

# LEADING THE WAY FORWARD

PURPOSE-DRIVEN PERFORMANCE



Life is exciting. Let us help.



2019  
CORPORATE  
RESPONSIBILITY  
REPORT



## CORPORATE PROFILE

- » Boston headquartered regional community bank with \$13.2 billion in assets
- » 130 branches located across New England, New York, New Jersey and Pennsylvania
- » Retail banking, commercial banking, insurance and wealth management
- » Wealth assets under management of \$1.5 billion

## 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  
800-773-5601

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

Customer Service: 800-773-5601

### Investor Relations

[investorrelations@berkshirebank.com](mailto:investorrelations@berkshirebank.com)

### Corporate Social Responsibility

[csr@berkshirebank.com](mailto:csr@berkshirebank.com)

### Community Giving

[foundation@berkshirebank.com](mailto:foundation@berkshirebank.com)

### Twitter

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

### Facebook

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

### LinkedIn

[linkedin.com/company/berkshire-bank](https://linkedin.com/company/berkshire-bank)

### Instagram

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

## PURPOSE

To financially empower our communities, reduce the wealth gap and help everyone realize life's exciting moments.

## CULTURE

A culture grounded in our Be FIRST values that fosters respect, ethical behavior, diversity and inclusion creates an environment where all employees belong and can reach their full potential.

## VISION

To succeed as a relationship-driven financial institution by operating responsibly, investing in our people and communities and fostering a strong sense of belonging while creating sustainable returns.

## 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, 2019. 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. In 2019, the company announced the intention to sell First Choice Loan Services, and as a result its operations are not reflected in 2019 performance data and some 2018 data, has been restated to allow for more accurate comparison. All data reported in currency is in USD and abbreviated to M (thousands), MM (millions) and B (billions).

## Reporting framework

Berkshire Hills Bancorp's Corporate Responsibility report is based on globally recognized reporting frameworks and standards, including the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) Commercial Bank disclosure topics version 2018-10. We continue to monitor the reporting landscape to ensure it aligns with best practices as well as the size and complexity of our operations.

## 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 aligns with the following:



## LEADING THE WAY FORWARD: PURPOSE-DRIVEN PERFORMANCE

We believe that every individual and business, from every neighborhood, should be able to bank with dignity. Changes in consumer behavior including digital disruption, distrust for the financial sector and shifting expectations for businesses' role in society are driving a new era of transparency and accelerating transitions in the industry. Today's banks must deliver shared value for all their stakeholders. To remain competitive, protect market share and improve profitability, we must evolve our franchise to focus on long-term sustainable performance. We must offer robust digital platforms, programmatic initiatives that put our purpose and values into meaningful action and relevant products and services that build trust and deepen relationships. This is 21st century community banking that delivers purpose-driven performance.

As our report goes to press, the world faces the unprecedented outbreak of the COVID-19 pandemic. We are well-positioned to withstand these challenges and recognize the many ways this moment is testing individuals, businesses and our local economies. We're taking appropriate precautions to prevent the spread of the virus, provide our customers with financial flexibility and support our communities in meaningful ways. Our Be FIRST culture will guide us as we navigate a year that will be different than last, still maintaining a focus on long-term sustainable performance. In 2019, we delivered on that commitment, hitting key operational targets, achieving a 26% total shareholder return, launching The Be FIRST Commitment and introducing ReevX Labs and our Friends & Family Fund to help future-proof the company.

Continuing to ensure that every employee and consumer feels as if they belong and can reach their full potential is critical to our future success. We created a committee of our board of directors to focus on our Culture, Social Responsibility, and Diversity performance. We added new directors to broaden our diversity and expertise at the board level. We created a new executive level position of Chief Experience Officer, launched a Diversity & Inclusion Employee Committee, seven new Employee Resource Groups, implemented an enterprise wide Responsible & Sustainable Business Policy, created new internship and employee training programs and continued to provide record philanthropic and human capital investments in our communities.

We were recognized for our performance with the North American Employee Engagement Award for Social Responsibility, the US Chamber of Commerce Foundation Top Corporate Steward Citizen Award and we were listed in the Bloomberg Gender Equality Index for the first time. We're proud of our accomplishments and know that together, we can continue building the future by delivering a 21st century values driven approach that redefines banking. We appreciate your interest in how Berkshire Hills Bancorp is leading the way forward with our Corporate Responsibility performance and look forward to continuing our journey together.

Sincerely,  
Richard Marotta  
Chief Executive Officer



Gary R. Levante  
SVP, Corporate  
Responsibility & Culture

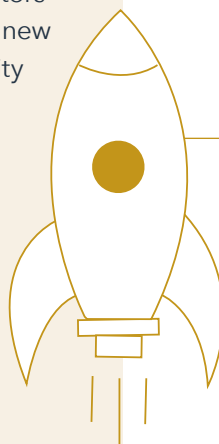


## THE BE FIRST COMMITMENT

Our plan to enhance our social performance, improve our culture, future-proof the company and transform our communities.

### Core strategies that drive business objectives:

<b>Build A Responsible Workforce</b>	Reputation
	Risk Management & Regulatory Compliance
	Human Capital Management
	Profitability & Innovation
<b>Foster Sustainable Communities</b>	Human Capital Management
	Reputation
	Expense Management
<b>Finance the Future</b>	Deposit Growth
	Profitability & Innovation
	Risk Management & Regulatory Compliance





## INVESTOR PERFORMANCE SUMMARY

Throughout this report, we reference topics contained in the Sustainability Accounting Standards Board (SASB) Sustainability Disclosure Topics for Commercial Banks. 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 a SASB standard. Detailed analysis relevant to all our stakeholders is shared on subsequent pages throughout this report and at [berkshirebank.com/csr](https://berkshirebank.com/csr).





# SASB COMMERCIAL BANK SUSTAINABILITY STANDARD DISCLOSURES

TOPIC	SASB CODE	METRIC	DIRECT RESPONSE OR LINK
<b>Data Security</b>	FN-CB-230a.1	1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	(1) 4 (2) 100% (3) 5
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	Data Privacy, Cyber Security & Fraud: pg. 19
<b>Financial Inclusion &amp; Capacity Building</b>	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	<b>Small Business:</b> (1) 7,469 (2) \$628MM <a href="#">FFIEC Consolidated Reports of Condition and Income Schedule RC-C Part II</a> <b>Community Development:</b> (1) 84 (2) \$284MM Fueling Small Business, Community Development Lending & Investment: pg. 11
	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	<b>Small Business:</b> (1) 181 (2) \$17MM <b>Community Development:</b> (1) 0 (2) 0
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	176,792* Economic Inclusion: pg. 12
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	32,231
<b>Incorporation of ESG Factors in Credit Analysis</b>	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	See Chart FN-CB-410a.1
	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Responsible Banking: pg 14 <a href="#">Stakeholders, Governance &amp; Risk Webpage</a>
<b>Business Ethics</b>	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Not disclosed. Material legal proceeding are included in Part I, Item 3 of the <a href="#">2019 Annual Report on Form 10-K</a>
	FN-CB-510a.2	Description of whistle-blower policies and procedures	<a href="#">Business Code of Conduct &amp; Anonymous Reporting Line</a>
<b>Systemic Risk Management</b>	FB-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 & Analysis of our <a href="#">2019 Annual Report on Form 10-K</a>
<b>Activity Metrics</b>	FN-CB-000.A	1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	<b>Personal:</b> (1) 283,565 (2) \$1.9B <b>Small Business:</b> (1) 5,714 (2) \$194MM
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	<b>Personal:</b> (1) 70,513 (2) \$3.6B <b>Small Business:</b> (1) 7,469 (2) \$628MM <b>Corporate:</b> (1) 1,759 (2) \$5.2B

\*The figure provided encompasses 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.



**Top 10 Commercial Industrial Credit Exposure By NAICS Industry 2019: FN-CB-410a.1**

Wholesale Trade	\$493MM
Manufacturing	\$341MM
Arts, Entertainment, and Recreation	\$277MM
Real Estate and Rental and Leasing	\$260MM
Finance and Insurance	\$235MM
Health Care and Social Assistance	\$165MM
Retail Trade	\$140MM
Transportation and Warehousing	\$135MM
Professional, Scientific, and Technical Services	\$130MM
Utilities	\$88MM

**THE CULTURE OF A 21ST CENTURY COMMUNITY BANK- 2019 HIGHLIGHTS**

- 1 **Be FIRST** Values
- 2 **Be FIRST** Commitment
- 3 **Broaden Board Diversity & Expertise**
- 4 **Corporate Responsibility & Culture Committee of the Board of Directors**
- 5 **Diversity & Inclusion Employee Management Committee**
- 6 **Seven Employee Resource Groups**
- 7 **CEO Action for Diversity & Inclusion Pledge & The Hispanic Promise**
- 8 **Responsible & Sustainable Business Policy**
- 9 **Inaugural Corporate Responsibility Report**
- 10 **Friends & Family Fund**
- 11 **Employee Engagement Survey**
- 12 **Internship Pilot Program**
- 13 **Xtraordinary Day of Volunteer Service**
- 14 **Social Responsibility & Culture Risk Management Program**
- 15 **North American Employee Engagement Award for Social Responsibility**
- 16 **US Chamber of Commerce Citizens Award- Top Corporate Steward**
- 17 **ReevX Labs Community Storefronts**
- 18 **Bloomberg Gender Equality Index**

## 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 GROUP	HOW WE ENGAGE	WHAT WE HEARD
<b>Employees</b>	Performance reviews, training and development, surveys, emails, intranet, employee assistance program	Remote work, career development, employee benefits, diversity & inclusion
<b>Customers</b>	Meetings, phone calls, emails, online and in branch surveys, social media, community rooms	Customer service, branch parking, digital technology, data privacy & security
<b>Communities</b>	Meetings, conferences, forums, social media, email, Foundation grant making, XTEAM™ volunteering, stakeholder listening sessions, industry/ chamber memberships, community rooms	Access to products & services, building trust, community investments, the wealth gap, economic opportunity
<b>Shareholders &amp; Investors</b>	Phone calls, emails, annual shareholder meeting, quarterly earnings calls, shareholder outreach, conferences	Strategic transition, capital allocation, expense management, human capital management, data privacy & security
<b>Government &amp; Regulators</b>	Meetings, webinars, CRA and compliance reviews, emails, phone calls	Strong regulatory partnerships, commitment to risk governance, support for mission & vision
<b>Suppliers</b>	Meetings, phone calls, emails, surveys	Supplier diversity, procurement opportunities
<b>Nonprofit Organizations</b>	Meetings, email, social media, conferences, stakeholder listening sessions, Foundation grant making, XTEAM™ volunteering	Philanthropic and volunteer support, foundation giving priorities, evolving community needs



Photo: Roxbury, MA Community Listening Sessions



## MATERIALITY

Our Corporate Responsibility report centers on the material topics identified in our most recent 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 and grouped into three aspirational themes that 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/csr](http://berkshirebank.com/csr).

### Build a Responsible Workforce

- » Data Privacy, Cybersecurity & Fraud
- » Ethics
- » Regulatory Compliance
- » Pay Equity
- » Diversity & Inclusion
- » Human Capital, Employee Development & Engagement
- » Customer Satisfaction

### Foster Sustainable Communities

- » Economic Development & Business Growth
- » Education
- » Community Investments - Giving & Volunteerism
- » Environmental Responsibility/ Natural Resource Management

### Finance the Future

- » Responsible Banking
- » Homeownership
- » Community Development Lending/Investments
- » Small Business Lending
- » Economic Inclusion





## FINANCE THE FUTURE

### Our Aspiration:

We're serving as a catalyst for economic and sustainable growth, bridging the wealth gap and bringing big bank resources and small bank attention to all individuals & communities.

## PERFORMANCE HIGHLIGHTS

### Homeownership

We're focused on reducing the wealth gap in our communities, and homeownership is the primary vehicle most Americans use to build wealth. We take pride in helping all our neighbors get the keys to open the doors to their first home by providing financial solutions, homeownership education, and targeted investments in programs that help revitalize communities. Through Berkshire Bank Home Lending we provide customers with a wide array of mortgage options to help people obtain their first home or their dream home. We participate in the Federal Home Loan Bank of Boston Home Equity Builder Program, USDA Residential Program, VA Mortgages and the FHA Loan Program as well as other state and local programs aimed at assisting low and moderate income borrowers. Our efforts extend directly into neighborhoods as all our Mortgage Loan Officers have Community Reinvestment Act (CRA) goals and work with under-resourced and diverse first-time homebuyers. Our foundation also invests in programs that help prepare individuals for owning a home as well as organizations that are addressing blight and improving the vitality of historically overlooked neighborhoods. Finally, our employees are on the front lines leveraging their expertise by serving on the boards of housing service agencies and teaching first-time homebuyer classes to help ensure every individual has the same fair opportunity to realize the dream of homeownership.



## MyCommunity

Our My Community Home Equity Loan provides help to under-resourced homeowners and neighborhoods.





## Commitment in Action: Friends & Family Fund

There is no shortage of great business ideas within communities of color, but what they have historically lacked is the access to capital to launch their businesses. Berkshire Bank has teamed up with The Runway Project on the Friends & Family Fund CD to change that narrative. Together, we're helping close the racial wealth gap by investing in communities of color. The Friends & Family Fund is designed to help entrepreneurs of color access seed capital and spur economic growth in underserved communities. The fund is fueled by a specialty Certificate of Deposit that provides a safe, FDIC insured market-rate return on investment, while providing liquidity for the loans. Businesses apply and loan applications are reviewed through a relationship-based community underwriting process designed to eliminate historical barriers like an over reliance on credit scores, personal collateral, or historical tax and financial reporting as indicators of future success. Trusted advisors provide holistic business support and ongoing financial coaching to entrepreneurs as they build their companies to ensure success.



### Learn more:

<https://www.berkshirebank.com/About/Community/Friends-Family-Fund>

## Fueling Small Business

We help provide the capital to make great business ideas a reality. We pride ourselves on having the right solution when small businesses start to think big, providing financing and friendly repayment terms for all kinds of

purchases. We work with the federal government to provide a full suite of Small Business Administration loans with competitive interest rates and longer repayment periods – an excellent way to obtain working capital. When a small business is ready to grow, we have the size, scale and expertise to help with that, too.



### Fueling Small Business - Since 2014

- » \$812MM
- » 2,564 SBA loans
- » Creating/Preserving 21,904 Jobs

Source US Small Business Administration  
(1/2/2014 - 12/27/2019)



We understand the important link between the small business community and the health of our main streets. In 2019 our foundation provided \$202M in contributions to organizations working to enhance entrepreneurship and the business ecosystem. In addition, the bank partnered with the Foundation for Business Equity's Business Equity Initiative (BEI) to commit \$1MM in low interest capital to create a new loan fund operated by Mill City Community Investments (MCCI). This new fund lends to eligible BEI Participating Enterprises that are seeking growth capital with a focus on supporting Black and Latinx businesses in Eastern New England.

## Community Development Lending & Investments

In collaboration with local government, nonprofit, private sector and individual stakeholders, we're helping to rebuild neighborhoods across our footprint. We look to harness our expertise to catalyze economic development in communities that have been overlooked. Our community development lending encompasses a variety of activities all aimed at creating jobs, stabilizing and revitalizing neighborhoods and reducing the wealth gap. The bank originated \$81MM in qualified community development loans in 2019 and now has a total outstanding balance of \$284MM for all community development loans. The company also makes targeted investments and tax credit financing through federal and state programs. During our most recent Community Reinvestment Act (CRA) exam, the bank was rated a Satisfactory for Community Development Lending and an Outstanding for Community Development Investments. The results of our CRA exam inform goal setting and the company's strategy to ensure we are always meeting the credit needs of our communities.

### Economic Inclusion

A 21st century community bank delivers technology that provides digital accessibility and products that build trust, allowing every individual and business from every neighborhood access to quality financial services. The company offers comprehensive financial counseling to all its stakeholders via an online website and over the phone. In addition, we partner with nonprofit organizations and harness our employees to deliver financial education classes to consumers throughout our footprint, integrating financial wellness into our core ethos. In 2019 the company increased the number of financial education events it led by 30%, improving the financial well-being of 32,231 individuals in our communities.

We provide a number of no- and low- cost checking and savings accounts that provide core banking services without extra fees, monthly or annual maintenance fees or minimum average balance requirements to assist teens, young adults, senior citizens, and the underbanked as well as active duty military members and veterans. We launched a new Friends & Family checking account to help the unbanked and underbanked, we increased the number of 0% Mass Save HEAT® Loans provided to residents of Massachusetts, and launched our Friends and Family Fund CD and Reevx Labs community storefronts to help reduce the barriers to financial services and success. Our MyTeller<sup>SM</sup> Interactive teller machines provide customers with a convenient way to bank on their schedules with extended hours. Our unique MyBanker<sup>TM</sup> program provides concierge and private banking level services to everyone regardless of wealth or income at no extra cost.



### THE DIMOCK CENTER

Healing and caring for the community for over 150 years.

#### Commitment in Action

Banking For All: In Practice, Not Just In Theory. Learn about the impact of our Financial Education Programs with The Dimock Center

<https://www.berkshirebank.com/Dimock-Center-Clips>





Reevx Labs is part of our continued commitment to bettering the community and revolutionizing the banking experience as consumer behaviors, expectations and needs shift. Through our partnerships with various nonprofits and community stakeholders, we provide programming and educational experiences to assist individuals, entrepreneurs, emerging businesses and nonprofits with their growth. Reevx Labs feature a series of free co-working spaces for the community with the goal of creating spaces where entrepreneurs and nonprofits can connect with their peers and access the bank's MyBankers for support of their financial needs, as they pursue their missions. Each Reevx Lab takes on a unique approach informed by the needs of the community, providing opportunities to build solutions together. Our Reevx Labs storefronts will raise your expectations of what you should expect from a bank:

- » Our storefronts connect a new crop of entrepreneurs from overlooked communities with valuable resources as they build the next big thing.
- » Our on-site MyBankers provide free financial counseling to help you create a plan to improve your financial status.
- » Our easy access to a digital banking experience provides more freedom over your finances while breaking away from fees.

## Responsible Banking

Grounded in our Be FIRST values, we work to minimize our exposure to potential social, environmental, cultural and reputational risks as well as uphold high ethical standards in all areas of our business through a combination of formal policies, procedures, employee trainings and governance mechanisms. Our policies support a strong culture of social responsibility, including our Code of Business Conduct and various lending policies governing environmental due diligence and responsible lending practices. In 2019, we enhanced that work by implementing our enterprise level Responsible & Sustainable Business Policy, which provides guidance on our social and environmental business practices, principles and commitments.

In addition, we adopted a comprehensive Social & Environmental Responsibility Risk Management approach, based on our Enterprise Risk Management program, to further integrate social and environmental considerations into our due diligence and business decision making processes. The company understands that social, environmental and cultural risks can lead to both reputational and strategic risk affecting both short- and long-term stakeholder value as well as our communities. Our approach ensures we implement effective controls and programs to mitigate, monitor and manage those risks.

We continue to evolve our processes based on the size and complexity of our operations and best practices, regularly evaluating and making recommendations to mitigate any risks we discover. The goal of our approach is to support responsible risk based decision-making and drive sustainable returns for our stakeholders.

**Read more at** [berkshirebank.com/csr](https://berkshirebank.com/csr)





## FINANCE THE FUTURE

TOPIC	MEASURE	PRIOR RESULT	2019 RESULT
<b>Homeownership</b>	Dollar value of mortgages originated	\$92MM	\$163MM
<b>Small Business Lending</b>	Dollar value of loans outstanding to support small businesses	\$574MM	\$628MM
<b>Community Development Lending &amp; Investments</b>	Dollar value of all qualified community development loans originated	\$28MM	\$81MM
	Dollar value of all qualified community development loans outstanding		\$284MM
	Dollar value of qualified community development investments held at year end	\$94MM	\$114MM
<b>Economic Inclusion</b>	Percent of company volunteer events supporting financial inclusion	16%	29%
	Number of individuals impacted by financial inclusion programming	29,658	32,231
	Number of low/no cost retail checking accounts	134,246	176,792
<b>Renewable Energy Lending</b>	Dollar value of loans supporting renewable energy & low-carbon projects at year end	\$72MM	\$66MM

## BUILD A RESPONSIBLE WORKFORCE

### Our Aspiration:

We're building the workforce of tomorrow, today, by engaging and developing ethical, knowledgeable, diverse, inclusive and passionate employees.

## PERFORMANCE HIGHLIGHTS

### Human Capital, Employee Development & Engagement

Our Be FIRST values serve as the foundation of our company culture and approach to attracting, developing, engaging and retaining our people. We understand the important connection between the future of our 21st century community bank and the people who guide us to success. As a result, we adopted a multipronged approach that empowers employees and makes targeted investments in our current and future workforce.

We launched an internship pilot program with Cathedral High School, in addition to our existing internship offerings, to create opportunities and expose young adults from all neighborhoods to careers in banking. We continue to make investments in employee development and training, so our employees have the skills and knowledge to do their jobs today and into the future. Our training programs cover a variety of topics ranging from information security, preventing fraud, and responsible & sustainable business practices to role specific instruction. In our Relationship Banking division, we offer the Pride X-Team Leadership Development Program to provide opportunities for growth; 52% of graduates have been promoted since completing the program. We also piloted and plan to implement two new development programs, anchor and becoming a manager, along with a new mentoring program.





Making sure employees are satisfied and engaged is critical to our success, so we completed a comprehensive assessment of employee engagement, including a survey to evaluate our current performance. In addition, we held in-person and virtual employee town halls, across our footprint, to provide employees with the opportunity to engage directly with executive management and have their questions or concerns addressed. The collective results of those efforts and our ongoing conversations with employees inform the priorities, strategies, tactics and goals we implement to ensure all employees feels as though they belong and can reach their full potential.

The company continually evaluates our strategies, looks at best practices and surveys the landscape of our peers to provide competitive pay and benefits packages, including paid time off, 401(K) plan with an employer match, comprehensive medical and dental plans, tuition reimbursement, employee referral bonus, internal training programs, volunteer time off,

### Commitment in Action



matching gifts program, short-term sick pay allowance, long-term disability insurance, and group term life insurance. In addition, we offer a day care reimbursement program, dependent care expense account, family and medical leave and an employee assistance and financial wellness program. All of our benefits are available to married same-sex or different-sex couples as well as domestic partners. We successfully implemented the Massachusetts Equal Pay Act company-wide in 2018, ensuring male and female employees in comparable roles are compensated equitably, and we continue to conduct robust statistical analyses of our pay and performance measures to ensure that when we discover differences, we resolve them. In recognition of this work, for the first time, we were listed in the Bloomberg Gender Equality Index, ranking us as one of the top workplaces globally for gender equality.

### Diversity, Inclusion & Belonging

As a 21st century community bank, our workforce should reflect the communities we serve. It's how we will lead the way forward and is key to our competitive advantage, profitability and reputation. Our diversity, equity and inclusion programming ensures that everyone gets a fair shot at the American dream and that we create an environment where all employees feel as though they belong. We know that a workforce that brings together diverse perspectives, ideas and experiences leads to stronger financial performance, improved reputation, increased market share and reduced risk, and attracts and retains the best talent.



### Commitment in Action

For the first time, Berkshire Bank was listed in the Bloomberg Gender Equality Index, ranking the company as one of the top workplaces globally for gender equality.

We established a Diversity & Inclusion Employee Committee, reporting up to the Corporate Responsibility & Culture Committee of the Board of Directors, to focus on our diversity and inclusion strategy. The committee consists of employees from the CEO to front line staff representing nearly all business units and geographic regions. The committee develops and executes our diversity & inclusion program, recommends goals, and monitors progress as we work to enhance all forms of diversity throughout the company.

In addition to our employee committee, we offer seven Employee Resource Groups that provide a safe space where differences of opinion and backgrounds are both respected and valued. The groups foster awareness, education, respect, inclusion and belonging, serving as a collective voice for action on topics relevant to their mission. These groups are already helping the company foster a more inclusive culture through the implementation of gender identity signature guidelines, gender inclusive restroom signage and enhancements to our diversity, bias and belonging employee and board trainings.

As we engage more meaningfully in our communities and increase our presence with diverse nonprofit organizations and affinity groups, we're also collaborating with other companies that share in our commitment to building more inclusive workplaces. We joined the CEO Action for Diversity & Inclusion Pledge, The Hispanic Promise and the Boston Chamber of Commerce Pacesetter initiative to advance supplier diversity efforts.



### Commitment in Action .



### Customer Satisfaction

We create an environment for our customers to thrive, ensuring products and services are relevant and delivered in a manner that builds trust. We provide employees with formal training on our products and services so that they can assist all customers with their financial needs and goals. We seek to build a relationship with all customers as if they were our friends and family. 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 our branches, our Smiley Face technology gives customers the opportunity to provide real time feedback by selecting a positive, neutral, or negative smiley face. Managers receive monthly reporting showing the smiley face ratings for their branch staff. If a negative smiley face rating was given, the branch manager will use this as a coaching opportunity with the employee.

In 2019 we engaged a third party partner to survey our customers and evaluate the performance of our in-branch and digital experiences. Our goal is to improve the customer experience and deepen relationships while developing a better understanding of our competitive advantages and opportunities. In areas where we may not meet our high expectations we develop action plans and implement strategies to improve our performance by providing coaching and additional training. The results of last year's assessment show that we outperformed our peer group benchmark in overall customer experience and we also successfully resolved 99.8% of customer complaints by year-end.

### **Data Privacy, Cybersecurity & Fraud**

Safeguarding our customers and financial data and preventing fraud are top priorities. Our business processes, policies and controls regarding the protection and privacy of customer data are subject to numerous laws and regulations, including the Gramm Leach Bliley and Sarbanes-Oxley Acts. 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 cybersecurity function includes a framework of controls, policies and technologies to monitor and protect information from cyberattacks, mishandling, and loss. The company uses the National Institute of Standards and Technology (NIST) Cyber Security Framework to help manage cybersecurity risk by organizing information, enabling risk management decisions, and addressing emerging threats.

Our cybersecurity strategy includes:

- » Top down focus on cybersecurity from our Board of Directors and executive management
- » Robust governance and oversight to enforce adherence to cybersecurity frameworks, policies and standards and meet compliance initiatives
- » Implementation of cybersecurity through investing in highly skilled talent, leveraging technologies to identify and mitigate threats
- » Deployment of multilayered defenses to identify, protect, detect, respond and recover
- » Promotion of cybersecurity through employee awareness and cybersecurity related training
- » Collaboration with threat intelligence organizations, law enforcement agencies and partners to keep abreast of cybersecurity threats




## Commitment in Action

Our Fraud Crushers employee program prevented \$1.4MM in potential losses due to fraud.

### Fraud Tips:

<https://www.berkshirebank.com/Resources/Education/Security-Fraud>



As a result of these controls, the company had zero cyber breaches and four data security breaches that involved personally identifiable information affecting five account holders. These data incidents were the result of human error such as a deposit to, or withdrawal from, an incorrect account or the mailing or emailing of

information to the wrong person. When a breach is discovered customers are notified and corrective actions are taken to prevent a similar breach from happening in the future. The company also maintains a comprehensive fraud prevention and risk management program as well as a fraud investigations unit to deter, detect and prevent fraud.

## Governance

Our corporate governance framework and practices guide us as we grow, ensuring that management and employee values align with those of all our stakeholders. Implementing mechanisms and processes that promote good governance, including board diversity, compensation oversight, risk management and top-down accountability throughout the organization, are critical to delivering sustainable, purpose-driven performance. The company's board of directors includes a majority of independent directors (12 of 15 current directors) with a diverse set of skills, tenure, age and experiences. All members of the board are up for annual election. In 2019 we enhanced the diversity and expertise of our board by adding five new directors and naming a new board chair. We also created the Corporate Responsibility & Culture Committee to oversee the management of the Company's enterprise-wide Corporate Social Responsibility, Diversity & Inclusion, and Culture programs. Our board oversees an annual review of our CEO, senior management and succession planning and provides risk oversight.

In addition to strong board governance, we follow a formal Code of Business Conduct, which includes annual ethics training. Over the last few years we have increased disclosure surrounding our compensation policies for executive management and the board of directors, strengthened disclosure of our restrictive pledging policy, introduced an anti-hedging policy, declassified the board and eliminated a geographical residency requirement for eligibility to serve on the board. In 2019, we further enhanced our commitment to transparency and disclosure by releasing our inaugural Corporate Responsibility report. We made additional enhancements to our Code of Business Conduct and whistle-blower policy and implemented our Responsible & Sustainable Business Policy. Our Policy Committee, which reports up to the board's Risk Management & Capital Committee, regularly reviews and improves all our policies to ensure they align with governance best practices, our values and the complexity of our operations.





## BUILD A RESPONSIBLE WORKFORCE

TOPIC	MEASURE	PRIOR RESULT	2019 RESULT
<b>Ethics</b>	Percent of employees completing ethics training	100%	100%
	Number of hours of internal audit	20,459	18,657
	Code of Business Conduct	Yes	Yes
<b>Corporate Responsibility &amp; Culture</b>	Percent of employees completing corporate responsibility policy training	N/A	100%
<b>Data Privacy, Cybersecurity &amp; Fraud</b>	Number of cyber breaches	0	0
	Percent of employees completing information security & fraud training	100%	100%
<b>Diversity &amp; Inclusion</b>	Percent of women in workforce	63%	69%
	Percent of women in management	46%	53%
	Percent of women in Senior Executive Management	42%	36%
	Percent of women on Board	15%	20%
	Percent of ethnic minorities on Board	0%	13%
	Percent of ethnic minorities in workforce	13%	14%
	Percent of ethnic minorities in management	6%	8%
	Percent disabled in workforce	2%	2%
	Percent employees completing diversity & bias training	100%	100%
	Employee Average Age		42
<b>Pay Equity</b>	Dollar Value of Minimum Wage (per hour)	\$15	\$15
	Ensuring Gender Pay Equity	Ongoing	Ongoing
<b>Regulatory Compliance</b>	CRA Rating	Satisfactory	Satisfactory
	Number of hours of compliance training	31,501	17,527*

## BUILD A RESPONSIBLE WORKFORCE, CONT.

TOPIC	MEASURE	PRIOR RESULT	2019 RESULT
<b>Customer Satisfaction</b>	Number of customer problems referred to our complaint center	1,884	1,867
	Percent of customer problems successfully resolved at year end	99.5%	99.8%
<b>Human Capital, Employee Development &amp; Engagement</b>	Total number of employees at year end	1,966	1,599
	Total number of full-time employees		1,501
	Total number of part-time employees		98
	Total number of temporary employees		23
	Voluntary Retention Rate	83%	80%
	Percent of employees completing online or classroom training	100%	100%
<b>Occupational Health &amp; Safety</b>	Number of workplace accidents		29
	Number of workplace fatalities		0

*\*The decrease in the number of compliance trainings hours is primarily driven by a change in the length of courses and the move to a biennial requirement for some trainings.*



## FOSTER SUSTAINABLE COMMUNITIES

### Our Aspiration

We're creating thriving, prosperous neighborhoods and reducing the wealth gap by investing in what can be and managing our environmental footprint.

## PERFORMANCE HIGHLIGHTS

### Community Investments

We stand committed to closing the wealth gap so that all citizens, regardless of ethnicity, have equal opportunity for upward economic mobility, improving the business climate and helping our communities thrive. At the center of this commitment is Berkshire Bank Foundation, the philanthropic arm of our company. Our foundation granted nearly \$2.9 MM to 612 nonprofit organizations in 2019, helping to impact more than 1.3MM individuals. The foundation's realignment empowers communities through investments in job training programs, affordable housing, small business growth and entrepreneurship while ensuring grant making decisions are locally relevant, supporting organizations such as The Dimock Center, Valley Venture Mentors, Lever Inc., Ascentria Community Services, Center for Economic Growth, Mercer Street Friends, Habitat for Humanity of Rutland County and International Hartford.

While financial investments are a critical component to achieving our objectives, we understand the continuum of change requires additional interventions to ultimately achieve our goals. Through our XTEAM® employee volunteer program, we harness our human capital to contribute meaningfully through skills-based, pro-bono and group volunteer events as well as a nonprofit board referral program. On our annual Xtraordinary Day, the company closes its offices early to provide employees with the opportunity to volunteer at a series of company-supported locally impactful service events. The 2019 event featured 37 projects across our footprint. 100% of the company's workforce participated in an XTEAM® event for the fourth consecutive year, helping to impact more than one million people. Nonprofit organizations reported that they could divert staff and financial resources to other critical areas, offer higher quality services and serve more individuals as a result of the company's volunteer events. In addition, 20% of employees generated a new business relationship by participating in the program, proving once again that purpose and profit are linked.



## Environment

Environmental issues, such as natural resource management, climate change and renewable energy use, impact our business, customers and communities. Our commitment to managing and reducing our environmental footprint continues to evolve in a manner that is reflective of the scope, size and complexity of our operations.

Climate change poses potential risks that could directly or indirectly have an effect on the company:

- » Transition Risk- Loans to companies in industries with substantial negative environmental impacts such as those in the fossil fuel industry who do not have plans to address those impacts and transition to a low carbon economy could see a negative impact to their financial health, resulting in an inability to repay debt.
- » Reputation Risk- Shifts in consumer preferences to companies that are more (perceived/real) environmentally responsible could impact reputation.
- » Physical Risk- Direct short- and long-term effects of more frequent weather or climate related events on a physical asset or property such as homes or businesses in areas along the coast that are prone to flooding, potentially impacting consumers' ability to repay financial obligations.



Through the Board's Corporate Responsibility & Culture Committee and senior management, we're ensuring we have proper controls and strategies to manage and mitigate these risks. We implemented a formal set of Environmental Sustainability Principles for our operations and continue to enhance our Social and Environmental Credit Risk Framework, which integrates social and environmental considerations into our due diligence and business processes.

We're pursuing opportunities to improve our own resource efficiency, invest in renewable electricity sources and offer products and services to support the climate transition. We are transitioning our own energy supplies to lower carbon renewable alternatives through greening of the grid, virtual net metering and power purchase agreements as we move towards 100% renewable electricity use. We're encouraging employees to work from home and consolidating and repurposing office spaces to support environmental objectives and reduce expense. We offer a number of environmentally conscious banking products and have more than \$66MM outstanding to support renewable projects. Through our secure paper-recycling program, we diverted 209 tons of paper from landfills and reduced CO2 emissions by 137 tons.





## FOSTER SUSTAINABLE COMMUNITIES

TOPIC	MEASURE	PRIOR RESULT	2019 RESULT
<b>Community Giving</b>	Dollars granted by foundation to all nonprofit organizations	\$2.4MM	\$ 2.9MM
	Number of individuals impacted by philanthropic grant funding	3,839,662	1,352,230
	Dollars granted to support small business & economic development	\$454M	\$202M
	Percent of grant dollars spent benefiting under-resourced populations	67%	70%
	Dollars spent for all community contributions and sponsorships	\$4.3MM	\$4.7MM
<b>Employee Volunteerism</b>	Percent of employee participation in XTEAM™ volunteer program	100%	100%
	Number of hours of volunteer service	40,797	31,917
	Number of hours of skills based volunteer service for under-resourced populations	3,401	2,381
	Number of company volunteer events	342	301
	Number of individuals impacted by company volunteer events	1,010,374	1,173,064
<b>Education &amp; Scholarships</b>	Dollars granted for college scholarships	\$100M	\$100M
	Funding granted to support education, job training and workforce development	\$623M	\$913M
<b>Environmental Responsibility</b>	Amount of paper recycled (tons)	243 tons	209 tons
	Percent of company electronics recycled	100%	100%
	Total electricity usage (Mwh)	N/A	10,440 MWh
	Percent of sustainably harvested & environmentally conscious paper	84%	81%
	Percent of paper reduction (from 2014 baseline)	43%	50%
	Number of environmental fines	0	0



### Electricity Use By State

State	Percent Renewable
MA	95%
CT	50%
RI	50%
VT	99.7%
NY	100%
NJ	100%
PA	100%



\*Electricity usage is inclusive of 72% of our operations including all company owned and leased space in which we procure electricity.



## AWARDS & RECOGNITION

Our goal is not to earn awards or accolades, but the recognition we received might mean we are doing something right.

- » **Bloomberg Gender Equality Index 2020**
- » **U.S. Chamber of Commerce Foundation Citizens Award**  
Top Corporate Steward- Small-Middle Market Business
- » **North American Employee Engagement Award**  
Social Responsibility
- » **New England Community Bank Heroes**  
Gold
- » **PR Daily Corporate Social Responsibility Award**  
Top Employee Volunteer Program
- » **Invest In Others National Corporate Philanthropy Award**  
Financial Institution
- » **IMPACT2030 Innovation Award**  
Collaborate – Small-Medium Business Volunteer Program
- » **Halo Award presented by Engage For Good**  
Gold Halo Award Winner 2018 Top North American Employee Community Engagement Program - XTEAM™
- » **Communitas Awards**  
International Leadership Award Winner for Corporate Social Responsibility & Community Service - 2019, 2017
- » **Boston Business Journal Top Charitable Contributors List**  
7th straight year
- » **2020 Graphic Design USA Awards**  
2019 Corporate Responsibility Report, Be FIRST Poster
- » **2019 Davey Awards**  
2019 Corporate Responsibility Report, 2018 Annual Report, Be FIRST Poster



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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. Insurance and investment products as well as investment securities and obligations of Berkshire Hills Bancorp, Inc. 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.