

Second-Party Opinion

Valley Sustainable Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Valley Sustainable Financing Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Affordable Housing, Workforce Housing, Socioeconomic Advancement and Empowerment, Access to Essential Infrastructure and Essential Services, Access to Education, Renewable Energy, Energy Efficiency, Green Buildings and Clean Transportation – are aligned with those recognized by both the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 6, 7, 9, 10 and 11.



PROJECT EVALUATION / SELECTION Valley National Bancorp, through its principal subsidiary, Valley National Bank, has established the Sustainable Financing Committee comprising Valley National Bank’s Co-Chair of ESG Council, Director of Capital Planning and Stress Testing, Director of Corporate Finance and Business Development, and Corporate Finance Manager will oversee the asset selection process based on the criteria defined in the Framework. Valley National Bancorp, through its principal subsidiary, Valley National Bank, has established the Valley National Bank’s ESG Council, which will be responsible for the identification and mitigation of ESG-related risks related to Valley National Bank’s lending activities. Sustainalytics considers this to be in line with market practice.



MANAGEMENT OF PROCEEDS Valley National Bancorp, through its principal subsidiary, Valley National Bank, has established a Sustainable Funding Asset Tracking Report that will be used to track all eligible projects and assets approved by the Sustainable Financing Committee. Valley National Bancorp, through its principal subsidiary, Valley National Bank, intends to fully allocate bond proceeds within 24 months of issuance. Pending allocation, proceeds will be invested temporarily in cash, cash equivalents and other high-quality liquid assets. Based on the presence of a system to track allocations and the disclosure of intended temporary management approach, Sustainalytics considers this to be in line with market practice.



REPORTING Valley National Bancorp, through its principal subsidiary, Valley National Bank, intends to report on allocation of proceeds in its Sustainable Finance Report on an annual basis until full allocation. This report will be publicly available on its website and will include amount of proceeds allocated, outstanding amounts and description of financed assets. In addition, Valley National Bancorp, through its principal subsidiary, Valley National Bank, is committed to reporting on relevant impact metrics. Sustainalytics views Valley National Bancorp’s allocation and impact reporting as aligned with market practice.

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Issuer Location	Wayne, NJ, USA

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Introduction

Valley National Bank (“Valley” or the “Bank”) is a large commercial bank¹ headquartered in New Jersey, US. It is the principal subsidiary of the Bank’s holding company, Valley National Bancorp, also headquartered in New Jersey. Valley National Bancorp will be the issuer of any potential Valley Sustainable Financing.

Valley provides retail and commercial banking services; home mortgage and commercial lending products; and wealth, insurance and estate planning solutions. Founded in 1927, it has approximately USD 54 billion in assets, as of June 2022.²

Valley National Bancorp (“VN Bancorp”) has developed the Valley Sustainable Financing Framework (the “Framework”) under which it intends to issue sustainable, social, and green senior notes, subordinated notes, and preferred stocks. The proceeds will be used by the Bank to finance or refinance, in whole or in part, existing and future projects that are expected to contribute to the transition to a low-carbon economy and help support the socio-economic development of the United States.

The Framework defines eligibility criteria in nine areas:

1. Affordable Housing
2. Workforce Housing
3. Socioeconomic Advancement and Empowerment
4. Access to Essential Infrastructure and Essential Services
5. Access to Education
6. Renewable Energy
7. Energy Efficiency
8. Green Buildings
9. Clean Transportation

Valley National Bancorp engaged Sustainalytics to review the Valley Sustainable Financing Framework, dated September 2022, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).³ This Framework has been published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Valley National Bank’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Valley National Bank representatives have confirmed (1) they understand it is the sole responsibility of Valley National Bank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided

¹ Federal Reserve Statistical Release, “Large Commercial Banks – June 30, 2022”, at: <https://www.federalreserve.gov/releases/lbr/current/>

² Valley, “2Q2022 Earnings Presentation”, at: https://www.valley.com/VNB/media/Library/PDFs/2Q22-Earnings-Presentation_vF.pdf

³ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁴ The Valley Sustainable Financing Framework is available on Valley National Bank’s website at: <https://www.valley.com/why-valley/company-information/investor-relations-press-and-news>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Valley National Bancorp.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Valley National Bancorp is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Valley National Bank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Valley Sustainable Financing Framework

Sustainalytics is of the opinion that the Valley Sustainable Financing Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of Valley National Bancorp's Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Affordable Housing, Workforce Housing, Socioeconomic Advancement and Empowerment, Access to Essential Infrastructure and Essential Services, Access to Education, Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation – are aligned with those recognized by the GBP and SBP.
 - VN Bancorp has established a two-year look-back period for its financing, refinancing and investment activities, which Sustainalytics considers to be in line with market practice.
 - Under the Affordable Housing category, Valley intends to finance the acquisition, construction, investments, rehabilitation, and financing of multi-family and 1-4 family housing units that qualify under regional and national affordable housing programmes and target low- and moderate-income (LMI)⁶ families or individuals or are in LMI census tracts. Low-income households are defined as those whose incomes are below 80% of the Area Median Income (AMI) in the US.⁷ Eligible investments include:
 - Projects under the Low-Income Housing Tax Credits (LIHTCs)⁸ under Section 42 of the Internal Revenue Code⁹ which maintains that affordable units are those where tenants spend 30% or less of their monthly adjusted gross income.

⁶ US Department of Housing and Urban Development, FY 2021 ACS 5-Year 2011-2015 Low- and Moderate-Income Summary FAQs, at: <https://www.huduser.gov/portal/sites/default/files/pdf/LMISD-AlternativeData.pdf>

⁷ US Department of Housing and Urban Development, "Income Limits", at: <https://www.huduser.gov/portal/datasets/il.html>

⁸ US Department of Housing and Urban Development, Office of Policy Development and Research, "Low-income Housing Tax Credit (LIHTC)" at: <https://www.huduser.gov/portal/datasets/lihtc.html?msclid=56397045ae0211ec8e0c6e82f87716b9>

⁹ United States Code, "26 U.S.C. 42 - Low-income housing credit" at: <https://www.govinfo.gov/app/details/USCODE-2011-title26/USCODE-2011-title26-subtitleA-chap1-subchapA-partIV-subpartD-sec42?msclid=7461e170ae0611ec841cb234f1cf19d4>

- The federal Housing Assistance Payment contracts¹⁰ or Housing Choice Voucher Programs¹¹ targeting families whose income does not exceed 50% of the AMI for the county or metropolitan area in which the family resides. Sustainalytics notes that Housing Assistance Payments contracts under the US Department of Housing and Urban Development's (HUD)'s Section 8 Program, cap the amount of rent payable at 30% of the monthly adjusted income of the household, while Housing Choice Voucher Programs limit rent to a maximum of 40% of the monthly unit income. Sustainalytics considers it to be best practice to limit rent to a maximum of 30% of monthly unit income to ensure affordability. Sustainalytics recognizes the expected benefits of these federal schemes and notes that the Framework commits to reporting on the impacts on beneficiaries, where feasible.
 - Affordable housing projects under federal or municipal programmes or housing set-asides that specifically target LMI families or individuals.
 - Financing under this category may be extended to projects that aim to offer no-cost housing solutions for homeless individuals or families, or to offer housing to developmentally disabled individuals.
 - Valley may also extend financing through grants to organizations that support affordable housing through down payment assistance, financial education or housing/ mortgage counselling, and community land trusts.
- Under the Workforce Housing category, Valley may finance the acquisition, construction, investments, rehabilitation, or financing of multi-family and 1-4 family properties that offer housing at a lower-than-market rates. The Workforce Housing category under the Framework targets low-income individuals and families whose incomes are 60-80% of the AMI and up to 120% of AMI for high-cost metropolitan markets.¹² Although social finance related to affordable housing typically focuses on income earners at 80% of AMI or lower, Sustainalytics recognizes that, given the very high cost of housing in identified metropolitan areas, many people in the workforce category are unable to afford market-rate units in key areas. In this context, Sustainalytics finds the Bank's targeting to be credible and impactful. Eligible projects include:
- Federal, state or municipal programmes for affordable housing or project set-asides for individuals or families earning up to 80% of AMI.
 - Eligible projects under the LIHTCs¹³ under Section 42 of the Internal Revenue Code¹⁴ which maintains that affordable unit are those where tenants spend 30% or less of their monthly adjusted gross income.
 - The federal Housing Assistance Payment contracts¹⁵ or Housing Choice Voucher Programs¹⁶ targeting families whose income does not exceed 50% of the AMI for the county or metropolitan area in which the family chooses to live.
 - The federal Public Housing Program¹⁷ targeting families and individuals with lower income limit at 80% and very low-income limit at 50% of the AMI for the county or metropolitan area in which the family or individual resides.

¹⁰ US Department of Housing and Urban Development, "Housing Assistance Payment contracts", at:

https://www.hud.gov/sites/documents/doc_11737.pdf

¹¹ US Department of Housing and Urban Development, "Housing Choice Voucher program" at:

https://www.hud.gov/topics/housing_choice_voucher_program_section_8

¹² US Department of Housing and Urban Development, "Income Limits", at: <https://www.huduser.gov/portal/datasets/il.html>

¹³ The LIHTC programme was created by the Tax Reform Act of 1986 with the aim of creating affordable housing in the United States. It gives the State and local LIHTC-allocating agencies the authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. Office of Policy Development and Research (PD&R), "Low-income Housing Tax Credit (LIHTC)", at:

<https://www.huduser.gov/portal/datasets/lihtc.html?msclkid=56397045ae0211ec8e0c6e82f87716b9>

¹⁴ Section 42 of the Internal Revenue Code sets out provisions on tax credits to investors who build affordable housing. Govinfo, "26 U.S.C. 42 - Low-income housing credit", at:

<https://www.govinfo.gov/app/details/USCODE-2011-title26/USCODE-2011-title26-subtitleA-chap1-subchapA-partIV-subpartD-sec42?msclkid=7461e170ae0611ec841cb234f1cf19d4>

¹⁵ The U.S. Department of Housing and Urban Development (HUD) website, "Housing Assistance Payment contracts",

https://www.hud.gov/sites/documents/doc_11737.pdf

¹⁶ The U.S. Department of Housing and Urban Development (HUD) website, "Housing Choice Voucher program",

at: https://www.hud.gov/topics/housing_choice_voucher_program_section_8

¹⁷ The U.S. Department of Housing and Urban Development (HUD) website, "Public Housing program", at:

https://www.hud.gov/topics/rental_assistance/phprog

- Sustainalytics notes that Housing Assistance Payments contracts under HUD's Section 8 Program and the Public Housing Program cap the amount of rent payable at 30% of the monthly adjusted income of the household, while Housing Choice Voucher Programs limits rent to maximum of 40% of the monthly unit income.
- Sustainalytics notes that the federal schemes ensure affordability by limiting monthly rent on these units to less than 30% of the monthly unit income. Sustainalytics considers these projects to be aligned with market practice.
- Through the Socioeconomic Advancement and Empowerment category, Valley intends to support small and medium-sized enterprises (SMEs), as defined by the OECD criteria,¹⁸ that are (i) at least 51% owned and operated by an individual who is a US citizen and at least 25% belonging to minorities, vulnerable or marginalized populations such as African-American, Asian-American, Pacific Islander, Hispanic-American or Native American; or (ii) at least 51% owned and operated by women or military veterans. Sustainalytics believes that the Bank's lending to such businesses promotes equality and advancement in business leadership.
- The Access to Essential Infrastructure and Essential Services category includes investments and financings that enhance access to public, not-for-profit, free or subsidized essential services for (i) construction, rehabilitation or enhancement of community services or infrastructure including emergency services, clean water and sewer service, transportation, and communication services, and (ii) healthcare facilities and clinics including those operated by not-for-profit organizations and Federally Qualified Health Centers (FQHCs)¹⁹ according to the Health Resources and Services Administration.
 - Expenses related to construction, rehabilitation or enhancement of community services or infrastructure will primarily include expenditures in facilities that provide public services and are affected by natural disasters.
 - For healthcare services, Valley intends to finance facilities and clinics including FQHCs that provide healthcare services to low-income individuals. While the Framework does not specify a set percentage of patients who must qualify as low income, Sustainalytics notes that FQHCs qualify for funding under Section 330 of the Public Health Service Act²⁰ which serves medically underserved areas, low-income populations, or Medicaid recipients. Sustainalytics notes Valley's objective to ensure quality healthcare for these target populations.
 - While Sustainalytics recognizes the social benefits of investments in facilities under this category, it notes that subsidized rates, where applicable, do not ensure affordability and hence accessibility of these services for all members of the target population. Sustainalytics therefore encourages Valley to focus its financing activities on those facilities that are free and accessible to all.
- For the Access to Education category, Valley may invest in construction, rehabilitation or enhancement of facilities that offer child, youth or adult education and vocational services to LMI individuals. These facilities will offer public, not-for-profit, free-of-cost, or subsidized educational and training services.
 - Valley has communicated to Sustainalytics that it intends to primarily finance not-for-profit facilities that are characterized by a student body that is predominantly eligible for receiving Pell grants²¹ or Tuition Assistance Program (TAP) grants²² from the US federal and state governments, respectively. Federal Pell Grants and state aid TAP direct grants are awarded through participating institutions to students with financial need. Sustainalytics views such eligible education institutions and facilities as playing a key role in providing access to education for underserved groups. While acknowledging that these investment activities will benefit target populations,

¹⁸ SMEs with fewer than 250 employees

¹⁹ Federally qualified health centers are community-based health care providers in the US that receive funds from the HRSA Health Center Program to provide primary care services in underserved areas. For more information see: <https://www.hrsa.gov/opa/eligibility-and-registration/healthcenters/fqhc/index.html>

²⁰ National Association of Community Health Centers, "Consolidated Health Centers Act, Section 330 of the Public Health Service Act", at: <https://www.nachc.org/wp-content/uploads/2018/05/Section-330-statute-as-of-March-2018-Clean.pdf>

²¹ Federal Student Aid – US Department of Education, "Federal Pell Grants", at: <https://studentaid.gov/understand-aid/types/grants/pell>

²² Federal Student Aid – US Department of Education, "State Aid", at: <https://studentaid.gov/help-center/answers/article/state-aid>

- Sustainalytics recognizes that the associated educational services may still involve costs that may present a barrier to the access of post-secondary education for some. Sustainalytics considers financing eligible institutions that primarily serve the low-income target groups as indicative of positive social impact and encourages Valley to report on the accessibility of the facilities financed.
- The Renewable Energy category relates to investments in the generation, transmission, and distribution of solar, wind and geothermal energy. Valley National Bank has specified the following eligibility criteria under this category:
 - Solar projects may include solar photovoltaic (PV) power generation plants and concentrated solar heat and power generation (CSP) plants where at least 85% of the electricity generated will be from solar power.
 - With respect to wind, Valley may finance onshore and offshore wind energy projects. For wind energy, the Bank may also finance renewable energy components such as components for wind turbines. Regarding geothermal, Valley intends to finance facilities with direct emissions intensity of less than 100g CO₂/kWh, which Sustainalytics considers to be in line with market practice.
 - Valley National Bank's expenditures under the Energy Efficiency category may include investments, acquisitions, expenditures and financings in:
 - Heating, ventilation, air conditioning, refrigeration, lighting and electrical equipment that will enable energy savings by 25%.
 - Projects that reduce electrical losses in bulk energy delivery or enable better integration of renewables such as energy storage, smart grids,²³ battery technology and demand response; and
 - Monitoring and optimization equipment such as smart meters, load control systems and sensors.
 - Sustainalytics views investments under this category to be in line with market practice and notes positively that the Framework-level exclusionary criterion excludes all forms of energy generation from fossil fuel sources.
 - Under Green Buildings category, Valley National Bank intends to finance the development or acquisition of new or existing commercial or residential buildings that meet the following criteria:
 - Buildings that have placed or are expected to place among the top 15% energy performing buildings in their municipal boundaries based on a third-party assessment of the leading greenhouse gas emission performance. Sustainalytics considers this to be in line with market practice.
 - Buildings that have achieved or expected to achieve LEED Gold or Platinum standard or BREEAM excellent or outstanding certification. Sustainalytics views these certification schemes to be credible and impactful and the selected levels are aligned with the market practice.
 - Under the Clean Transportation category, the Bank intends to finance low-carbon vehicles such as personal EV and hybrid vehicles with emissions below 121 gCO₂/mile. Valley has confirmed that it intends to rely on the Environmental Protection Agency (EPA) Test Procedure to measure emissions from hybrid vehicles under the Framework. Under this category, expenditures will also include financing of infrastructure to support EV and hybrid vehicles including hydrogen, fuel cell and electric vehicle charging stations. Sustainalytics considers investments in this category as aligned with market practice.
 - The Framework excludes the financing of projects associated with alcohol and tobacco, fossil fuels and mining, private prisons, ammunition, firearms and weapons; adult entertainment; nuclear energy; predatory lending; endangerment of protected species; chemical, petroleum and coal product manufacturing. The Framework also excludes financing of assets where the potential loss to Valley has been assessed and categorised as criticized, classified, substandard or doubtful. Sustainalytics views the exclusion of activities that have potentially negative environmental or social impacts to further strengthen the Framework.
- Project Evaluation and Selection:

²³ Smart grid technologies and projects may include those aimed at connecting renewable sources, improving efficiency, and enabling demand side response such as smart meters, IT systems supporting network control, sensors, measurement tools, communication, and control.

- Valley's Sustainable Financing Committee will be responsible for the review and selection of Eligible Assets and ensuring compliance with the eligible criteria per the Framework criteria. The Sustainable Financing Committee comprises Co-Chair of ESG Council, Director of Capital Planning and Stress Testing, Director of Corporate Finance and Business Development, and Corporate Finance Manager.
- Valley's Environmental, Social and Governance (ESG) Council is responsible for overseeing the implementation of the Bank's ESG strategy and overseeing the assessment of associated environmental and social risks. The Council includes representation from Executive Management, Corporate Finance, Treasury, Commercial and Retail Banking, Credit Risk Management, Compliance, Legal, CRA, Internal Audit, and Diversity and Inclusion teams.
- The ESG Council will be responsible for guiding Valley's ESG strategy and objectives, including the identification and mitigation of ESG-related risks associated with its lending activities. Refer to Section 2 for more details.
- Based on the delineation of responsibility, Sustainalytics considers this evaluation and selection process to be in line with market practice.
- Management of Proceeds:
 - Valley will establish a Sustainable Funding Asset Tracking Report that will be used to track all eligible projects and assets approved by the Sustainable Financing Committee.
 - Valley intends to fully allocate bond proceeds within 24 months of issuance and maintain an aggregate amount of assets in the relevant Eligible Portfolio that is at least equal to the aggregate net proceeds of all outstanding Valley Sustainable Financings. The Eligible Assets may include investments projects held by the Bank 24 months preceding the relevant Valley Sustainable Financing. Pending full allocation, Valley will invest proceeds temporarily in cash, cash equivalents and other high-quality liquid assets.
 - Based on the presence of a system to track allocations and the disclosure of intended temporary management approach, Sustainalytics considers this to be in line with market practice.
- Reporting:
 - Valley intends to report on the allocation of the eligible projects in its Sustainable Finance report on an annual basis which will be publicly available on the CSR section of the Bank's website until full allocation of the net proceeds.
 - Allocation reporting will include its management's assertion that the use of proceeds of the Valley Sustainable Financing complies with the Valley Sustainable Financing Framework, amount of proceeds allocated to eligible projects, the outstanding amount of unallocated net proceeds and description of selected assets financed.
 - In addition, Valley is committed to reporting on relevant impact metrics, where feasible, such as, number of affordable housing units constructed refurbished or sustained, number of units developed/acquired for LMI communities, number of jobs created, number of loans provided to small businesses in LMI communities, annual GHG emissions reduced, area of certified green buildings in square feet and by certification level, number of loans made to fund the purchase of energy efficient vehicles. A detailed list of impact metrics can be found in Appendix 1.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Valley Sustainable Financing Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Valley National Bancorp

Contribution of the Framework to Valley National Bancorp's sustainability strategy

Sustainalytics is of the opinion that VN Bancorp demonstrates a commitment to sustainability with a focus on key environmental and social areas. In 2020, VN Bancorp established its ESG Council to monitor how environmental, social and sustainability issues impact the ability to achieve its long-term business strategy.

The ESG Council is also expected to guide and build a stronger risk management framework for VN Bancorp.²⁴ Its CSR pillars include promoting affordable homes, inspiring innovation and entrepreneurship, and stimulating economic and community development.²⁵

Investing in affordable housing remains a key pillar of Valley's strategic community development goals. As of 2020, it had investments worth over USD 231 million across its region of financing which increased to over USD 297 million in 2021.²⁶ To reduce the carbon footprint of its lending portfolio, VN Bancorp intends to prioritize lending to projects that incorporate renewable energy features, LEED certified properties, hybrid and electric vehicles and direct lending to green businesses.²⁷ Additionally, it also rolled out new educational programs in 2021 to allow associates at all levels to build their inclusion acumen through micro-lessons, live sessions and on-demand classes.²⁸

In relation to the green categories noted in the Framework, Valley has refurbished selected offices to reduce energy use and implement recycling programs. It is replacing old HVAC units with those that utilize eco-friendly refrigerants, consume less electricity and are more energy efficient. In addition, Valley collects information on renewable energy loans to facilitate investments in LEED and other green-certified buildings.²⁹ The Bank is also considering the creation of a role through which the Bank could partake in a nationally syndicated credit facility for large-scale renewable energy projects. These credit facilities would be led by larger commercial banks already active in the sector with deeper industry and institutional knowledge of renewable energy projects.³⁰

In 2021, Valley started tracking new lending involving renewable resources and energy-efficient buildings and additionally intends to capture relevant data from its climate-related experiences, thus allowing it to formulate better strategic planning efforts and enhance the inputs to its stress testing models.³¹

Overall, Sustainalytics recognizes VN Bancorp's commitment to its ongoing environmental and social initiatives and encourages it to develop quantifiable and time-bound sustainable finance targets to further strengthen its sustainability practices.

Approach to managing environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key risks associated with the eligible green and social projects may include land use and biodiversity issues associated with large-scale infrastructure development; emissions, effluents, and waste generated in construction projects financed by the Bank; community relations and stakeholder participation; and occupational health and safety.

Sustainalytics is of the opinion that Valley is able to manage and mitigate potential risks through implementation of the following at the Bank level:

- Valley mitigates the direct environmental impacts of its operations through its Environmental Policy.³² As an extension to this policy, the Issuer also plans to review credit practices to assess the impact of climate change in its lending activities and make necessary modifications in its credit policies and practices with an intent of reducing its portfolio-level exposure to climate-related risks.³³
- Regarding the risks related to land use, loss of biodiversity and emissions, effluents, and waste generated in construction projects, Sustainalytics notes that all financing under the Framework will take place in the US where the country's laws and regulations provide stringent oversight of

²⁴ Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 4, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

²⁵ Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 7, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

²⁶ Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 11, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

²⁷ Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 17, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

²⁸ Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 10, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

²⁹ Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 15, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

³⁰ Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 17, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

³¹ Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 18, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

³² Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 15, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

³³ *Ibid.*

construction activities. The Issuer has confirmed that the Bank requires compliance of the financed projects with regional environmental and social regulations, including those related to occupational health and safety.

- Additionally, the US is recognized as one of the Designated Countries under the Equator Principles, indicating that environmental and social governance legislation systems and institutional capacity are sufficient to ensure mitigation of the common environmental and social risks.³⁴ In addition, Valley has developed some credit policies that require the Bank to conduct due diligence process for assessing the environmental risks related to real estate-secured commercial loans in environmentally sensitive industries.³⁵ Valley's underwriting templates also include an assessment of the borrower's management and organizational structure, which provides the opportunity to identify material social and governance concerns.³⁶

Based on these processes and regulations, Sustainalytics acknowledges that Valley manages the noted portfolio-level risks through existing internal processes and encourages it to develop a formal policy that addresses these risks at an asset-origination level. Sustainalytics nonetheless believes that the Issuer has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All nine use of proceeds categories are aligned with those recognized by the GBP or the SBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of increasing access to affordable housing for low-income households in the US

In 2020, the US Department of Housing and Urban Development estimated that the US had 580,000 homeless people, up for the fourth consecutive year.³⁷ In 2021, more than 326,000 people in the US were experiencing sheltered homelessness.³⁸ The lack of affordable housing is a key contributor to homelessness, particularly for low-income renters who are often one financial shock away from homelessness.³⁹ Approximately 11 million renter households in the US have extremely low incomes, while only 7 million affordable homes are available to them.⁴⁰ According to the National Low Income Housing Coalition, approximately 7.6 million low-income households spend more than 50% of their income on housing costs.⁴¹ The lack of affordable housing further leads to negative social outcomes across multiple other dimensions of daily life, as families and individuals are compelled to make trade-offs between spending on rent and other essentials, such as food, healthcare and transport. The economic impact of the COVID-19 pandemic has further exacerbated these issues resulting in more than 50% of all renter households and nearly 40% of homeowners losing some source of income in 2020. As a result, millions of households fell behind on their housing payments, with many on the brink of eviction or foreclosure.⁴²

Access to financial services plays a key role in assisting people to access housing. However, low-income borrowers tend to have lower credit scores that prevent them from receiving standard mortgage loan approvals.⁴³ In 2021, the US federal government announced the allocation of USD 711 million towards the National Housing Trust Fund, an annual grant to states for the creation, preservation or rehabilitation of rental

³⁴ Equator Principles, "Designated Countries", (2020) at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

³⁵ Valley National Bancorp, "2020/2021 Environmental, Social and Governance Report", (2022), pp. 24, at: https://www.valley.com/VNB/media/Library/PDFs/VLY3812_2020-ESG-Report_FINAL_v2.pdf

³⁶ *Ibid.*

³⁷ US Department of Housing and Urban Development, "The 2020 Annual Homeless Assessment Report (AHAR) to Congress", (2021), at: <https://www.huduser.gov/portal/sites/default/files/pdf/2020-AHAR-Part-1.pdf>

³⁸ US Department of Housing and Urban Development, "The 2021 Annual Homeless Assessment Report (AHAR) to Congress", (2022), at: <https://www.huduser.gov/portal/sites/default/files/pdf/2021-AHAR-Part-1.pdf>

³⁹ US Department of Housing and Urban Development, "Worst Case Housing Needs 2021 Report to Congress", (2021), at: <https://www.huduser.gov/PORTAL/sites/default/files/pdf/Worst-Case-Housing-Needs-2021.pdf>

⁴⁰ National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes", (2022), at: https://nlihc.org/sites/default/files/gap/Gap-Report_2022.pdf

⁴¹ *Ibid.*

⁴² Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2021", at: https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

⁴³ Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2021", at: https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

housing for extremely low-income renters.⁴⁴ The LIHTC also provides a tax incentive to construct or rehabilitate affordable housing for low-income households.⁴⁵ The US federal government's American Rescue Plan commits to reducing housing insecurity post-COVID-19 with the allocation of USD 5 billion towards various programmes to create affordable housing and services to support communities across the country.^{46,47}

Based on the above, Sustainalytics believes that the provision of affordable housing under the Framework is expected to contribute to reducing financing barriers for the target populations in the US.

Importance of increasing the share of renewable energy in the US

The electricity sector is the second largest source of GHG emissions in the US, accounting for 25% of total GHG emissions in 2020.⁴⁸ As of 2020, 60% of US electricity generation comes from fossil fuels, such as natural gas, coal and petroleum, and 20% comes from nuclear energy.⁴⁹ From 1990 to 2019, GHG emissions from electricity generation decreased by 12% as a result of the increase in renewable energy and energy efficiency.⁵⁰ Although renewable energy generation in the US has experienced significant growth since 2008, it accounted for only 20.1% of the country's total electricity generated in 2021.^{51,52} More specifically, wind energy contributed 9.2% of total electricity generation in the country, while solar energy contributed 2.8% in the same year.⁵³

Projections show a likely increase in US renewables to approximately 35% of total electricity generation capacity by 2030.⁵⁴ However, this figure is well below the projected proportion of renewables in the global energy system of 40% by the same year.⁵⁵ Consequently, significant additional investments in renewable energy are required in order to meet the Paris Agreement climate target of limiting temperature increases to below 2°C.⁵⁶ According to the DOE National Renewable Energy Laboratory, presently available technologies have the capacity to increase renewable electricity generation to account for 80% of the US electricity generation by 2050, including via wind and solar.⁵⁷ In 2021, the US government set a goal to reach 100% carbon-free electricity by 2035, and this is expected to further add to the renewable energy momentum in the country.⁵⁸

Considering the above, Sustainalytics believes that the renewable energy generation and transmission projects financed under the Framework are expected to contribute towards increasing renewable energy generation and supporting the clean energy transition in the US.

⁴⁴ National Low Income Housing Coalition, "FHFA Announces \$711 Million for National Housing Trust Fund", (2021), at: <https://nlihc.org/resource/fhfa-announces-711-million-national-housing-trust-fund>

⁴⁵ US Department of Housing and Urban Development, "Low-Income Housing Tax Credit (LIHTC)", at: <https://www.huduser.gov/portal/datasets/lihtc.html>

⁴⁶ The White House, "American Rescue Plan", (2021), at: <https://www.whitehouse.gov/wp-content/uploads/2021/03/American-Rescue-Plan-Fact-Sheet.pdf>

⁴⁷ The White House, "President Biden Announces New Actions to Ease the Burden of Housing Costs US Department of Housing and Urban Development", (2022), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/16/president-biden-announces-new-actions-to-ease-the-burden-of-housing-costs/>

⁴⁸ US Environmental Protection Agency, "Sources of Greenhouse Gas Emissions", at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#electricity>

⁴⁹ US Energy Information Administration, "Electricity Explained", at: <https://www.eia.gov/energyexplained/electricity/electricity-in-the-us.php>

⁵⁰ US Environmental Protection Agency, "Sources of Greenhouse Gas Emissions", at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#electricity>

⁵¹ US Energy Information Administration, "U.S. primary energy consumption by energy source", (2020), at: <https://www.eia.gov/energyexplained/us-energy-facts/>

⁵² US Energy Information Administration, "What is U.S. electricity generation by source", at: <https://www.eia.gov/tools/faqs/faq.php?id=427&t=3>

⁵³ *Ibid.*

⁵⁴ EIA, "Annual Energy Outlook 2022" (2022), at: https://www.eia.gov/outlooks/aeo/ppt/AEO2022_ReleasePresentation.pptx

⁵⁵ IEA, "World Energy Outlook 2021" (2021) at: <https://iea.blob.core.windows.net/assets/4ed140c1-c3f3-4fd9-acae-789a4e14a23c/WorldEnergyOutlook2021.pdf>

⁵⁶ International Renewable Energy Agency, "Renewable energy: a key climate solution", (2017) at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Nov/IRENA_A_key_climate_solution_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98

⁵⁷ US National Renewable Energy Laboratory, "Renewable Electricity Futures Study", at: <https://www.nrel.gov/docs/fy13osti/52409-ES.pdf>

⁵⁸ The White House, "FACT SHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies", (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Valley Sustainable Financing Framework advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Affordable Housing	11. Sustainable cities and communities	11.1 By 2030, ensure access for all to adequate, safe, and affordable housing and basic services and upgrade slums
Workforce Housing	11. Sustainable cities and communities	11.1 By 2030, ensure access for all to adequate, safe, and affordable housing and basic services and upgrade slums
Socioeconomic Advancement and Empowerment	10. Reduced inequalities	10.2 By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Access to Essential Infrastructure and Essential Services	3. Good health and well-health	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	6. Clean water and sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Access to Education	4. Quality education	4.a Build and upgrade education facilities that are child, disability, and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Green Buildings	11. Sustainable cities and communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated, and sustainable human settlement planning and management in all countries
Clean Transportation	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Valley National Bancorp has developed the Valley Sustainable Financing Framework under which it may issue green, social or sustainability notes and preferred stocks and the Bank may use the proceeds to finance or re-finance a range of sustainable projects and expenditures, including those related to affordable housing, workforce housing, socioeconomic advancement and empowerment, access to essential infrastructure and essential services, access to education, renewable energy, energy efficiency, green buildings and clean transportation. Sustainalytics considers that the projects funded by the proceeds are expected to provide positive environmental and social impacts.

The Valley Sustainable Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of VN Bancorp and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 6, 7, 9, 10 and 11. Additionally, Sustainalytics is of the opinion that VN Bancorp has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Valley National Bancorp is well-positioned to issue green, social or sustainability bonds and preferred stocks and that that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Valley National Bancorp
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Valley Sustainable Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 13, 2022
Publication date of review publication:	
Original publication date <i>[please fill this out for updates]</i> :	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Affordable Housing, Workforce Housing, Socioeconomic Advancement and Empowerment, Access to Essential Infrastructure and Essential Services, Access to Education, Renewable Energy, Energy Efficiency, Green Buildings and Clean Transportation – are aligned with those recognized by both the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 6, 7, 9, 10 and 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Valley National Bancorp, through its principal subsidiary, Valley National Bank, has established the Sustainable Financing Committee comprising Valley National Bank's Co-Chair of ESG Council, Director of Capital Planning and Stress Testing, Director of Corporate Finance and Business Development, and Corporate Finance Manager will oversee the asset selection process based on the criteria defined in the Framework. Valley National Bancorp, through its principal subsidiary, Valley National Bank, has established the Valley National Bank's ESG Council, which will be responsible for the identification and mitigation of ESG-related risks related to Valley National Bank's lending activities. Sustainalytics considers this to be in line with market practice.

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Valley National Bancorp, through its principal subsidiary, Valley National Bank, has established a Sustainable Funding Asset Tracking Report that will be used to track all eligible projects and assets approved by the Sustainable Financing Committee. Valley National Bancorp, through its principal subsidiary, Valley National Bank, intends to fully allocate bond proceeds within 24 months of issuance. Pending allocation, proceeds will be invested temporarily in cash, cash equivalents and other high-quality liquid assets. Based on the presence of a system to track allocations and the disclosure of intended temporary management approach, Sustainalytics considers this to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Valley National Bancorp, through its principal subsidiary, Valley National Bank, intends to report on allocation of proceeds in its Sustainable Finance Report on an annual basis until full allocation. This report will be publicly available on its website and will include amount of proceeds allocated, outstanding amounts and description of financed assets. In addition, Valley National Bancorp, through its principal subsidiary, Valley National Bank, is committed to reporting on relevant impact metrics. Sustainalytics views Valley National Bancorp's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify):
Description of select assets financed | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |

Target populations

Other ESG indicators (please specify): Number of affordable housing units constructed, refurbished, or sustained; number of units developed / acquired that will provide stable long-term housing for LMI communities; number of loans made; dollar amount of loans provided to small businesses in LMI communities; number of mortgages provided to racial minority purchasers; number of jobs created; area of certified green buildings in square feet and by certification level; number of loans made to fund the purchase of energy efficient vehicles; dollar amount of loans made to fund the purchase of energy efficient vehicles.

Frequency:

Annual

Semi-annual

Other (please specify):

Means of Disclosure

Information published in financial report

Information published in sustainability report

Information published in ad hoc documents

Other (please specify): Standalone reports published on the Bank's website

Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

Consultancy (incl. 2nd opinion)

Certification

Verification / Audit

Rating

Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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