



September 2022

# Valley's Sustainable Financing Framework





# Introduction

Valley National Bancorp, headquartered in Wayne, New Jersey, is a New Jersey corporation organized in 1983 and is registered as a bank holding company and a financial holding company with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act. Its principal subsidiary, Valley National Bank is a leading financial institution with approximately \$54 billion in assets and over 200 branches and commercial office locations throughout New Jersey, New York, Florida, California, Pennsylvania, Alabama and Illinois. Valley National Bank was founded in 1927 with the dual goals of creating better banking opportunities for our customers and helping our communities grow and prosper. For 95 years, our professional banking associates have embraced this spirit by providing a comprehensive suite of retail and commercial banking services, home mortgage and commercial lending products, and wealth, insurance and estate planning solutions to help our customers and communities achieve financial success. As part of our strategy to ensure the advances of people, places and economies we service, we adhere to three strategic pillars to guide our actions: relentless customer focus, deepening relationships and strengthening our communities.

Valley recognizes the importance of its relationships with its associates, customers and the communities it serves. Our foundation was built by the strength and depth of relationships with our customers and communities, by being a trusted financial partner, by generating innovative ideas and solutions, advocating for local communities and cultivating an ethical workplace culture. Valley also recognizes that adopting environmentally responsible practices is part of good corporate governance and contributes to local and global well-being. In early 2020, senior management with the backing of our board of directors, created our ESG Council. This group aims to connect the different departments of our organization to strengthen and guide our ESG efforts. An important goal of the ESG Council is to educate our organization on the impact of environmental, social and sustainability issues, and to collaborate on opportunities to mitigate these challenges.



Being a **TRUSTED**  
**FINANCIAL PARTNER**



Generating  
**INNOVATIVE IDEAS**  
and **SOLUTIONS**



Cultivating a  
**COLLABORATIVE** and  
**EMPOWERING**  
**CULTURE**



Advocating for our  
**LOCAL COMMUNITIES**

We expect that the ESG considerations that have become embedded in our long-term strategy will support and strengthen our risk-management framework and add sustainable value to our organization. More importantly, we believe that our actions will make a positive impact on the communities that we are proud to serve. In consideration of Valley’s focus and success on these efforts, we are pleased to present both our 2020 / 2021 Environment, Social and Governance Report and 2020 CSR Report. These reports highlight our tangible efforts to address climate change and our contributions to cultural and social progress in our communities.

This Valley Sustainable Financing Framework (the “Framework”) represents the next evolution of our ESG strategy and will guide future issuances of sustainable, social, and green debt issuances. References in this Framework to “Valley,” “we,” “us” and “our,” when used to describe the issuer of Valley Sustainable Financing, are to Valley National Bancorp and not to any of its subsidiaries. Other references to these terms are to Valley National Bancorp and its consolidated subsidiaries, including Valley National Bank, unless otherwise stated or the context otherwise requires.



## Valley's Core Values

**OUR PURPOSE:** We believe that success starts with empowering and improving the communities in which we operate. For 95 years, Valley has been committed to serving, supporting and strengthening our communities through economic inclusion, workforce and community development, and investment in local partners.

**OUR VISION:** To make a lasting impact on our communities by committing and contributing to the success of our stakeholders.

**OUR MISSION:** Give people and businesses the power to succeed.



# Framework Overview

The Framework will guide future issuances of sustainable, social, and green senior notes, subordinated notes, and preferred stock (each a “Valley Sustainable Financing”) by Valley National Bancorp.

The Framework was developed with the support of our ESG Council to align with the International Capital Markets Association (“ICMA”) Sustainability Bond Guidelines 2021, Social Bond Principles 2021, and Green Bond Principles 2021, as applicable and specifically addresses the four components of the principles.

- I. Use of Proceeds
- II. Project Selection and Evaluation Process
- III. Management of Proceeds
- IV. Reporting





## I. Use of Proceeds

An amount equal to the net proceeds of each Valley Sustainable Financing will be used to finance or re-finance, in part or in full, new and / or existing social and / or green assets that meet the Eligibility Criteria defined below (“Eligible Assets”). Social assets compose the “Eligible Social Portfolio” and green assets form the “Eligible Green Portfolio”.





Social Financings are securities where the proceeds are allocated to social assets, Green Financings are securities where the proceeds are allocated to green assets, and Sustainability Financings are securities where the proceeds are allocated to both social and green assets. Each of the Eligible Criteria identified below is aligned to one or more UN Sustainable Development Goals (SDGs).

Eligible Assets include existing social or green assets held by Valley Entities 24 months prior to the Valley Sustainable Financing issuance date and new social or green assets acquired post issuance. Valley intends to allocate an amount equal to the net proceeds of a Valley Sustainable Financing within 24 months of its issuance.

Criteria utilized by Valley to categorize eligible assets are listed below:

Eligible Category per ICMA Social Bond Principles and UN Sustainable Development Goals	Social Assets Eligibility Criteria
<div>1. Affordable Housing</div> <div></div>	<p>Acquisitions, construction, investments, rehabilitation and financing of multifamily and 1-4 family housing units meeting national/regional affordable housing definitions, including:</p> <ul style="list-style-type: none"><li>I. Affordable housing for LMI individuals or families with incomes less than 80% of the relevant area median income (“AMI”), or homes in LMI census tracts, including communities or units financed with LIHTCs or for individuals that may benefit from Housing Assistance Payment contracts or the housing choice voucher program</li><li>II. Housing that specifically ensures the availability of units affordable to LMI families or individuals (i.e., federal, municipal, or project-based set-asides)</li><li>III. Efforts which aim to provide no-cost housing solutions for homeless families or individuals</li><li>IV. Supplying housing availability to developmentally disabled individuals</li><li>V. Grants provided to organizations that support affordable housing through down payment assistance, financial education or housing / mortgage counseling and community land trusts</li></ul>
<div>2. Workforce Housing</div> <div></div>	<p>Acquisition, construction, investments, rehabilitation and financing of multifamily, and 1-4 family properties that are expected to provide housing at a rate below the prevailing market rate to individuals and families between 60%-80% of the Area Median Income (AMI) and up to 120% of AMI for high-cost metropolitan markets within Valley’s defined primary operating markets including:</p> <ul style="list-style-type: none"><li>I. Housing that specifically ensures the availability of units affordable to families or individuals up to 80% AMI (i.e., federal, state, municipal, or project-based set-asides)</li><li>II. Projects eligible for Low-Income Housing Tax Credits</li><li>III. Projects that accept Housing Assistance Payment contracts and/or housing choice voucher programs</li><li>IV. Projects that participate in the US Department of Housing and Urban Development’s Public Housing Program</li></ul>
<div>3. Socioeconomic Advancement and Empowerment</div> <div><div></div><div></div></div>	<p>Investments and financings of minority-owned / operated small and medium enterprises (“SME”), with fewer than 250 employees, as defined by Organization for Economic Co-operation and Development (OECD) including:</p> <ul style="list-style-type: none"><li>I. Enterprises which are at least 51 percent owned and operated by an individual who is a U.S. citizen and is at least 25 percent African American, Asian American or Pacific Islander, Hispanic American, or Native American</li><li>II. Enterprises which are at least 51 percent owned and operated by either women, or military veterans</li></ul>
<div>4. Access to Essential Infrastructure and Essential</div> <div><div></div><div></div></div>	<p>Investments and financings that enhance access to public, not-for-profit, free, or subsidized essential services, including:</p> <ul style="list-style-type: none"><li>I. Construction, rehabilitation, or enhancement of essential community services or infrastructure including emergency services, clean water and sewer service, transportation, and communication services.</li><li>II. Healthcare facilities and clinics including for those operated by not-for-profit organizations, and Federally Qualified Health Centers qualifying for funding under Section 330 of the Public Health Service Act according to the Health Resources and Services Administration; for the elimination of doubt Valley will exclude any healthcare loans to “for profit” entities from the eligible asset criteria</li></ul>
<div>5. Access to Education</div> <div></div>	<p>Investments and financings that enhance access to public, not-for-profit, free, or subsidized essential services, including:</p> <ul style="list-style-type: none"><li>I. Construction, rehabilitation, or enhancement of facilities offering child, youth, or adult education and vocational training services to LMI individuals</li></ul>



Eligible Category per ICMA Green Bond Principles and UN Sustainable Development Goals		Green Assets Eligibility Criteria
1. Renewable Energy	 	<p>Acquisitions, investments, expenditures, and financings dedicated to the generation, transmission, and / or distribution of energy from the following renewable sources</p> <ol style="list-style-type: none"> <li>Solar (both onshore photovoltaic and concentrated solar heat and power generation projects will be eligible)</li> <li>Wind (both onshore and offshore wind generation projects will be eligible)</li> <li>Geothermal with direct emissions below 100g CO<sub>2</sub> / kWh</li> </ol>
2. Energy Efficiency	  	<p>Acquisitions, investments, expenditures, and financings dedicated to improving non-fossil fuel energy efficiency including:</p> <ol style="list-style-type: none"> <li>Energy efficient heating, ventilation, air conditioning, refrigeration, lighting, and electrical equipment intended to generate more than 25% energy savings</li> <li>Projects and initiatives that enhance the delivery of bulk energy services or the integration of intermittent renewables such as energy storage, smart grids, battery technology, and demand response</li> <li>Projects and initiatives that enable monitoring and optimization of the amount and timing of energy consumption such as smart meters, load control systems or sensors</li> <li>For the avoidance of doubt, Valley will exclude from its eligible criteria related to Energy Efficiency any form of energy generation for distribution based on fossil fuel sources</li> </ol>
3. Green Buildings		<p>Acquisitions, investments, financings, refurbishments and / or upgrades of new or existing commercial or residential buildings that have:</p> <ol style="list-style-type: none"> <li>Received, or expect to receive certification according to third party verified green building standards, such as: LEED Gold or Platinum standard, or BREEAM Excellent or Outstanding, or</li> <li>Achieved, or expect to achieve, based on third-party assessment, leading greenhouse gas emission performance in the top 15% of their municipal boundaries</li> </ol>
4. Clean Transportation		<p>Financing low-carbon vehicle and transport assets, including:</p> <ol style="list-style-type: none"> <li>Personal EV and hybrid vehicles with emissions below 121g CO<sub>2</sub> / mile</li> <li>Infrastructure to support EV and hybrid vehicles including hydrogen, fuel cell, or electric charging stations</li> </ol>

## II. Project Selection and Evaluation Process

In early 2020, Executive Management with the support of our board of directors, created our ESG Council. This Council includes representation from across the organization including individuals from: Executive Management, Corporate Finance, Corporate Treasury, Commercial and Retail Banking, Credit Risk Management, Compliance, Legal, CRA, Internal Audit, and Diversity, Equity and Inclusion. The ESG Council is responsible for guiding Valley’s ESG strategy and objectives, and ensuring that the organization is upholding its responsibility to positively impact social and climate challenges in our markets of operations. A portion of this effort surrounds the identification and mitigation of ESG related risks in our lending activities. An important goal of the ESG Council is to expand throughout our organization a recognition of the impact of climate change while collaborating on opportunities to mitigate its effects. Relative to our Framework, Valley will exclude from our Eligible Assets any loans that fall into the definition of Environmentally Sensitive Industries.

One of the responsibilities of the ESG Council is to help guide the development of the governance process for ESG project evaluation and selection. Valley’s Sustainable Financing Committee will identify existing and future social or green assets and confirm these as eligible assets in accordance with the Eligibility Criteria defined in the Framework. The Sustainable Financing Committee is comprised of the following Valley employees: Co-Chair of ESG Council, Director of Capital Planning & Stress Testing, Director of Corporate Finance and Business Development, and Corporate Finance Manager.

During the life of any Valley Sustainable Financing, Valley business line representatives will also coordinate with the Sustainable Financing Committee to ensure the exclusion from the Eligible Social or Eligible Green Portfolios any projects that no longer comply with the Eligibility Criteria or that have matured or paid off. Further, these parties will determine whether new assets which meet the relevant Eligibility Criteria should be added to either the Eligible Social or Eligible Green Portfolio.

Valley also commits to not intentionally include in either the Eligible Social or Eligible Green Portfolio, or allocate proceeds of any Sustainable Financing to projects or activities in the following categories:

- 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
- Assets where the potential economic loss to Valley has been assessed and categorized as criticized, classified, substandard, doubtful, or loss



III. Management of Proceeds

Within the construct of Valley’s ESG Council, the Sustainable Financing Committee will be responsible for a “Valley Sustainable Funding Asset Tracking Report” for the purpose of recording the Eligible Assets.

Valley intends to maintain an aggregate amount of Eligible Assets in the relevant Eligible Portfolio that is at least equal to the aggregate net proceeds of all Valley Sustainable Financings that are concurrently outstanding. However, there may be periods of time when the net proceeds have not yet been allocated to fully cover an amount equal to the net proceeds of all outstanding Valley Sustainable Financings. This could be the result of changes in the composition of Valley’s sustainable assets, or the issuance of additional Valley Sustainable Financings. Any such portion of the net proceeds of Valley Sustainable Financings that have not been allocated to Eligible Assets in the Valley Sustainable Funding Asset Tracking Report will be invested temporarily in cash, cash equivalents and/or other high-quality liquid assets.

Valley intends to have fully allocated an amount equal to the net proceeds of each Valley Sustainable Financing within 24 months of each issuance.

Payment of principal and interest on any Valley Sustainable Financing will be made from Valley’s general funds and will not be directly linked to the performance of any Eligible Asset.

IV. Reporting

Within 12 months of the issuance of each Valley Sustainable Financing, Valley will publish a Sustainable Finance Report on the CSR section of the Valley website. The Sustainable Finance report will be updated every year until complete allocation of net proceeds associated with Valley Sustainable Financings is achieved, and as necessary in the event of material developments. The report will include a summary of outstanding Valley Sustainable Financing issuances, including issuance date, size, maturity date, currency, and format.

The Sustainable Finance Report will contain at least the following:

- a. Management’s assertion that the use of proceeds of the Valley Sustainable Financing complies with the Framework;
- b. The amount of proceeds allocated to each Eligible Asset Category;
- c. The balance of unallocated net proceeds;
- d. Description of select assets financed.

Where feasible, the Valley Sustainable Finance Report will include qualitative and (if reasonably practicable) quantitative environmental and social performance indicators. Performance indicators may change over time.

Selected potential impact measures are illustrated below:

Eligible Assets Category	Possible Impact Measures
Affordable Housing	<ul style="list-style-type: none"><li>Number of affordable housing units constructure, refurbished, or sustained</li></ul>
Workforce Housing	<ul style="list-style-type: none"><li>Number of units developed / acquired that will provide stable long-term housing for LMI communities</li></ul>
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"><li>Number of loans made</li><li>Dollar amount of loans provided to small businesses in LMI communities</li><li>Number of mortgages provided to racial minority purchasers</li><li>Number of jobs created</li></ul>
Renewable Energy	<ul style="list-style-type: none"><li>Annual greenhouse gas emissions reduced</li><li>Annual renewable energy generated</li></ul>
Energy Efficiency	<ul style="list-style-type: none"><li>Energy reduction projects in type and quantity</li><li>Annual greenhouse gas emissions reduced</li><li>Annual energy savings</li></ul>
Green Building	<ul style="list-style-type: none"><li>Area of certified green buildings in square feet and by certification level</li></ul>
Clean Transportation	<ul style="list-style-type: none"><li>Number of loans made to fund the purchase of energy efficient vehicles</li><li>Dollar amount of loans made to fund the purchase of energy efficient vehicles</li></ul>

External Review

Valley has engaged Sustainalytics to provide an independent Second Party Opinion on its Sustainable Financing Framework. The external opinion and attestation will be published on the CSR section of the Valley website.



## Disclaimer

The information contained in this Framework is provided as of the original date of this document (or the date of its most recent update, if applicable) and Valley National Bancorp and any of its subsidiaries, including Valley National Bank does not assume any duty to update the information.

This Framework is provided for general informational purposes only and does not constitute or form a part of any offer, or an invitation on our behalf or on behalf of any underwriters, to subscribe for or purchase any securities of Valley, and may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation in the form of a prospectus supplement, an accompanying prospectus or other equivalent document and a related pricing term sheet (collectively, the "Offering Documents"). Any decision to subscribe for or purchase any securities of Valley pursuant to such offer or invitation should be made only after carefully reviewing such Offering Documents, including any documents incorporated by reference therein, and consulting with any legal, tax, financial and other advisors, as appropriate. No decision to subscribe for or purchase any securities of Valley should be made on the basis of the information contained in this Framework.

You should not assume that the information appearing in this Framework is accurate as of any date other than the date hereof, as Valley business and prospects may have changed since that date. This Framework is not intended to provide the basis for any third-party evaluation of any Valley securities and should not be considered as a recommendation that any investor should subscribe for or purchase any Valley securities, or as an assessment of the economic performance and creditworthiness of any Valley securities.

This Framework contains statements regarding Valley plans with respect to potential Sustainable Financings. Such statements are, by their nature, forward-looking, and accordingly are subject to numerous assumptions, risks and uncertainties, which may change over time. In particular, future events or circumstances may change Valley's approach to bond issuances or result in changes to the terms of this Framework. Thus, there can be no assurance that the financing for any Eligible Projects will be implemented in the manner set forth in this Framework or achieve the results or outcome (environmental, social or otherwise) originally expected or anticipated by Valley or as contemplated by this Framework. Applicable Offering Documents may describe other or more specific risks to accomplishment of Valley plans as set forth in this Framework. Valley's activities in general, which may affect any Sustainable Bonds that it issues, are also subject to certain risks and uncertainties that are described in Valley's most recent Annual Report on Form 10-K and its subsequent Quarterly Reports on Form 10-Q.

