

FIRST NORTHWEST BANCORP

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

INTRODUCTION

First Northwest Bancorp and its wholly owned subsidiary, First Federal Savings and Loan of Port Angeles (collectively, “First Northwest” or the “Company”), are committed to considering environmental, social and governance (“ESG”) factors, which we recognize are key drivers of long-term business growth, in the development of our business strategies. Our commitment to good corporate citizenship and the achievement of ESG policy goals enhances our ability to pursue business opportunities and manage risks across our business, and supports our values in addressing the environmental and social challenges faced by the communities we serve.

Our Board of Directors oversees our ESG activities, including the Company’s ESG strategies, compliance, and goals. Company-wide, we are working to integrate the principles set forth in this policy throughout our business operations to support sustainability and long-term value for our stakeholders. Our ESG policy is one component of our broader commitment to ethical business practices, as set forth in our Code of Ethics.

ESG GOVERNANCE

Our Nominating and Corporate Governance Committee oversees our policies and operational controls for environmental, health, safety and social risks. The Committee meets regularly to set ESG goals for the Company as well as monitor progress and results.

ESG COMMITMENT

We strive to build sustainable, equitable, healthy, and diverse communities by providing innovative financial solutions and exemplary environmental, social and governance (ESG) performance. This commitment informs every aspect of our business, including how we design and build new projects, operate our portfolio, collaborate with stakeholders and report progress.

Our Environment

At First Northwest, we recognize that climate change poses a risk to our business, our clients, and the communities in which we live and work. We are working to identify opportunities to help build a healthy environment for the communities we serve, as well as our children and future communities. By applying responsible resource reduction strategies, supporting the growth of renewable and low-carbon energy sources and green business operations, and exploring opportunities to partner with clients in support of their own environmental commitments, we can enhance both our environmental performance and the Company’s business performance.

We know that as a corporate citizen, we have a responsibility to educate and inform stakeholders regarding environmental issues, and to lead by example in our own business operations. We are supportive of policies and agreements that align with our Company’s commitment to addressing climate impacts, including the state of Washington’s participation in the United States Climate

Alliance. We recognize the role that we play as a corporate citizen serving Washington communities in solidifying our state's progress towards emissions-reductions goals.

Our Society

First Northwest recognizes that our employees and clients are at the heart of what we do, and we are committed to making positive impacts in our workplaces, the communities we serve, and throughout society broadly. Guided by our Code of Ethics, we operate under a framework of corporate policies, principles and practices across a number of key areas, including those highlighted below.

As set forth in more detail in our Diversity, Inclusion, and Equity Policy, First Northwest is committed to embracing diversity and inclusion; promoting safe, secure and healthy workplaces; protecting the privacy of our workforce; and complying with regulatory policies governing employment by financial institutions, including mandatory background checks. We recognize that diversity and inclusion in our workforce is critical to our success and are committed to attracting, developing and retaining a talented workforce as we pursue our goal of being a company where the best people want to work.

OUR GOVERNANCE

First Northwest operates under our Corporate Governance Policy, which in addition to the charters of the standing Committees of our Board of Directors, provides the general framework for the governance of the Company.

We strive to take a proactive approach to identifying and managing risks, including an ongoing and rigorous process for identifying the issues that are most important to our Company. This process includes formal and informal engagement with both internal and external stakeholders, including clients, shareholders, institutional investors, socially responsible investment firms, employees, and members of community organizations. We are also committed to providing accurate and relevant information to our stakeholders about our products and services, and working to avoid or mitigate potential, actual and apparent conflicts of interest.

Bribery and corruption are not tolerated within the Company. Our Code of Ethics provides multiple avenues through which employees may report suspicious activities, with zero tolerance for retaliation. The Company also has policies in place regarding anti-money laundering and insider trading, in addition to requiring strict compliance with applicable law.

Our Board of Directors has the ultimate responsibility to ensure the proper management of the Company, and has charged senior management with the day-to-day responsibility to determine the necessary course of action regarding the Company's activities to ensure policies are managed in an effective and consistent manner. Accordingly, management is responsible for implementing the requirements of this policy and to create, implement, and maintain procedures necessary to comply with the appropriate laws, rules and regulations and interpretive guidance governing this policy.

We are committed to operating First Northwest and managing risk in ways we believe will deliver long-term value to our customers, communities, employees and other stakeholders, which includes consideration of the ESG factors set forth in this policy. For more information, visit our website at www.ourfirstfed.com or contact us at First Northwest Bancorp, 105 West 8th Street, Port Angeles, WA 98362.