVP, Chief Internal Audit Officer is subject to an independence and objectivity review each year, performed by the Audit Committee. The Audit Committee of the Board also oversees our Anonymous Reporting/ Whistleblower line and policy.

# HUMAN CAPITAL MANAGEMENT

## At a Glance

**1,310** Employees

**67%** Women

**54%** Women in manager roles

**42%** Women in executive manager roles

**~7 year** Average tenure

**97%** Employees benefits eligible

**~44** Average age



Berkshire's people are the driving force behind its progress on Berkshire's Exciting Strategic Transformation (BEST) plan and vision of being a high performing, leading socially responsible community bank in New England and beyond. The Company's approach to human capital management is grounded in its corporate values and focuses on:

- Strong oversight and risk management practices
- Training, development, engagement and retention
- Recruitment
- Health and wellness
- Compensation and benefits

### OVERSIGHT

The Board of Directors has ultimate responsibility for the strategy of the Company. The Compensation Committee of the Board of Directors oversees executive compensation matters and the Corporate Responsibility & Culture committee oversees company culture as well as diversity, equity and inclusion performance. The full Board also receives an annual briefing on employee engagement. The SEVP, Chief Human Resources & Culture Officer provides management oversight on human capital matters. The Company proactively identifies potential human capital related risks, such as the labor market shortage, rising labor costs and employee retention and designs strategies to mitigate those risks. Strong human capital management is viewed as integral to the Company's transformation and ability to meet its strategic objectives.

### RECRUITMENT

Berkshire operates in a highly competitive labor market with strong competition for top talent. The Company relies on and continues to recruit employees with the right mix of skills, expertise and experiences based on current openings and forecasted needs. The Company leverages several strategies to support its talent pipeline and talent acquisition activities, including formal advertising, postings on targeted career sites, career events, internship placements, affinity group relationships, and the use of experienced external recruiters for key management and specialized positions. Berkshire also has a small internal team of talent recruitment professionals.

Berkshire maintains a hybrid work model to expand its access to top talent and provide its employees with workplace flexibility. These strategies have proved effective in meeting the demand for talent, demonstrated by the Company's strong track record of attracting high-caliber talent across retail, commercial, wealth management, business banking, technology and operational areas. In addition, as market disruptions from mergers remain and recessionary pressures impact other industries, Berkshire will continue to leverage its differentiated brand and unique market positioning to hire community-focused bankers from its competitors and attract high-performing operational talent from outside the industry.

### COMPENSATION AND BENEFITS

A highly competitive labor market along with inflationary pressures has impacted labor costs for all businesses. Berkshire is not immune to these economic pressures. The Company continually evaluates its compensation strategies and benefits programs, benchmarks to industry and peers, and surveys the landscape of best practices to develop compensation and benefits packages that reward performance and retain top talent at all levels of the Company. Against this backdrop, and in keeping with the Company's socially responsible mission, Berkshire raised the minimum starting pay to \$17/hour in 2022. It also enhanced its vacation benefit as well as its incentive plans across lines of business to provide opportunities for employees to earn higher compensation and bonuses for strong performance aligned with Berkshire's strategic objectives.

Berkshire provides comprehensive medical coverage, paid vacation, personal and sick time, paid protective leave for gender-based violence, a 401(k) plan with employer match, long-term disability insurance, and group term life insurance. In addition, Berkshire offers a day care reimbursement program, a dependent care expense account, family and medical leave along with flexible work arrangements, including the ability to work fully remote dependent on the duties of one's job. All benefits are available to married same-sex or different-sex couples as well as domestic partners. In addition to its compensation and health benefits, Berkshire offers volunteer-time off, a matching-gift program, an employee assistance program, regular performance reviews, professional development and the You FIRST Fund to help employees impacted by personal financial hardships. Approximately 97% of employees are eligible for benefits.

### TRAINING, DEVELOPMENT, ENGAGEMENT AND RETENTION

Training and development programs provide employees with the knowledge and skills needed to succeed and have upward career mobility. They are critical components, along with competitive compensation and benefits programs, to having an engaged workforce. Ultimately an engaged workforce drives high levels of retention, which reduces human capital risks and expenses, and advances Berkshire's progress and performance.



The Company provides several learning and training programs consistent with one’s job responsibilities, professional goals and development plans. Employees have regular performance assessments to identify strengths and areas for further growth. Berkshire continues to reskill and upskill employees from across the Company, helping them advance along career paths by taking on new responsibilities and roles. The Company offers a mentoring program for high potential junior employees along with leadership development programs, which provide managers and leaders with the knowledge and skills they need to drive change, effectively manage their teams and grow. These programs are offered across a variety of mediums and channels to improve accessibility. Berkshire is committed to providing pathways for its employees to grow and maintains succession plans for key leadership positions. Approximately 20% of the workforce was promoted in the prior year.

Berkshire encourages its employees to participate in appropriate educational opportunities to expand their professional experience, aid them in their current position or support their self-development to benefit both the employee and Company. As such, the Company offers educational assistance along with access to formal degree and certification programs, including college courses and Center for Financial Training (CFT) programs. All courses must be approved by the employee’s supervisor, division head, and the Human Resources Department prior to enrollment. Non-officer employees become eligible to participate after three months of employment, while officers are eligible upon commencing employment. Regular full-time employees may request to enroll in one CFT course or one college course per semester. After one year, full-time employees are eligible for two CFT courses or two college courses per semester that are business or banking related, directly related to the employee’s present position, or are required for completion of a business, banking, or position-related degree, diploma or certificate program. Part-time employees are eligible to take one CFT course or one college course per semester directly related to their present position, or that’s required for completion of a business, banking, or position-related degree, diploma or certificate program. The Company will pay up to \$725.00 per course for approved tuition costs directly to the institution at the time of enrollment. In addition, employees may request reimbursement for textbooks and course materials purchased for each Company-paid course up to a maximum of \$100.00 per course, separate from tuition.

Berkshire continues to monitor the progress of its efforts to evaluate the effectiveness of programs and strategies on engagement. A comprehensive annual employee engagement and pulse survey is conducted to identify strengths and opportunity areas within the organization. Overall, employees felt there was a strong spirit of teamwork, that Berkshire genuinely cares for its communities and they have strong relationships with their direct managers. Action plans are developed for areas identified in the survey that do not meet the Company’s high expectations. Beyond a formal engagement survey, Berkshire provides regular opportunities for managers and employees to ask questions, raise concerns and make suggestions for ways to build a better and stronger company. This includes regular quarterly employee town halls and leadership forums, an employee suggestion program called Better, Faster, Stronger and regional gatherings that provide employees with direct access to Company leaders.

While Berkshire has been impacted by higher-than-average turnover due to labor market disruptions, it is seeing positive momentum because of the actions it has taken to improve engagement and combat turnover, including:

- Launched companywide reward and recognition program
- Enhanced vacation benefit
- Introduced wellness day
- Enhanced line-of-business incentive plans
- Established career paths for various job families
- Increased starting wage
- Offered mentoring program
- Implemented robust employee communications program

Collectively these efforts have led to **declining turnover year over year, record high employee engagement** and being named a Forbes America’s Best Midsize Employers.

**HEALTH AND WELLNESS**

As the world began to emerge from the COVID-19 pandemic, Berkshire continued to proactively manage impacts to protect the health and safety of its employees, customers and communities. During the height of the pandemic, the Company

provided protective equipment to frontline employees, including masks and gloves, and offered all additional paid sick time, paid vaccine time, paid quarantine/isolation leave, job protected personal leave, flexible work schedules for remote employees and premium pay for onsite employees, and it maintained full pay for employees with schedules that were reduced as a result of the pandemic.

Berkshire works to protect and enhance the physical, mental and financial wellbeing of its workforce by providing programs, benefits, and a health and wellness employee resource group. The Company, through its insurance provider, offers a fitness, weight and mind/body reimbursement along with a year-round calendar of various wellness-related activities. Since physical and mental health go hand-in-hand with financial health, Berkshire provides access to financial education resources and webinars, along with its You FIRST Fund to assist employees experiencing financial hardships. In addition, Berkshire provides a comprehensive employee assistance program that includes counseling services and resources for those experiencing mental health challenges. To further support the needs of its workforce, Berkshire introduced a wellness day to provide a day off for employees to disconnect, recharge and take care of themselves in whatever way works best for them.



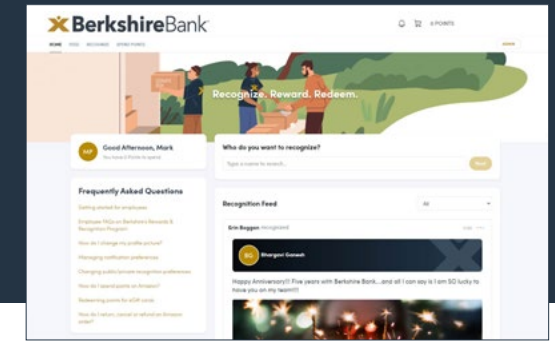
You FIRST Employee Assistance Fund helps colleagues impacted by hardships

**FUTURE OF THE WORKPLACE**

Berkshire continues to evolve and enhance its human capital management strategies to drive organizational growth in support of BEST while combating risks, such as the labor market shortage and rising labor costs. The Company expects to maintain its hybrid workplace over the long term and invest in technology. While technology will play a bigger role in the future of Berkshire, helping to improve processes and drive efficiencies, people will always be at the core of its ability to deliver value to its customers, shareholders and communities. The Company remains confident that the Berkshire brand, value proposition and socially responsible vision will continue to be a differentiator in the market.

**REWARDS & RECOGNITION**

Berkshire unveiled a new rewards and recognition program to better recognize and incentivize employees who go above and beyond through both peer-to-peer and manager recognitions.



**DIVERSITY, EQUITY AND INCLUSION**

Creating a diverse, equitable and inclusive (DEI) workplace is an essential enabler to continuing to drive forward progress on Berkshire’s Exciting Strategic Transformation (BEST), its BEST Community Comeback and vision. Ultimately Berkshire’s goal is to ensure that its workforce reflects the communities in which it operates, that its employees feel valued and can reach their full potential, and that it improves the access and affordability of financial solutions to support economic growth of underrepresented populations and communities. The Company’s advances those goals through an integrated approach grounded in its corporate values:

- Strong oversight and governance practices
- Recruitment and talent management
- Education and training
- Workplace programming through employee resource groups (ERGs)
- Financial solutions that drive economic equity
- Community programming focused on financial inclusion and entrepreneurship
- Supplier diversity

**GOVERNANCE**

The Company has a strong foundation of governance practices to ensure that diversity, equity and inclusion are embedded into Berkshire’s business activities. This includes the Corporate Responsibility & Culture Committee of the Board of Directors, which has ultimate oversight responsibility. Berkshire’s Diversity, Equity and Inclusion Committee, which reports to the Board committee, provides additional management-level oversight to the Company’s programming and performance. The Senior Vice President, Chief Diversity Officer manages the Company’s DEI programming.

**WORKPLACE**

Berkshire continues to improve representation within its workplace through recruitment initiatives while enhancing its internal talent pipeline to ensure representation at all levels of the Company. Berkshire identifies opportunities in targeted markets and business lines, develops deeper partnerships with nonprofit organizations and affinity groups, advertises positions on specialized career sites, participates in affinity career events and uses internal as well as external recruitment professionals to ensure it receives candidate pools that reflect the rural and urban communities in which it operates. It works to develop and implement strategies aimed at increasing representation at each level of the Company. For example, Berkshire provides mentoring programs, including one aimed at supporting women sponsored by our Power of Women Employee Resource Group. In addition, the Company regularly reviews the gender and ethnic diversity of its workforce at the employee, manager and executive management level. Based on those reviews, the Company develops programs to improve representation across each level of the Company. As a result, Berkshire improved representation across most key workforce diversity measures compared to the prior year.

**EQUAL OPPORTUNITY AND PAY EQUITY**

Berkshire Bank is an equal-opportunity employer and always has pursued a policy of equal employment for all of its employees and applicants for employment, without regard to genetic information, race, color, ancestry, citizenship status, religion, sex (including pregnancy), sexual orientation, marital status, familial status, gender identity and expression, national origin, age, physical or mental disability, status as a disabled or Vietnam-era veteran of the United States Armed Forces, being a member of the Reserves or National Guard, or status in any group protected by federal, state or local laws. The Company strives to further its commitment to equal employment opportunity by recruiting, hiring, compensating, training and promoting staff members in all job classifications without regard to an employee’s inclusion in one of the categories delineated above.

Annually, the Company completes a review of pay and performance measures to ensure that all employees, regardless of gender and ethnicity, in comparable roles are compensated equitably. As a result of Berkshire’s intentional and impactful



**RECORD HIGH EMPLOYEE ENGAGEMENT**

Approximately 90% of employees:

- Understand Berkshire’s Be FIRST Values
- Feel their manager is accessible
- Feel their manager respects them
- Spirit of cooperation and teamwork
- Clear understanding of the results expected of them in their job



efforts to date, Berkshire was listed in the Bloomberg Gender Equality Index and Human Rights Campaign’s Corporate Equality Index.

**EMPLOYEE RESOURCE GROUPS**

In addition, Berkshire offers seven Employee Resource Groups (ERGs), each playing an integral role for employees and the culture of the company. Every Employee Resource Group provides a safe space for dialogue, education and collective action on topics relevant to their members and the Company. Through the ERGs, employees’ concerns and ideas to strengthen Berkshire’s culture are elevated to members of management and the Diversity, Equity and Inclusion Committee for action, empowering employees to collectively be engines of positive change within the workplace. In addition, our ERGs help the Company facilitate important cultural shifts, update policies, host important cultural heritage events and attend affinity group job fairs, supporting business goals while creating a more inclusive workplace.

**EDUCATION AND TRAINING**

Berkshire provides a full suite of diversity, equity and inclusion trainings. The trainings help build understanding and provide employees with knowledge,

skills and tactics they can put into practice. All new employees complete training at the time of hire and current employees complete annual DEI-related trainings. The Company intends to roll out enhancements to its training program, which will include required annual and elective courses for all employees and hiring managers in 2023. The trainings form the basis for more inclusive recruitment, hiring and retention strategies going forward.

**SUPPLIER DIVERSITY**

A diverse base of third-party partners is important to achieving our operational goals, supply chain resilience and vision. We look to have a third-party base that reflects our communities and, to the maximum extent possible, ensure the fair inclusion and utilization of minority-owned, women-owned and traditionally underrepresented third parties in our procurement of products and services. We encourage employees to seek out potential third parties and facilitate connections with underrepresented suppliers. Berkshire continues to integrate its supplier diversity efforts into its formal procurement process and, in 2022, dramatically increased its spend with diverse suppliers, due to enhanced partnerships with the Greater New England Minority Supplier Development Council and the Boston Chamber of Commerce’s Pacesetters program.

**DIVERSITY, EQUITY AND INCLUSION AT A GLANCE**

Percent of Women in Workforce	67%
Percent of Ethnic Minorities in Workforce	16%
Percent of Women on the Board	33%
Percent of Ethnic Minorities on the Board	33%
Percent of Women in Manager Roles (Officer+)	54%
Percent of Ethnic Minorities in Manager Roles (Officer+)	11%
Percent of Women in Executive Management	42%
Percent of Ethnic Minorities in Executive Management	17%
Percent Disabled in Workforce	3%

\* Board metrics based on 2023 Board nominees.



**SUPPLIER DIVERSITY\***

- Minority Owned 3%
- Women Owned 12%
- LGBTQIA+ 1%
- Veteran Owned 3%
- Disability Owned 1%
- Small Business 47%

\*Supplier diversity figures are based on third parties that completed a Third-Party Control Assessment.



# COMMUNITY INVESTMENTS



## CORPORATE GIVING AND BERKSHIRE BANK FOUNDATION

For over 175 years, Berkshire has continuously worked side-by-side with its nonprofit partners to build stronger, more just and sustainable communities. Through our philanthropy and by harnessing the collective skills and resources of our employees, we're helping turn possibilities into realities for individuals across New England and New York. Overall, we invested \$3.5MM in our communities in 2022, including \$2.8MM in philanthropic grants through Berkshire Bank Foundation. The foundation aims to provide the opportunity for everyone to flourish, especially populations that have been disproportionately and unfairly underserved. The foundation focuses on three areas to achieve its mission by supporting programs that aim to provide everyone equal opportunity for economic prosperity:

- **Small business**—providing support to entrepreneurship and small business growth through access to education, capital and technical assistance with an emphasis on greater access to minority, women and LGBTQIA+-owned businesses
- **Financial inclusion**—supporting programs that create a path to upward economic mobility and overall well-being with an emphasis on the “underbanked” and “unbanked” populations.
- **Housing**—facilitating access to quality, affordable housing to help individuals and families attain financial stability and long-term accumulation of wealth, including pathways to first-time homeownership for people of color, women and other marginalized communities.



Through our BEST Community Comeback, we expect to increase our contributions to the community to a total of \$15MM by the end of 2024. In addition to our philanthropy, our foundation provides 20 \$2,500 scholarships to high school seniors, college students and adults looking to pursue higher education.

## EMPLOYEE VOLUNTEERISM & GIVING

We understand that being a committed community partner is about more than writing a check. It's about taking action and harnessing all that a business has to offer to lift up our communities. We provide our employees with paid time off to be part of the xTEAM, our nationally acclaimed Employee Volunteer Program, and offer a Matching Gifts program to help amplify the philanthropic efforts of all our Berkshire bankers. From individual- and group-based volunteer engagements to pro bono and Board service, the xTEAM empowers employees to be change agents to address essential needs and help organizations run more effectively. Last year Berkshire bankers responded in a big way with 94% participating in the program, nearly three times the national average. They contributed more than 23,000 hours of volunteer service valued at nearly \$700,000 through 168 projects. Berkshire expects to provide the equivalent of \$3MM in donated volunteer time through its BEST Community Comeback program by the end of 2024.

## LIFTING UP OUR COMMUNITIES



**\$2.8 MILLION**  
in foundation grants



**\$3.5 MILLION**  
in community contributions



**518**  
organizations supported



**71%**  
of grants benefit low- to moderate-income communities



**94%**  
employee volunteer participation



**23,063**  
employee volunteer hours



## XTRAORDINARY DAY

Berkshire's signature day of community action, Xtraordinary Day, returned in 2022 as the Bank closed its doors at noon so that nearly 80% of its employees could complete 46 service projects across Berkshire's five-state footprint.

## ENTREPRENEURSHIP FOR ALL (EFORALL)

Berkshire and EforAll are working together to accelerate economic and social impact by harnessing the power of inclusive entrepreneurship. Through accelerator programs, pitch contests and virtual workshops, we're helping close the opportunity gap and create employment.





# ENVIRONMENTAL SUSTAINABILITY

## CLIMATE CHANGE AND NATURAL RESOURCE MANAGEMENT

### OVERVIEW

Climate change manifesting in the form of both physical and transition risks could adversely, either directly or indirectly, affect Berkshire's operations, businesses, customers, communities and stakeholders. As the transition to a low-carbon economy accelerates, new policy emerges and market dynamics shift, Berkshire expects that its efforts to manage its environmental footprint, mitigate the risks associated with climate change and support the transition will allow it to strengthen its positioning as a high performing, leading socially responsible community bank.

The Taskforce on Climate-Related Financial Disclosure (TCFD) recommends companies communicate practices around the governance of environmental matters, strategy, risk management, and metrics and targets used to assess risks, opportunities and Company performance. Berkshire's Climate Change disclosure contained below is aligned with TCFD recommendations. The Company continues to evolve its practices to reflect its community bank mission, as well as the size, scope and complexity of its operations.

### GOVERNANCE

Berkshire is actively managing climate-related risks and opportunities at the board, management and employee levels. The Company's Board of Directors Corporate Responsibility & Culture Committee provides oversight on sustainability and

climate change. Management and the board evaluate climate-related risks and opportunities and incorporate the results of risk assessments and discussions into strategic planning, product development, programming and relevant risk-mitigating measures. All business risks are also integrated into our Enterprise Risk Management program and discussed by other applicable Board Committees, including the Risk Management, Capital and Compliance Committee. Both Committees report to the full board.

Beyond board level oversight of climate matters, Berkshire maintains an ESG committee comprising senior executives throughout the Company, including the CEO, COO, CFO, Chief Risk Officer and business unit heads and is chaired by the SVP, Corporate Responsibility. The committee reviews climate risks and opportunities, and ensures robust management oversight. Collectively, management is responsible for the line-of-business functions and integration of sustainability activities within their respective departments, including implementing programs, policies and management systems. Our Responsible and Sustainable Business Policy guides our codes, principles and commitments, including our Environmental Sustainability Principles, which govern our operations.

### RISK MANAGEMENT

Berkshire's Enterprise Risk Management (ERM) organization and Corporate Responsibility area are responsible for overseeing the identification, measurement, monitoring, assessment, controlling and reporting of climate-related risk. In order to help effectively meet that mandate, Berkshire continues to work to integrate climate risk into all elements of its ERM program. Each of Berkshire's business areas consider climate-related risks and opportunities within their scopes of responsibility. Like other financial institutions, we evaluate the potential for climate risk across our lines of business on an ongoing basis. We understand that some climate-related risks may manifest over a long time period, while other events or developments could drive a more immediate impact. In response, Berkshire continues to enhance its capabilities to assess, monitor and mitigate potential short- and long-term risks posed by climate change in a manner that reflects the size, scope and complexity of climate-related risks.

### RISK IDENTIFICATION AND ASSESSMENT

Berkshire uses a variety of tools, information systems, and maintains a framework to identify, assess and manage existing and emerging climate risks across the organization. This includes formal analysis and reporting as part of the ERM framework and guidance from regulatory agencies and governmental agencies. The primary tool for identifying these risks is through a base-tier and mid-tier risk assessment process. To assist in the identification of potential physical risk events, Berkshire uses publicly available climate scenarios and weather information to detect potential severe weather events which could impact its operations within its footprint over short, medium and long-term horizons. For transition risk, Berkshire uses publicly available climate scenarios and guidance to identify industries at the highest risk to be impacted by the transition to a lower carbon economy as a result of increasing regulation, shifting consumer preferences and policy.

Business lines are responsible for identifying potential base-tier risks within their respective functions. These risks are documented in the Company risk register. In addition, the Company completes a mid-tier climate change risk assessment to evaluate the bank's operations and lending activities for potential exposure to transition and physical risks. This assessment includes detailed reviews of specific companies, sectors and overall portfolio concentrations. Risks are assigned a risk rating using the Company's ERM framework. The results of the risk assessment guide Berkshire's forward climate management and environmental sustainability strategies to ensure it is actively managing the risks and opportunities.

### RISK MONITORING

After identifying and determining the appropriate response to risks, Berkshire continuously monitors these risks and its business activities over various scenarios as well as the effectiveness of its risk mitigation strategies. This includes monitoring of the external environment and government regulation, proactive stakeholder engagement, ongoing climate risk assessments and review of the monthly reporting to identify shifts in the Company's exposure to sectors at highest potential to be impacted by transition or physical risks. Berkshire expects to continue to advance its capabilities to qualitatively and quantitatively evaluate and monitor potential impacts.

### RISK CONTROLS

The Company protects itself from potential climate risk events and associated impacts through a system of formal controls. Collectively these controls are designed to protect the Company's reputation, mitigate negative financial, credit and environmental impacts and enhance its positioning as a leading socially responsible community bank. These include:

- **Governance Mechanisms:** An extensive collection of Board and Management committees is responsible for overseeing operations and for ensuring that climate risks are appropriately identified, controlled and monitored in accordance with Company standards.
- **Policies:** Company policies are designed to manage climate risks in a consistent manner and align with the Bank's strategic priorities. Policies define the control and oversight standards to effectively manage climate risk within the defined risk appetite and are supported by procedures across businesses and functions. These policies, which apply to all Company operations, include but are not limited to the Responsible & Sustainable Business Policy, Environmental Loan Policy, Investment Policy, Deposit Policy and Loan Policy-General.
- **Transaction Due Diligence:** Berkshire maintains a formal due diligence framework for its business activities, which applies to all operations, and includes a standard and enhanced layer of due diligence. These processes are detailed in the ESG Risk Management section of this report.

- **Exclusionary Criteria:** Due to the severity of climate impacts associated with certain industries, Berkshire prohibits/excludes select industries exposed to substantial climate risk. These exclusions are included in applicable Company policies, including, but not limited to, the Loan Policy General and Investment Policy. The ESG Committee periodically reviews these lists of industries and updates as appropriate. As a result, Berkshire has no direct exposure to fossil fuel producers/extractors and coal mining, and generally does not do business with companies exposed to significant climate risks.
- **Insurance Requirements:** For residential and commercial properties secured by real estate. Properties located within flood districts are also required to carry appropriate insurance coverages. These mitigating measures help reduce potential financial impacts associated with physical risk events on properties within Berkshire's portfolios.

### STRATEGY

Our strategy focuses on risk identification, risk management and advancing opportunities arising from a transition to a low-carbon economy. Utilizing our climate risk management framework, the results of our climate change risk assessment, as well as widely used climate scenarios, Berkshire evaluates the Bank's operations and lending activities for potential exposure to transition and physical risks resulting from climate change. These transition and physical risks could result in reputation risk over the short term (<5 years) and potentially strategic and credit risks over long term (11+ years) horizons absent of mitigating controls and programs. The results of the risk assessment are shared with business line partners to discuss mitigating activities, as well as appropriate management and board committees in alignment with our governance framework.

As a bank, it's important for us to understand and assess how climate risks could impact our business and our customers. We've identified three areas of our business that are most vulnerable to climate risks: our residential mortgage and commercial real estate portfolios (CRE) as well as our commercial and industrial (C&I) portfolio. To assess the vulnerability of our residential and commercial real estate portfolios, we evaluated how physical risks, such as direct damage from hazards, could impact property values, repayment and residual values. Ultimately, we found that flooding was the largest threat due to the geographic distribution of

the portfolio. Our C&I portfolio is most vulnerable to transition risks. To assess transition risk, we looked at Berkshire's C&I portfolio at the industry level using the North American Industry Classification System (NAICS) and then assessed each sector's vulnerability based on how these industries operate today. We focused on industries most vulnerable to transition risk.

### RISKS

Our assessment processes primarily look at the two main sets of climate risks (transition and physical risk) and their impacts over short- (<5 years), medium- (5-10 years) and long-term (11+ years) horizons on borrowers and the bank.

- **Transition Risk** is the risk that occurs with the movement toward lower carbon, greener energy systems and economies as the world reduces its reliance on fossil fuels and other carbon-intensive industries. Transition risks over short-, medium- and long-term horizons can include changes in consumer preferences, additional regulatory requirements or policy such as taxes, and use of new technologies. Such developments could increase Berkshire's, its customers' and third parties' operating costs, reduce demand for services from select customer segments and impact current strategies. Reputation and customer relationships could be damaged as a result of Berkshire's practices related to climate change mitigation as well as through its or its customers' direct or indirect involvement with industries or projects with heightened climate related risks. Over the long term, transition risks could also manifest in potential credit impacts affecting borrowers' ability to repay obligations, increasing operating costs, creating stranded assets, uncertainty of residual values and potential loan losses.

Over the short term, the likelihood and impacts of transition risks are expected to be muted, but as we look out over medium- and long-term horizons, existing legislation and further shifts in the economy will begin to elevate risk levels leading to an increased probability for impacts. Approximately 4% of Berkshire's C&I portfolio is exposed to the highest level of transition risk over the long term. These transition risks are managed through ongoing monitoring, existing industry exclusions, due diligence processes, policies, insurance requirements, business continuity planning, target setting and product development.

- **Physical Risk** is the direct effect of more frequent extreme weather-related events or changing weather patterns on a physical asset or property such as homes or commercial real estate. The physical risks of climate change over short-, medium- and long-term horizons include weather-related events, such as flooding and tornados, and longer-term shifts in climate patterns, such as extreme heat, rising sea levels and more severe droughts. Such events could disrupt Berkshire's operations and impact customers or third parties on which Berkshire relies, including through direct damage to physical assets and indirect impacts from supply chain disruption and market volatility. This could impact borrowers' ability to repay obligations, devalue physical assets resulting in uncertain residual values and affect third parties' ability to deliver on service expectations. In turn, this could lead to operational disruptions, loan losses and an inability to fully recoup funds due to uncertain residual values over long-term horizons.

Over the short and medium term, the likelihood and impacts of physical risks are expected to be episodic and isolated, but as we look out over longer-term horizons, changes in water levels around low-lying areas as a result of global warming and/or more frequent weather-related events will begin to elevate risk levels leading to an increased probability for impacts. Less than 1% of Berkshire's residential mortgage portfolio and approximately 12% of its commercial real estate portfolio could be exposed to varying levels of physical risk, most notably flooding. These physical risks are managed through ongoing monitoring, due diligence processes, policies, insurance requirements, balance sheet management, business continuity planning, target setting and product development.

**OPPORTUNITIES AHEAD**

At Berkshire, our purpose is to empower the financial potential of all individuals in our communities. We see our role addressing climate change and financing the transition as one way in which we fulfill that purpose. Recognizing the opportunities across sectors to power the transition to a lower-carbon economy, Berkshire announced and recently exceeded a goal to lend and invest \$300MM in low-carbon projects as part of its BEST Community Comeback. In addition, we believe that Berkshire is equipped to build resilience in our communities and across our own operations in three key areas:

**CLIMATE RISK HEAT MAP AND CREDIT EXPOSURE OF BERKSHIRE'S COMMERCIAL AND INDUSTRIAL (C&I) PORTFOLIO:**

SECTOR	TOTAL EXPOSURE (\$)	% OF TOTAL C&I PORTFOLIO	TRANSITION RISK	PHYSICAL RISK
Real Estate	\$218MM	15%	Medium	Medium-High
Utilities	\$39MM	3%	High	Medium
Transportation	\$36MM	2%	Medium-High	Medium-Low
Insurance	~\$3MM	<1%	Medium	High
Mining	\$425M	<1%	High	Medium
Oil and Gas Extraction/Refining/Pipeline	\$0	0%	High	High
Retail Trade (Gas Stations)	\$18MM	1%	High	Medium-High
Agriculture	\$2MM	<1%	Medium	Medium

*\*Dollars reported are as of risk assessment date 12/31/2022. The loan population for this assessment looked at Berkshire's C&I portfolio at the industry level using the North American Industry Classification System (NAICS). It focused on industries most vulnerable to transition risk. Industry aggregations may differ from other reporting based on scope and data requirements unique to climate analysis. Highest risk exposure was further broken down by subindustry where appropriate.*

1. Improving our own operational performance by accelerating our GHG reduction targets, reducing energy consumption, increasing our use of renewable energy, reducing surplus real estate holdings and strengthening the integration of climate change matters into additional business processes.

We've made steady progress in all these areas, increasing our use of renewable electricity to 90% overall and 100% in deregulated communities, reducing our GHG emissions, and selling surplus real estate. In addition to the environmental benefits, these actions have helped reduce operating costs and strengthened our ESG positioning.

2. Growing our business to harness the momentum of the low-carbon transition through financing renewable electricity generation, green building development, socially responsible investing (SRI) portfolios and more, which complement existing environmentally conscious financial solutions, such as our MassSave® Heat Loan.

Berkshire has made significant progress increasing its financing of green projects across its portfolios, deploying more than \$200MM, as it explores additional innovative opportunities to collaborate with the public and private sector to accelerate the transition. This included the issuance of a sustainability bond, the first such issuance by a U.S. bank holding company with under \$150B in assets. The issuance supported Berkshire's sustainable finance activities while lowering its cost of capital.

**PHYSICAL RISK: TOTAL EXPOSURE OF RESIDENTIAL AND COMMERCIAL PROPERTIES LOCATED IN AREAS PRONE TO SOME LEVEL OF PHYSICAL RISK (FLOODING)**

PORTFOLIO	TOTAL EXPOSURE	% OF TOTAL PORTFOLIO
Commercial Real Estate	\$506MM	12% (CRE)
Residential Mortgage	\$4.7MM	<1% (Mortgage)

3. Helping our customers and partners become more climate resilient by sharing our expertise and expanding financial solution offerings.

Berkshire regularly assesses opportunities as part of its normal business operations and strategic planning to ensure it's appropriately sourcing, evaluating, integrating and capitalizing on opportunities as market demand and government policy shift and risk-mitigating strategies strengthen.

**METRICS AND TARGETS**

The Company is conscious of the impact of its own operations on the environment and works diligently to measure, monitor and mitigate its direct and indirect environmental impacts. To set the foundation for future progress, Berkshire is pleased to share its full Scope 1 and 2 GHG inventory and limited operational Scope 3 inventory. As the company continues to mature its program, we expect to disclose additional metrics and targets, including Scope 3 emissions and financed emissions, which we expect to be the most significant source of GHG emissions within our inventory.

Berkshire set a target to help finance the green transition with a goal of \$300MM for low-carbon projects, which it has already surpassed, and set a target to reduce its Scope 1 and 2 GHG emissions from its baseline by the end of 2024. We also previously committed to sourcing 100% of our electricity from renewable sources, including solar and wind, and are well on track to achieve that goal through virtual net metering, power purchase agreements and greening of the grid. As of year-end 2022, 90% of the Company's electricity is from green sources. While the Company saw significant decreases in its Scope 2 emissions, Berkshire did see increases in its Scope 1 emissions, primarily due to increased fuel consumption across its New England and New York markets.

The Company has continued to reduce its Scope 3 impacts of purchased goods, including paper usage, by 78% from its 2014 baseline, although it was impacted by supply chain disruptions that affected its ability to source recycled as well as SFI and FSC products. It expects its paper consumption to return to recycled SFI and FSC certified papers in 2023. In addition, we're continuing with our real estate optimization effort to further reduce our environmental footprint and we implemented a 100% virtual network in our financial centers that decreases

energy usage, enhances our security posture and increases uptime to better serve our customers. Collectively, these efforts will help drive further reductions in GHG emissions as Berkshire continues to mature its program.

**NATURAL RESOURCE MANAGEMENT**

Berkshire continues to minimize its use of and impact on natural resources as well as reduce waste within its operations. As part of Berkshire’s responsible and sustainable business policy, the Company has laid out a clear commitment to protect critical habitats and biodiversity as well as a policy to reduce waste within its operations. We ensure projects meet local, state and federal environmental regulations and permitting requirements. For projects in industries with potential for significant impacts, additional due diligence may be required for projects to be considered for financing. We provide multiple business waste recycling initiatives, including technology recycling, ensuring no technology ends up in landfills, shred bins to recycle paper, and filtered water at locations to reduce plastic and paper consumptions, and we encourage employees to use reusable drinking containers and packaging.

**BERKSHIRE’S NEXT STEPS**

As a Bank founded more than 175 years ago, our heritage will continue to guide us as we move further along in our climate journey. We expect to continue to enhance our plans, programs and initiatives to reduce our emissions, as well as capitalize on the many business opportunities arising from the transition to a lower-carbon economy. In the future, we expect to complete a more detailed scenario analysis, quantify our total Scope 3 emissions, continue to formalize our climate risk management program and begin to develop a plan to achieve net zero and eventually become a net-positive organization.

**ELECTRICITY USE BY STATE**

STATE	% RENEWABLE	TOTAL USE (MWH)	STATE	% RENEWABLE	TOTAL USE (MWH)
MA	100%*	5113	VT	78%	231
CT	100%	1135	NY	100%	2055
RI	100%	353	PA	100%	100

\*deregulated sites only



**GREENHOUSE GAS (GHG) INVENTORY**

	CONSUMPTION (2022)	UNIT	2021 EMISSIONS (TCO2E)	2022 EMISSIONS (TCO2E)	PERCENTAGE OF 2022 TOTAL
<b>SCOPE 1: DIRECT GHG EMISSIONS</b>					
Natural Gas	465,717	thm	1,681.6	2473.6	69%
Propane	12,933	thm	152.2	81.6	2%
Oil	41,976	thm	30.1	313.9	9%
<b>Total Scope 1</b>	<b>520,626</b>	<b>thm</b>	<b>1,863.9</b>	<b>2869.2</b>	<b>80%</b>
<b>SCOPE 2: INDIRECT GHG EMISSIONS FROM PURCHASED ELECTRICITY</b>					
Electricity; Renewables	8044	MWh	0	0	0%
Electricity; Grid	943	MWh	1,182.3	225.6	6%
<b>Total Scope 2</b>	<b>943</b>	<b>MWh</b>	<b>1,182.3</b>	<b>225.6</b>	<b>6%</b>
<b>SCOPE 3: OTHER INDIRECT EMISSIONS</b>					
Category 1: Purchased Goods/Paper			29.6	21.2	<1%
Category 5: Waste			374.8	343.6	9%
Category 6: Business Travel			N/A	129.5	4%
<b>Total Scope 3</b>			<b>404.4</b>	<b>494.3</b>	<b>14%</b>
<b>Total 2021 GHG Emissions: 3,450.6 TCO2E</b>					
<b>Total 2022 GHG Emissions: 3,589.1 TCO2E</b>					

# AWARDS RECOGNITION

It is not our goal to receive accolades, but it is our hope that the recognition we have earned might mean we are doing something right.



## SUSTAINABLE BUSINESS NETWORK

Massachusetts Sustainable Business of the Year – Bank

## BEST OF THE BERKSHIRES

Best Mortgage

## BEST PLACES TO WORK FOR LGBTQ+ EQUALITY – HUMAN RIGHTS CAMPAIGN CORPORATE EQUALITY INDEX

Perfect Score 2022, 2021

## BLOOMBERG GENDER-EQUALITY INDEX

2023, 2022, 2021, 2020



## FORBES

America's Best Midsize Employers

## NEWSWEEK

America's Most Trustworthy Companies

## COMMUNITAS AWARDS

International Leadership Award for Corporate Social Responsibility and Community Service – 2022, 2021, 2020, 2019, 2017

## BOSTON BUSINESS JOURNAL

Top Charitable Contributor – 10th straight year



# APPENDIX ESG SCORECARD

TOPIC	MEASURE	PRIOR RESULT	CURRENT RESULT
<b>FINANCIAL ACCESS AND AFFORDABILITY</b>			
Homeownership	Dollar Value of Mortgages Originated	\$240MM	\$1.1B
Small Business Lending	Dollar Value of Loans Outstanding to Support Small Businesses	\$342MM	\$289MM
	Number of Loans Outstanding to Support Small Businesses	5,080	4,286
	Number of Small Business Loans Past Due	165	207
	Dollar Value of Small Business Loans Past Due	\$9MM	\$6.6MM
	Dollar Value of all Qualified Community Development Loans Originated	\$48MM	\$67MM
Community Development Lending and Investments	Number of Community Development Loans Outstanding	70	76
	Dollar Value of all Qualified Community Development Loans Outstanding	\$242MM	\$318MM
	Number of Community Development Loans Past Due	0	0
	Dollar Value of Community Development Loans Past Due	\$0	\$0
	Dollar Value of Qualified Community Development Investments Held at Year-End	\$149MM	\$71MM
Financial Wellness and Economic Inclusion	Number of Individuals Impacted by Financial Wellness Programming	246,335	157,862
	Number of Low-/No-Cost Retail Checking Accounts	183,856	180,231
<b>RESPONSIBLE BANKING</b>			
Business Ethics and Consumer Financial Protection	Percent of Employees Completing Ethics or Code of Conduct Training	100%	99%
	Code of Business Conduct	<a href="#">Available Online</a>	
	Whistleblower Policy/Anonymous Reporting Line	<a href="#">Available Online</a>	
	Privacy Notice	<a href="#">Available Online</a>	
	Online Privacy Notice	<a href="#">Available Online</a>	
	Number and Amount of Anti-Competition Fines	0	0
	Number & Amount of Fines for Bribery and Corruption	0	0
	Number & Amount of Fines for Marketing and Labeling	0	0
Customer Satisfaction	Number of Customer Problems Referred to Our Complaint Center	2,644	1,636
	Percent of Customer Problems Addressed at Year-End	97%	100%
Data Privacy, Cybersecurity and Fraud	Number of Cyber Breaches	Not disclosed	Not disclosed
	Percent of Employees Completing Information Security and Fraud Training	100%	99%
	Number of Information Security Presentations to Board/Board Committee (Annually)	3	3
	Number of Transactions Granted Exceptions from Responsible and Sustainable Business Policy (ESG)	0	0
ESG Risk Management	Percent of Employees Completing Corporate Responsibility Policy Training	98%	99%
	Responsible and Sustainable Business Policy	<a href="#">Available Online</a>	
	ESG Risk Management Overview	Pg. 14 and online at <a href="http://berkshirebank.com/esg">berkshirebank.com/esg</a>	
Responsible Asset Management	Dollar amount of Socially Responsible Assets (SRI) Under Management	\$25MM	\$41MM
	Percentage of SRI Assets Under Management	<1%	<1%

TOPIC	MEASURE	PRIOR RESULT	CURRENT RESULT	
<b>LEADERSHIP AND GOVERNANCE</b>				
Board of Directors	Corporate Governance Policy	<a href="#">Available Online</a>		
	Number of Board Directors*	13	12	
	Number of Independent Directors*	11	11	
	Percent of Women on Board*	25%	33%	
	Percent of Ethnic Minorities on Board*	33%	33%	
	Board Committees	Committee Charters Available Online: <a href="#">Corporate Governance/ Nominating; Corporate Responsibility and Culture; Compliance and Regulatory; Risk Management and Capital; Audit Committee; Compensation Committee</a>		
	Risk Management and Compliance	CRA Rating	Satisfactory	Satisfactory
		Number of Hours of Compliance Training	7,820	9,127
		Number of Hours of Operational Audit	18,992	20,320
	<b>HUMAN CAPITAL MANAGEMENT</b>			
Recruitment, Retention, Training, Development and Engagement	Total Number of FTEs	1,319	1,310	
	Total Employee Count	1,337	1,337	
	Number of Full-Time Employees	1,291	1,282	
	Number of Part-Time Employees	56	55	
	Number of Temporary Employees	18	2	
	Retention Rate	64%	71%	
	Turnover Rate	31%	27%	
	Voluntary Turnover	28%	25%	
	Involuntary Turnover	3%	2%	
	Promotion Rate	23%	20%	
	Average Tenure (Years)	6.8	7.2	
	Average Age (Years)	43	43.6	
	Minimum Wage (P/Hr)	\$15	\$17	
	Percent of Employees Covered by Collective Bargaining Agreements	0	0	

\*Board metrics based on 2023 Board nominees.

# APPENDIX ESG SCORECARD

TOPIC	MEASURE	PRIOR RESULT	CURRENT RESULT
<b>HUMAN CAPITAL MANAGEMENT</b>			
Diversity, Equity and Inclusion	Percent of Women in Workforce	67%	67%
	Percent of Women in Manager Roles (Officer+)	53%	54%
	Percent of Women in Executive Management (EVP+)	46%	42%
	Percent of Ethnic Minorities in Workforce	15%	16%
	Percent of Ethnic Minorities in Manager Roles (Officer+)	10%	11%
	Percent of Ethnic Minorities in Executive Management (EVP+)	23%	17%
	Percent of Disabled in Workforce	3%	3%
	Gender Pay Equity	Annual Review	Annual Review
	Percent of Employees Completing Diversity, Equity, Inclusion and Bias Training	97%	99%
Health and Wellness	Percent of Employees Eligible for Benefits	99%	97%
	Number of Workplace Accidents	17	20
	Number of Workplace Fatalities	0	0
<b>COMMUNITY</b>			
Community Investments	Number of Nonprofit Organizations Supported	619	518
	Dollars Granted by Foundation to Nonprofit Organizations	\$2.7MM	\$2.8MM
	Percent of Contributions Benefiting Underresourced Populations	78%	71%
	Total Dollar Value of All Community Contributions	\$3.7MM	\$3.5MM
	Percent of Employee Participation in Xteam® Volunteer Program	82%	94%
	Number of Hours of Volunteer Service	14,584	23,063
	Number of Company Volunteer Events	69	168
<b>ENVIRONMENTAL SUSTAINABILITY</b>			
Energy and Natural Resource Management	Number of Environmental Fines	0	0
	Amount of Paper Recycled	199 tons	191 tons
	Percent of Company Electronics Recycled	100%	100%
	Percent of Sustainably Harvested and Environmentally Conscious Paper	5%	5%
	Percent of Paper Reduction (from 2014 Baseline)	74%	78%
	Total Electricity Usage (Mwh)	10,454	8,987
	Total Renewable Electricity Usage (Mwh)	5,513	8,044
	Total Nonrenewable Electricity Usage (Mwh)	4,941	943
	Percent of Nonrenewable Electricity Usage	47%	10%
	Percent of Renewable Electricity Usage	53%	90%
Climate Change	Lending to Low-Carbon Projects	\$74MM	\$290MM
	Scope 1 GHG Emissions (TCO2E)	1,863.9	2,869.2
	Scope 2 GHG Emissions (TCO2E)	1,182.3	225.6
	Scope 3 GHG Emissions (TCO2E)	404.4	494.3
GHG Intensity (TCO2E/ USD Revenue)	Scope 1 & Scope 2	0.00000701	0.00000748

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX

TOPIC	BERKSHIRE'S RESPONSE
<b>GOVERNANCE</b>	
Describe the board's oversight of climate-related risks and opportunities	"Climate Governance" pg. 24 of this report
Describe management's role in assessing and managing climate-related risks and opportunities	"Climate Governance" pg. 24 of this report
<b>RISK MANAGEMENT</b>	
Describe the organization's processes for identifying and assessing climate-related risks	"Risk Management" pg. 24 of this report
Describe the organization's processes for managing climate-related risks	"Risk Management" pg. 24 of this report
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	"Risk Management" pg. 24 of this report
<b>STRATEGY</b>	
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	"Strategy Risks and Opportunities" pg. 25-26 of this report
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	"Strategy Risks and Opportunities" pg. 25-26 of this report
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	"Strategy Risks and Opportunities" pg. 25-26 of this report
<b>METRICS AND TARGETS</b>	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	"Metrics and Targets" pg. 26-27 of this report
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks	"Metrics and Targets" pg. 26-27 of this report
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	"Metrics and Targets" pg. 26-27 of this report



## WHERE YOU BANK MATTERS

How your bank puts your money and its own resources to work in your community through investments and lending has a direct impact on ensuring a better tomorrow for everyone.

We bring this message to life in unique and compelling ways with our new “Where You Bank Matters” marketing campaign as part of our ongoing efforts to revitalize and sharpen the focus of our brand.

# Where You



# Matters

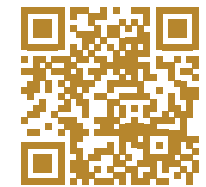


This document contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995). There are several factors that could cause actual results to differ significantly from expectations described in the forward-looking statements. For a discussion of such factors, please see Berkshire's most recently filed reports on Forms 10-K and 10-Q, which are available on the SEC's website at [www.sec.gov](http://www.sec.gov). Berkshire does not undertake any obligation to update forward-looking statements.

**Banking products are provided by Berkshire Bank:** Member FDIC. Equal Housing Lender. Berkshire Bank is a Massachusetts chartered bank.

Investment products are NOT FDIC-INSURED, are NOT A BANK DEPOSIT, NOT GUARANTEED BY THE BANK, NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY and MAY LOSE VALUE.

Rev. 4/14/2023



For more information on Berkshire Hills Bancorp, see our 2022 Annual Report: [berkshirebank.com/annual2022](http://berkshirebank.com/annual2022)

## HOW TO CONNECT

 TWITTER  
[@BerkshireBank](https://twitter.com/BerkshireBank) »

 FACEBOOK  
[facebook.com/BerkshireBank](https://facebook.com/BerkshireBank) »

 LINKEDIN  
[linkedin.com/company/berkshirebank](https://linkedin.com/company/berkshirebank) »

 INSTAGRAM  
[@berkshirebank](https://instagram.com/berkshirebank) »