

Valley National Bancorp

2020/2021

Environmental, Social and Governance Report

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Building Stronger Communities Together
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About this Report

Welcome to our first Environmental, Social and Governance (ESG) Report

We're proud to share our first annual ESG Report, which illustrates how Valley continues to make strides in its efforts to have a positive impact on the communities we serve and in the world in which we live. The following pages highlight our cultural and social progress and newer focus on the risks and opportunities of climate change.

For several years we have produced an annual Corporate Social Responsibility Report. This highlights our work across our corporate CSR pillars. That work – which is also a focus of this Report – continues unabated. In early 2020, senior management, with the backing of our board of directors, created our ESG Council to bring together the different departments of our company to strengthen and give direction to our ESG efforts going forward. An important goal of the ESG Council is to push throughout our organization a recognition of the impact of climate change and collaborate on opportunities to mitigate its effects.

Our ESG Council reviewed the principles and disclosures of the Sustainability Accounting Standards Board (SASB) for Commercial Banks and the recommendations and supporting disclosures of the Task Force on Climate-Related Financial Disclosures (TCFD) and examined how we could adopt strategies to expand our disclosures and metrics to follow these frameworks. To increase transparency around our sustainability and community efforts, we plan to release an updated ESG report on an annual basis. This report covers 2020 and the first half of 2021 along with some historical information and is accessible online at www.valley.com/esg.

Release Date: December 15, 2021





Message from Ira Robbins, Valley Chief Executive Officer

Thank you for taking the time to read our first annual Environmental, Social and Governance (ESG) Report. As a long-standing corporate citizen, we feel it's important to share with you why our ESG initiatives are so important to us and the steps we're taking to build a responsible and sustainable future for the communities we serve.

Valley was founded with the purpose of making a difference in the lives we touch by building stronger communities. We recognize the critical role we play and the unique opportunity we have to create a socially responsible and sustainable future. In the wake of one of the most challenging years in recent memory, our commitments to addressing today's most prevalent ESG issues have never been more important. That's why we've dedicated our resources and leaders to making ESG a priority at Valley Bank.



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Our financial performance and prosperity are tied directly to the success of our key stakeholders: our customers, investors, associates and community partners. We believe good corporate governance practices that foster diversity and inclusion, environmental stewardship, innovation and social and economic equity will promote sustainability in everything we do. In 2020, we established our ESG Council tasked with further developing our approach and framework for all environmental and social components that are relevant to our business. This Council guides us to consider how environmental, social and sustainability issues impact Valley's ability to achieve its long-term strategy while being socially responsible. Even though we're at the beginning of our ESG journey, the impact we've created has already made a tangible difference in the communities we call home.

As we look to the future, we want to take an innovative approach to achieving our ESG-related goals. We'll continue to work closely with and listen to our community partners and stakeholders to increase our impact. Most importantly, we'll remain transparent and work to build a healthier, more equitable future.

On behalf of our board of directors and more than 3,400 Valley associates, we thank you for your support and continued trust in Valley.



About Valley

Valley National Bank is a regional financial institution with \$41 billion in assets and more than 200 branches located throughout New Jersey, New York, Florida and Alabama. Valley was founded in 1927 on the simple principle of creating better banking opportunities for our customers and helping communities grow and prosper. For over 90 years, more than 3,400 of our professional banking associates have embraced this spirit by providing a full range of retail and commercial banking services, home mortgage and commercial lending, wealth, insurance and estate planning solutions to help our customers and communities achieve financial success.

We believe that better banking begins with a conversation. That's why we work hard every day to provide personalized financial solutions that help our clients address their toughest challenges and embrace their greatest opportunities.

We expect ESG factors will support our long-term strategy, strengthen our risk management framework and add sustainable value to our organization. More importantly, we believe our actions will make a positive impact on the communities we serve.



**FOUNDED
IN 1927**



**\$41 BILLION
IN ASSETS**



**LOANS OVER
\$32 BILLION**



**DEPOSITS OVER
\$33 BILLION**

(VLY)

**VALLEY NATIONAL
BANCORP**
NASDAQ



3,400+ EMPLOYEES



**200+ BRANCHES
ACROSS 4 STATES**



230+ ATMS

Our Core Values

VALLEY'S PURPOSE

We believe success starts with our communities. For over 90 years, we've been committed to serving, supporting and strengthening our communities through economic inclusion, workforce and community development, investment in local non-profits and a conscious commitment to our local partners.

OUR VISION

To make a lasting impact on our communities by committing to the success of everyone we serve.

OUR MISSION

To give people and businesses the power to succeed.

WE BELIEVE IN



Being a **TRUSTED**
FINANCIAL PARTNER



Generating
INNOVATIVE IDEAS
and **SOLUTIONS**



Cultivating a
COLLABORATIVE and
EMPOWERING
CULTURE



Advocating for our
LOCAL COMMUNITIES



Our Social Policy

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.

As we navigate the significant challenges facing our country today, we believe that Valley should be part of the solution by harnessing its capabilities to promote inclusive economic opportunity, growth and positive societal impact. We affirm our role as a responsible corporate citizen by promoting behaviors and actions that cultivate value creation for our associates, customers and the communities we serve.

By expanding our offering of career development programs, events, courses and resources, we are working to support our associates so that all can grow to their potential. We encourage an inclusive work environment that is focused on one guiding principle: we all belong at Valley. It is with this vision that we created our Associate Resource Group Program, which is open to every associate. We are also implementing our Diversity Equity & Inclusion (DEI) Governance Framework to enhance our ability to bring new ideas to the table, raise new questions, innovate our practices and products and strengthen our connections with our communities. This structure includes the DEI Leadership Advisory Council, chaired by CEO Ira Robbins, which is charged with creating a multi-year strategy to embed DEI principles into Valley's

business practices and policies. The DEI Leadership Council will also provide oversight of three sub-councils, the DEI Business Council, the DEI Social Justice Council and the DEI Talent Council, which will be responsible for implementing Valley's DEI strategy.

As part of Valley's Corporate Social Responsibility (CSR) program, we seek to serve the financial and credit needs of the communities in which we do business. Under this umbrella resides Valley's program that complies with the Community Reinvestment Act (CRA) and its associated regulation. The Bank's CSR pillars include promoting affordable homes, inspiring innovation and entrepreneurship, stimulating economic and community development and living our goal of impactful local leadership. Valley continues to augment its Corporate Social Responsibility program, which includes its CRA commitment.

Valley establishes targets designed to gauge our impact on, and investment in, individuals and communities throughout our footprint by measuring:

- Residential mortgage loans to low- to moderate- income individuals and geographies
- Multi-family loans in low- to moderate- income census tracts
- Small business loans
- Investments in underserved areas and support of small businesses and the non-profit sector
- Community development loans with the primary purpose of supporting affordable housing,

economic development/ job creation, revitalization/ stabilization of communities and service organizations supporting underserved populations

- Community service activities including volunteerism and board-committee level participation

Annually, this information is communicated through the publication of Valley's Corporate Social Responsibility Report found on our website at www.valley.com.

Valley continues to develop deposit, loan and investment products and programs that are responsive to our markets and communities, including minority and women-owned businesses. For example, Valley recently launched its National Community Lending Platform to improve access to capital and an array of financial solutions for minority-owned businesses. Additionally, a hallmark program at Valley is our portfolio residential mortgage program, Community Advantage, focused on lending to low- to moderate- income borrowers and communities with specific outreach to underserved populations.

BOARD OVERSIGHT

Our Nominating and Corporate Governance Committee, assisted by the Compensation and Human Resources Committee and the Risk Committee, maintains oversight of the Company's ESG strategies.

At periodic meetings during the year, the Board of Directors also receives an update on Corporate Social Responsibility and Community Reinvestment Act performance.

Our Social Impact

ASSOCIATE ENGAGEMENT AND CULTURE MANAGEMENT

Our people are our greatest asset. That's why we've been shifting from a legacy culture with a hierarchical focus and traditional work processes, to cultivating an inclusive and diverse corporate culture where empowered associates and collaboration thrive. Through our advances in technology, enhanced communication and efforts to develop and infuse key talent throughout our company, an engaged and positive culture that supports all our colleagues and customers is emerging.

Within both our Talent Acquisition and Talent Development teams, our goal of attracting, developing and retaining the most qualified people is crucial to all aspects of Valley's activities and long-term success and is central to our long-term strategy. And our results speak for themselves:



Through our **Talent Acquisition** strategy, we continue to actively engage our senior business leaders in prioritizing their critical roles in coordination with their strategic talent initiatives.

Our annual **Talent Review and Succession Planning** process has created a deeper understanding of our key talent and has provided us with a framework to offer opportunities and take meaningful steps to target leadership competency, development and enhance experiences that elevate high potential talent.

Our three flagship **Leadership Development** programs for 2021, which have included a total of 80 associates, provide a solid foundation for a range of targeted skill development from introducing key leadership competencies to expanding and refining key leadership capabilities.

Our award-winning **Valley Internship Program (VIP)** had another successful session with 73 interns placed in corporate roles across our footprint. Our interns were engaged in a variety of program components including Mentoring, Professional Development, Community Engagement as well as impactful on-the-job project work in their business groups. This program continues to serve as an early talent pipeline, converting over 40 associates to full-time roles.

Through our **Recognition Program** efforts, our Talent Management team continues to monitor and proactively facilitate continued support of leaders and colleagues on key service milestones to appreciate and engage associates.

We continue to execute and drive forward on our corporate **Engagement Commitments on Career Growth, Connection and Collaboration and Innovation**. This has provided an excellent foundation for focused efforts to engage our associates, based on what they care most about, as indicated in our 2020 Annual Engagement Survey. Our **"What You Say Matters"** campaign has been continually threaded throughout our **Engagement Campaign and Talent initiatives**.

The employee experience is continually being enhanced through a variety of resources. **Implementing Onboarding Surveys** at the 30- and 90-day marks is helping us glean valuable insights to help us improve upon. We are supporting our associates with additional knowledge and information through the launch of our internal Talent Management page. In addition, we have created an early connection for our new associates through **Virtual Coffee Connections** with a variety of leaders, helping to welcome them to the Valley team and introduce them to our culture.

We recognize that building an inclusive and high-performance culture requires an engaged workforce where employees are empowered and motivated. We communicate with our employees in several ways and we seek their input on a variety of subjects through our annual **Employee Engagement Survey**. In 2020, we received an 84% response rate on our Employee Engagement Survey with 75% of respondents stating that they would recommend Valley as a place to work. Our analysis showed significant improvements in our scores across a variety of categories.

Financial Well-Being

Our goal to be a "best place to work" serves as a guiding principle in our decisions to provide market-competitive, fair and equitable total rewards packages in our efforts to attract, retain, engage and motivate our associates.

Opportunities are plentiful. We support the career development and advancement of our associates. In addition to internal learning and development opportunities, we support continuous learning and self-development through our Tuition Reimbursement Program and MBA Completion Program. Full-time associates are eligible for up to \$5,250 tuition reimbursement annually after one year of service. Associates attaining a master's degree in business administration will receive a one-time equity award of 2,000 Restricted Stock Units.



Physical and Emotional Well-Being

We are committed to the long-term health of our associates. Through our wellness programs, we encourage and incentivize our associates to participate in activities and webinars to adopt and maintain a healthy lifestyle.

Our associates and their family members, regardless of whether they're enrolled in a Valley medical plan, have access to emotional wellness support through our Employee Assistance Program (EAP). EAP is a professional and confidential resource for associates and their family members seeking assistance with any personal matter affecting their well-being, including depression, addiction, family and relationship matters, grief/loss, coping with change and other emotional challenges. Counselors are available 24 hours a day, 7 days a week, for confidential assistance.



Work-Life and Community

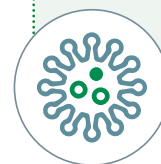
We recognize our associates have family and goals outside of the Valley family and professional aspirations. To that end, we provide our associates with company paid vacation, sick, personal, company observed holidays and community service days. We support flexible work arrangements between associates and their direct manager. We encourage our associates to take time off to unwind, recharge, enjoy time with their family and serve their community.



COVID-19

We are committed to the health, safety and well-being of our associates. Throughout 2020, we provided our associates and customers with a safe, enhanced environment aligned with a positive customer experience while embracing safety protocols that have become a new way of life in this pandemic era.

Maintaining alignment with COVID-19 mandates and recommendations, Valley implemented remote work, where functional roles allowed, moving 90% of our non-retail associates from the office until safety strategies could be implemented. Comprehensive return to the workplace protocols and tools with our colleagues' safety as our top priority, have allowed us to return many workers to Valley facilities.



Diversity Equity and Inclusion

We foster a strong and inclusive culture that is committed to providing quality service to our customers, the communities we serve and each other. We encourage all our associates to expand their points of view, to be open-minded and to seek to understand our individual differences. Valley embraces and values the unique perspective each employee brings to the workplace. A diverse workforce enables us to create an inclusive environment from which collaboration, innovation and teamwork tangibly influence business results.

In 2019, we began our journey to solidify our efforts on diversity, equity and inclusion (DEI). Our Chief Diversity and Inclusion Officer joined us the following year and leads our Office of Diversity & Inclusion.



Associate Resource Groups

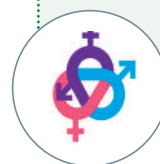
In 2020, we launched the Valley Associate Resource Group (ARG) program with three associate resource groups: BELIEVE (Black Employees Leading in Inclusion Excellence Vision and Empowerment), HOLA (Hispanic Organization for Leadership and Advancement) and WISE (Women Influencing Success and Empowerment). In 2021, we expanded the ARG Program with the launch of two additional groups, ASIA (Asian Society for Innovation and Advancement) and the PROUD ARG which focuses on our LGBTQ+ community. Our ARGs represent the strength and spirit of Valley by championing an environment in which unique and different experiences and perspectives are encouraged and valued.



Embracing DEI In Everything We Do

In 2021, we launched our DEI Governance Framework to enhance our ability to bring new ideas to the table, raise new questions, innovate our practices and products and strengthen our connections with our communities.

We are proud to be ranked in the SSGA Gender Diversity Index. The companies in the Index are ranked within each sector by three gender diversity ratios. The SSGA Gender Diversity Index is designed to measure the performance of U.S. large capitalization companies that are gender diverse, which are defined as companies that exhibit gender diversity in their senior leadership positions. The Index seeks to provide exposure to US companies that demonstrate greater gender diversity within senior leadership than other firms in their sector.



CEO Action for Diversity and Inclusion

Ira Robbins, our CEO, signed the CEO Action for Diversity and Inclusion in 2020 and pledged to act on supporting more inclusive workplaces. In keeping with the commitments of the CEO Action, which include creating spaces to have conversations on DEI, our team members piloted a new series called, "Perspectives" which allowed employees to discuss a variety of DEI-related topics and engage with each other to share insights and experiences. This program is being expanded into a company-wide series, "Widening the Lens: Sharing Our Perspectives."

We are also building the inclusion acumen of our workforce through our newly launched internal DEI site to provide a hub for employee engagement and the tools needed to embrace different experiences and perspectives. Valley 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. We've added new features to our external website to encourage greater access to career opportunities, including a dedicated Valley Internship Program page and a DEI page to provide information on Valley's DEI initiatives and programs. We also tailored our early career talent recruiting to reach first-generation, low-income students within its footprint.

**CEO ACTION FOR
DIVERSITY & INCLUSION**



Community Engagement, Investment and Philanthropy

Community development is the work of building and sustaining communities, which is an integral component of our efforts from a culture of service and empowerment, to being a leader in community development lending.

Community Development advances people, places, and economies. Our community strategy is aligned with the Bank's strategic pillars: **relentless customer focus**, **deepening relationships** and **strengthening our communities**. This strategy also aligns with our corporate social responsibility pillars:

BANK'S STRATEGIC PILLARS



**RELENTLESS
CUSTOMER FOCUS**



**DEEPENING
RELATIONSHIPS**



**STRENGTHENING
OUR COMMUNITIES**



Promoting
affordable homes



Inspiring innovation
and entrepreneurship



Stimulating economic and
community development



Living our commitment to
impactful local leadership

We received an Outstanding rating from the OCC with its most recent evaluation dated May 20, 2019, further affirming our commitment to community development.

COMMUNITY ADVISORY BOARDS

In 2020, we remained steadfast in our commitment to engaging with our Regional Community Advisory Boards. Our Advisory Board members provide invaluable insight into the needs of their communities. This furthers our mission of being responsive and serving the credit needs of our communities, including the needs of low- to moderate-income (LMI) persons, geographies, small businesses and community organizations.

COMMUNITY INVESTMENTS

In 2020, Valley had investments worth over \$231 million across its communities and over \$297 million in 2021. These investments advance affordable housing, economic development, revitalization/stabilization and community service goals across the Bank's communities.

COMMUNITY DEVELOPMENT LENDING

We continue to respond to the credit needs of our service area through community development lending. Our community development lending supports the development and retention of affordable housing, economic development, the revitalization/stabilization of LMI areas and organizations that provide community services for LMI individuals and families. In 2020, we originated over \$1.1 billion in Community Development Loans through June 2021.

We work with a number of Community Development Lending Partners including:

- The Community Preservation Corporation (CPC)
- Community Access Unlimited
- Vaughn College of Aeronautics & Technology
- The Federation of Organizations
- La Casa de Don Pedro
- The National Community Reinvestment Coalition (NCRC)

Small Business Development

Small businesses are the economic engine of our local economies. Our economic development investments and related activities directly support small business including investments in community development financial institutions. Valley is an SBA preferred lender.

- In 2020, we made over 2,136 loans to small businesses and/or in low- to moderate- income communities excluding Paycheck Protection Program (PPP) loans and similar programs through June of 2021.

Paycheck Protection Program

Our employees worked diligently and expediently to fund as many PPP loans as possible, resulting in over \$3 billion in PPP loans funded.

- Since the launch of the PPP program nearly 20,000 PPP loans were processed by Valley.
- Valley supported small businesses throughout the entire PPP process including assisting small businesses with the subsequent PPP loan forgiveness process.

Federal Home Loan Bank of New York – Small Business Recovery Grant Program

We also partnered with the Federal Home Loan Bank of New York (FHLBNY) through their Small Business Recovery Grant program (SBRG). In response to COVID-19, this program focused on the health of the workers and provided financial security for organizations that suffered a decrease in revenue because of the ongoing COVID-19 crisis.

- In 2020, our outreach to area non-profits, informing them of this opportunity and walking them through the application process, resulted in over \$200,000 in SBRG funds allocated to over twenty non-profits.
- We administered an additional round of funding in 2021 awarding over \$30,000 to four more non-profits.

Serving Minority- and Women-Owned Businesses

We sustain non-profit relationships across our footprint to increase impact and target outreach through collaborations with Community Development Financial Institutions and other partners. Prioritizing support for minority- and women-owned businesses helps us make a positive impact, on their ability to access economic opportunities.

Valley Volunteers share their expertise on financing and growing a business and other relevant topics for small businesses.

- In 2020, over 100 volunteers provided over 300 hours of service to provide almost 800 small business owners with technical assistance.
- Through June 2021, over 50 employees provided over 170 hours of service reaching over 700 small business and entrepreneurs.

2020 PPP HIGHLIGHTS



~13,000

businesses assisted



Over **\$3 BILLION** in
Paycheck Protection
Program loans funded

We stepped up to help
our communities during
a time of crisis.

**In fact, S&P Global Market
Intelligence identified Valley
as one of the top 20 banks in
PPP loans funded.**



Bank On Certification

Recognizing the need to deepen outreach to under-banked and un-banked individuals and provide safe access and affordable banking services, we developed a specialty checking account and enhanced it so that it aligns with “Bank On” national account standards.

Valley’s rebranded Valley Journey Checking further encourages financial growth and promotes savings for individuals with account features such as a low minimum opening balance and no overdraft fees.

Valley Journey Checking provides community members with the opportunity to sustain a relationship with a community-based bank.

There were over 350 active Journey Checking accounts as of June 2021.

We encourage Journey Checking and community members of all ages to realize healthy financial habits through their participation in financial literacy programs offered by Valley volunteers:

In 2020, Valley provided over 6,000 LMI students and adult participants with information to further their financial literacy and financial goals. Through June 2021, we reached over 7,000 LMI students and adult participants with information to further their financial literacy and financial goals.



Project REACH

We’re committed to providing fair and equal access and widespread availability to our banking products. In 2020, we were an early adopter of and joined Project REACH (Roundtable for Economic Access and Change), a program started by the Office of the Comptroller of the Currency.

The program creates economic opportunities for minority communities by bringing together leaders from banking, business, technology and national civil rights organizations to reduce specific barriers that prevent full, equal and fair participation in the nation’s economy.

Supporting Affordable Housing

Investing in affordable housing remains a key pillar of our strategic community development goals as record-breaking numbers of families cannot afford a decent place to call home and cost-burdened families pay more than half their income on rent.



Residential Lending

In 2020 and 2021, our diverse community-based home loan consultants maximized our Community Advantage affordable, reduced-interest mortgage products to help families achieve their dream of homeownership:

- Over 1,600 residential mortgage (1-4 family) loans were made to LMI borrowers and/or borrowers in LMI neighborhoods in 2020, which represents, approximately a third of the Bank's total mortgages originated with a corresponding loan value of over \$387 million.
- Over 900 of our residential mortgage (1-4 family) loans were made in majority- minority census tracts in 2020 with a corresponding loan value of \$271 million.
- In the first six months of 2021, 859 residential mortgage (1-4 family) loans were made to LMI borrowers and/or borrowers in LMI neighborhoods with a corresponding loan value of over \$200 million.
- Over 500 1-4 family loans were made in majority minority census tracts through June 2021 with a corresponding loan value of \$161 million in majority minority communities across our service area.

Multifamily Lending

Multifamily dwellings are an efficient way to accommodate multiple tenants with each having their own rental unit, providing more housing options for renters in urban environments.

- In 2020, we originated multifamily loans of approximately \$229 million in LMI neighborhoods.
- Over \$332 million of our multifamily loans were made in

majority minority communities- across our service area in 2020.

- Through June 2021, we originated multifamily loans of over \$135 million in LMI neighborhoods.
- Additionally, over \$166 million of multifamily loans were made in majority minority communities- across our service area through June 2021.

Journey to Homeownership

- We partner with housing counseling agencies to expand access to homeownership. In 2020, we launched our "Journey to Homeownership" educational program specifically designed for first-time homebuyers to learn about the basics of home financing, including credit and down payment options.
- In 2020, over 60 volunteers provided 100 hours of service that reached over 3,500 people.
- Through June 2021, 50 Valley volunteers reached approximately 500 first time homebuyers through 80 hours of service.

Our hands- on participation in the FHLBNY Homeownership Dream Program has furthered affordable opportunities for first-time homebuyers awarding \$375,000, in down payment assistance funds for 25 households during 2020.

The FHLBNY also supports the creation and preservation of housing for lower income families and individuals through its Affordable Housing Program (AHP). As a FHLBNY Member Bank, we administer the AHP to deploy affordable housing funds across our communities. Funds are awarded to member banks who submit applications on behalf of non-profit project sponsors planning to purchase, rehabilitate, or construct affordable homes or apartments.



Member banks commit to participate in the administration of the AHP, assuring its affordable housing purpose for all awarded projects throughout the 15-year FHLBNY retention period.

- In 2020 the FHLBNY awarded \$1.5 million in subsidies across two Valley submitted projects - worth \$28 million, to deliver 100 affordable units.
- In total, we are currently administering over 20 AHP projects for a total of almost \$17 million in subsidies awarded for projects worth over \$227 million, delivering over 900 affordable units.
- We administer other programs to increase affordability for first-time homebuyers through our partner network. New Jersey Community Capital's Neighborhood LIFT Residential Down Payment Assistance Program provides eligible homebuyers in Essex County with \$20,000 in down payment assistance on qualified properties or \$22,500 for veterans and service members, teachers, law enforcement officers, firefighters and emergency medical technicians.

Our Environmental Policy

Valley recognizes that adopting environmentally responsible practices is part of good corporate governance and contributes to local and global well-being.

The Company is mindful of the direct environmental impact of its branch and office operations and we seek to reduce negative impacts where possible. For example, we have refurbished selected branch offices and when we do so, we seek to refurbish these branches to reduce energy use and encourage and implement recycling programs. We are in the process of optimizing the square footage of our corporate offices and installing LED lighting in our new and existing facilities. We support flexible work hours where practical; we have invested in video conferencing technologies and capabilities that allow our associates to work remotely. We are proactively replacing aging HVAC units as they near end of life with newer, greener units that utilize eco-friendly refrigerant when available, utilize less electricity and are more energy efficient.

The Company plans to review its credit practices to assess the impact of climate change in our lending activities. We are aware that changes in our credit policies and practices in an effort to reduce and/or manage our exposure to climate related risks should not adversely affect vulnerable communities. For example, we are aware that homes in flood prone locations are more likely to be low- or moderate-income communities or communities of color and as we review our lending in flood zones to mitigate the impact of climate change on our lending portfolio, we want credit to remain available for the purchase or refinance of homes in those areas.

We are revising our credit underwriting technology platforms to facilitate the collection of information on loans we make for renewable energy resources and to facilitate lending to support LEED and other green certified buildings. We reviewed and collected information on the historical investments we made in large renewable energy projects.

We are proud of our current financing of renewable energy businesses. Our customers include a leading finance company for small scale renewable energy products; a minority-owned business that manufactures electrical cable and related equipment in the U.S. for large scale solar and wind turbine projects; and a company that provides major component services for wind turbine installations. Our consumer lending division is looking to follow this lead by exploring financing for home solar and increasing its financing of hybrids, electric automobiles and other initiatives. The Company expects to continue to seek similar opportunities to lend to businesses and consumers whose activities may mitigate or reduce climate change.

BOARD OVERSIGHT

The Company's Nominating and Corporate Governance Committee, assisted by the Compensation and Human Resources Committee and the Risk Committee, maintains oversight of the Company's ESG strategies.

At periodic meetings during the year the Board of Directors also receives an update on Corporate Social Responsibility and Community Reinvestment Act performance.



Our Environmental Impact

FOCUS ON CLIMATE CHANGE

Our ESG Council brings together diverse perspectives and unique backgrounds across our company to strengthen our ESG efforts. Led by our General Counsel, the council meets regularly and reports to our Nominating and Corporate Governance Committee which oversees our ESG strategies, with input from our Compensation and Human Resources Committee and our Risk Committee,

The ESG Council quickly recognized the significant strides we've made in the social fields of community impact and DEI awareness, with councils created to push those efforts ahead. The ESG Council also recognized that we needed to follow that lead to make meaningful progress on environmental issues, especially considering recent climate-related events.

As a result, we're proud to report that we've started our journey to push climate change awareness and mitigation activities throughout the company and beyond, as you will see throughout this report. Even though we're taking our first steps on this journey, we will constantly be pushing forward.

Commercial Real Estate and Consumer Lending that Mitigates Climate Change

Our commercial real estate lending line of business plays an important role in mobilizing and allocating financial resources for the private sector. As leaders in this field, we realize we're in a position to support and encourage the necessary transition to an economy that relies on energy efficiency and renewable energy sources. We fully embrace our responsibility to support and incentivize customers to address the challenges of climate change. That's why we're focusing on developing new financing incentives and programs to accommodate the smaller-scale, decentralized efficiency initiatives that are necessary for a reduced carbon economy.



Lending Programs

In developing lending programs that support environmental sustainability, we have considered many different programs in differing stages of development. These programs include the following:

SMALL BUSINESS ENVIRONMENTAL COMMERCIAL LENDING OFFICERS

We are looking to create a commercial loan officer role that would exist within both the Commercial Real Estate (CRE) and Commercial and Industrial (C&I) teams focused on industries or clients operating in sectors supporting environmental sustainability. This approach would leverage our existing infrastructure with a greater focus on green industries and clients.

LARGE SCALE PROJECT FINANCE INITIATIVE

We are considering the creation of a role that would focus on participating in the financing for larger-scale renewable energy projects and initiatives in which Valley would be part of a nationally syndicated credit facility. These credit facilities would be agented or led by larger commercial banks already active in this sector with deeper industry and institutional knowledge of renewable energy projects. This would allow us to deploy funds into projects where we could leverage the greater experience or industry knowledge of the agent bank.

CRE AND CONSUMER LENDING GREEN PLATFORM

We are considering a product platform that would provide specific incentives and capital for clients utilizing loan proceeds to implement green initiatives. For example, residential mortgage proceeds being used to partially pay for construction of a residence in which green standards are utilized could qualify for reduced fees or interest rates. For CRE loans, commercial construction projects that would be LEED certified could also qualify for reduced fees or discounted interest rates.

PROGRAM SUPPORTING HYBRID AND ELECTRIC VEHICLE FINANCING PRODUCT

Our indirect automotive and floor plan finance areas in June 2021 started to provide discounted financing for hybrid and electric consumer vehicles. Although still on a small scale, the program has attracted borrowers and is continuing to develop at a fast pace.

TRACKING AND ENCOURAGING CLIMATE MITIGATION LENDING

We manage a robust lending portfolio in both commercial and consumer businesses with a focus on commercial real estate, residential loans and automobile financing. To reduce carbon emissions and encourage the use of renewable energy resources, we have focused on providing financing within our communities to support positive climate impact goals.

In October 2021, we started to track new lending involving renewable resources and energy efficient buildings. We'll report on the results of our climate-related efforts going forward. In addition, we'll continue our path to remain apprised of new opportunities in this space by leveraging our professional contacts. For example, a group of our senior officers reached out to deepen our understanding and provide support to customers who may be impacted by recent New York (state and city) laws which impose increasing taxes on buildings that fail to connect to the electric grid for heating purposes.

We believe it's our responsibility to support the global efforts to reduce carbon emissions. Our most significant contribution and impact in reducing carbon emissions will come from focusing our lending activities on projects that incorporate renewable energy features, LEED certified properties, hybrid and electric vehicles and direct lending to green businesses.

STRESS TESTING FOR CLIMATE CHANGE

Our shared values, attitudes and behavior seek to reflect the importance of sound risk taking, risk governance and management of the risks in our core businesses.

Our risk management function establishes our risk management framework, risk appetite, as well as reviews and challenges the risks identified by the lines of business. The risks identified inform broader bank-wide risk management processes such as scenario design, risk appetite articulation and strategic planning (including financial and capital planning efforts).

Climate change is one of the world's most pressing issues. We are committed to understanding how climate change may influence the risks we identify and manage. Using scenario analysis to better understand climate related risks and impacts is a relatively new and quickly evolving area. These analyses also strengthen our strategic conversations by enabling us to frame and assess the potential range of possible business outcomes and weigh management options for consideration. To address climate risks, we deploy idiosyncratic operational risk scenarios that are relevant to our businesses, our risk posture and our funding and capital management practices.

Within our finance group, management performs internal capital adequacy assessments, including stress testing as part of our annual capital planning process. Our internal processes seek to determine whether we hold an appropriate amount of capital based on the risk associated with our businesses and consistent with our Risk Appetite Statement. Our Risk Appetite Statement is recommended by management, working under the oversight of our Board Risk Committee and approved by the Board of Directors. Our processes are forward looking and incorporate a range of operating environments.

Management has long recognized the importance of considering climate related stress scenarios in conjunction with its capital stress testing framework. Climate-related stress scenarios may be performed in compliance with regulatory guidance as well as management-driven and idiosyncratic in nature. While stress testing for climate related events is not currently required by the Office of the Comptroller of the Currency, the Federal Reserve Board and Federal Deposit Insurance Company, management has made strides with assessing climate-related matters and the risks they pose to the organization.

In prior cycles, our capital stress tests have considered the impact of a climate related scenario, in addition to other economic scenarios, such as a prolonged period of weak economic performance. The rationale behind this approach was that climate-related risk events are agnostic to

good and bad economic environments. As such, "layering on" a climate scenario in a weak economic environment stresses the organization across all risk streams simultaneously. Below is a recap of the idiosyncratic risk events that were evaluated in prior capital stress testing cycles alongside a weak economic environment:

- 2015 - Cyberattack: Cyberbreach
- 2016 - Climate event: Category 5 Hurricane Impacts Florida Operations
- 2017 - Cyberattack: Ransomware
- 2018 - Difficult Deposit Gathering Scenario
- 2019 - Cyberattack: Cyberbreach
- 2020 - Prolonged pandemic

As part of our climate-related stress event, management plans to develop scenarios that explore various climate related risks within our geographic footprint. Given our focus on climate events impacting our Florida operations in 2016, management decided to focus on our New York and New Jersey metropolitan area climate event for the 2021 stress test. Our hypothetical scenario assessed direct impacts to the Bank (e.g., via damage to its real estate holdings), indirect impact (e.g., via damage to its commercial and residential mortgage collateral) as well as staffing and operating losses. We realize that in future stress testing, we may need to stress test for more than one climate event at a time.

As we continue to execute on our ESG strategy, management expects to be able to capture meaningful data from our climate-related experiences. Meaningful data capture will allow us to better inform our strategic planning efforts, enhance the inputs to our stress testing models, as well as various other processes across the organization.



Our Governmental Impact

Board Leadership and Governance

We believe that a strong corporate governance program is the foundation for a sustainable and well-governed company. Our Board of Directors provides oversight of, and guidance to, our executive management team in the development of corporate strategy, risk management, corporate culture and other important aspects of our business.

Our Board is currently led by our Chairman and CEO, Ira Robbins, and our Independent Lead Director, Andrew Abramson. Since 2014, we have utilized an Independent Lead Director to assure that the Board had independent leadership. Our Board believes that an independent oversight function is a foundation of corporate governance and is well suited for our company.

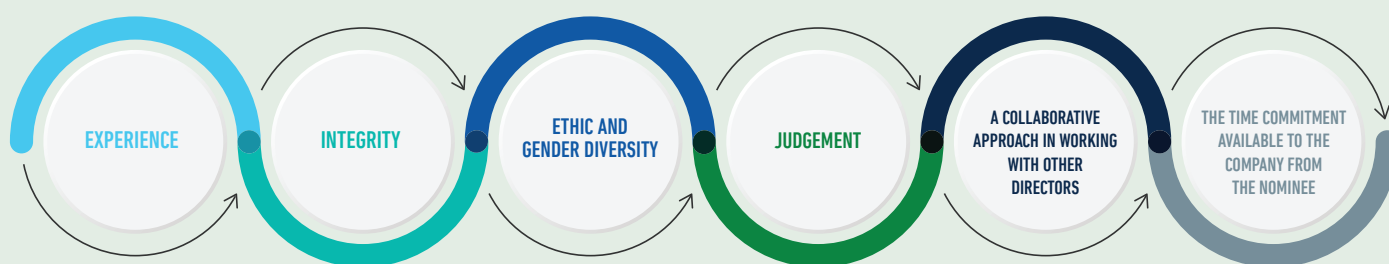
Our Board is currently comprised of 11 Directors, of whom 10 are independent under the rules of NASDAQ, where our common stock is listed. The Board has three standing independent committees with separate chairpersons—an Audit Committee, a Nominating and Corporate Governance Committee (Nominating Committee) and a Compensation and Human Resources Committee (Compensation Committee). We also have a Risk Committee with a separate independent chairman, which is responsible for overseeing risk management. In addition, our Audit Committee engages in oversight of financial statement risk exposures.



Board Diversity

Our Nominating Committee reviews and selects candidates for nomination to our Board in accordance with its charter. The Nominating Committee reviews the Board's composition at least annually to determine whether Directors' backgrounds and experiences align with our long-term corporate strategy and shareholder values and seeks to identify diverse candidates possessing the desired qualities and skills.

The Nominating Committee focuses on the following key factors when recommending candidates:



The Nominating Committee believes that a balance of Director diversity and tenure is a strategic asset to our stakeholders. The range of our Directors' tenure encompasses Directors who have historic institutional knowledge of the Company and the competitive environment, complemented by newer Directors with varied backgrounds and skills. This robustness of our refreshment strategy combines experience and continuity with new perspectives. It is of critical importance to the Company that the Nominating Committee recruit Directors who help achieve the goal of a well-rounded, diverse Board that functions respectfully as a unit.

Recently, the Nominating Committee increased its focus on Board refreshment and as a result 5 of 11 Directors have a tenure of 5 years or less.

We have also focused recently on the diversity of our Board, which has resulted in 36% of our Board being comprised of Directors who are female or self-identify as ethnically diverse, reflecting our commitment to diversity and inclusion.

In addition to ethnic diversity, we seek to have a Board composed of Directors with diverse experience in business and in areas that are complementary to the Company's businesses. We seek to have Directors that have the background and experience necessary to help guide our Company.

In evaluating Director candidates, the Nominating Committee considers a skills matrix that represents certain skills that the Committee identified as particularly valuable to the effective oversight of the Company. This skills matrix, along with additional information about the Board and its committees and their respective responsibilities, can be found in our 2021 Proxy Statement and will be updated in our 2022 Proxy Statement, expected to be filed in March 2022.

Risk Committee's Oversight of Data Privacy and Other Risks

Consistent with regulatory requirements, our Board delegated oversight of enterprise risk management to a Risk Committee comprised of independent Directors presently. The Risk Committee meets frequently throughout the year and reports its findings to the full Board on an ongoing basis. We also have a Chief Risk Officer, who reports on matters involving risk to the Risk Committee.

The Risk Committee is responsible for, among other things:

- Oversight of the Company's enterprise-wide risk management framework;
- Discussing with management the enterprise's risk appetite and tolerance and at least annually recommending to the full Board the risk appetite statement and;
- Overseeing the Company's cybersecurity risk profile.

The Risk Committee includes Peter V. Maio, who has significant security expertise. With guidance of Mr. Maio, the Risk Committee oversees the assessment of cybersecurity risks associated with our systems and those of our many vendors. Senior leadership briefs the Risk Committee quarterly on information security.

Compensation Committee's Oversight of Human Capital

Our Compensation Committee is responsible for overseeing our human capital policies and is comprised solely of independent Directors who meet regularly throughout the year and report to our Board periodically.

Our Compensation Committee, in conjunction with our talent acquisition

and talent development teams, executes on our goal of attracting, developing and retaining the most qualified people. This goal is crucial to all aspects of our activities and long-term success and is central to our long-term strategy.

In addition, our different Board Committees in conjunction with senior management, have implemented policies and procedures to protect the health and safety of our employees. These include:

- An ethics hotline which encourages employees to disclose when they become aware of misconduct or other violations of our Code of Ethics. Employees are also encouraged to raise questions and concerns directly with their manager or someone in their division's reporting line with whom they feel comfortable talking.
- Our Non-Retaliation Policy for employees who report violations strictly prohibits discrimination or retaliation against individuals who: (i) make good faith reports of, or file a complaint with respect to, known or suspected violations of the Code of Business Conduct and Ethics, (ii) assist with investigations, (iii) oppose unlawful acts, or (iv) exercise any other right protected by law.
- Discrimination and harassment are not tolerated for any reason. This includes discrimination or harassment based on an individual's sex, race, ethnicity, national origin, age, religion or any other legally protected characteristics.

Nominating Committee's Oversight of ESG

In early 2021, our Board received a presentation from the Chairman of our ESG Council after which they

approved a change to our Nominating Committee charter delegating ongoing oversight for our ESG program and strategy to the Nominating Committee. The Compensation Committee and the Risk Committee are involved in issues that naturally fall within their areas of responsibility. The overall oversight of strategy will lie with the Nominating Committee with assistance from the other two Committees.

The Nominating Committee hears stakeholder concerns on ESG issues, articulated by institutional investors.

The Nominating Committee oversees our ESG Council. The ESG Council helps guide us to consider how environmental issues impact Valley's ability to achieve its long-term strategy while being socially responsible.

Code of Conduct, Ethics and Training

We maintain a Code of Conduct and Ethics that sets forth the ethical principles and standards that all directors, officers and employees should adhere to in both their corporate and personal conduct. The Code of Conduct informs employees of their responsibilities regarding conflicts of interest, the prohibition on trading on inside information, how to protect the confidentiality of both Valley and customer information, gifts and entertainment from our customers and vendors and how to promote a work environment in which all employees and customers are treated with respect and decency.

We also have an Anti-Fraud Policy that addresses the potential for fraud, what constitutes fraud and how to prevent or detect fraud. All employees are asked to review the Code of Conduct and the Anti-Fraud Policy on an annual basis and are also required to participate in annual training on these policies.

Both the Code of Conduct and the Anti-Fraud Policy require employees to promptly report any concerns related to potential fraud or violations of law, regulation or the Code of Conduct. Concerns and complaints can be reported to an employee's manager, the Human Resources Department, the Ethics Officer, or the Audit Committee. Employees can also submit a complaint anonymously through our ethics hotline and website. The hotline and website are hosted by a third party and are available 24 hours a day, 7 days a week. Complaints are referred to our Ethics Officer, who coordinates and conducts investigations and escalates significant violations to management and our Audit Committee, as needed. We prohibit any retaliation or discrimination against an individual for reporting a concern or complaint or participating in an investigation.

We maintain an Escalation Committee consisting of three executive officers which receives and reviews reports of significant ethics complaints, other than those which may be immediately escalated to the Audit Committee.

Cybersecurity and Data Privacy

As we look to embrace digital transformation initiatives, business outcomes become linked to technology areas like application development, cloud computing and IoT devices. These technology assets must be protected to ensure continuity of business operations. Our Information Security team has developed and implemented

a governance and policy structure that seeks data security while supplying a robust and scalable security architecture. This structure allows us to embrace current and emerging technologies to provide our customers with the innovative services, while maintaining a focus on the security of data for our company, customers and business partners.

Our Cyber program seeks to make cybersecurity programmatic and cultural, while maintaining the principles of confidentiality, integrity and availability of systems and data. The goal of our program is to provide secured access to Information and Systems for those who need it, while facilitating agility and innovation by reducing friction and time to market for products and services.

Our program includes a continuous improvement process, with the goal of retooling to meet current and emerging threats in the cyber landscape. This includes ongoing monitoring of vendors and partners to validate that Valley's systems and data are handled in an appropriate manner.

Cyber defense has become a communal endeavor. We are only as strong as our neighbors and partners. A major component of our cyber program is sharing and training our associates, customers, industry and business partners on relevant cyber-related topics. This dissemination of threat information helps to improve our cyber posture and the community as a whole.

We have our cyber program externally audited for compliance with top

information security standards and for added protection we have purchased an information security risk insurance policy.

Privacy

Our privacy team aligns business objectives and goals to achieve regulatory compliance and to maintain our brand and public trust. Participation and contributions are provided by a Privacy Committee made up of stakeholders from critical business units, the audit team and technical teams. Personally identifiable information that is collected, processed and stored is done so in accordance with our privacy notices and industry standard privacy principles.

The privacy team has created an inventory of Personally Identifiable Information (PII) which includes data stored in existing internal and external repositories. A Privacy Impact Assessment program is in place to identify new sources of PII and ensure that relevant privacy controls and procedures are built into new systems following the Privacy by Design methodology. Privacy awareness training classes have been added to the annual core curriculum for all employees with extra, specialized training for high-risk department personnel such as Human Resources, Marketing and Information Technology.



Legal Disclaimer

We have prepared the information in this Report to provide a general overview of our Environmental, Social and Governmental (ESG) activities. It is for informational purposes and is not intended to be relied on to make any investment decisions. It is neither an offer to sell nor a solicitation of an offer to buy any securities or products from Valley National Bancorp, Valley National Bank or its subsidiaries or affiliates. This Report covers our owned or operated businesses and does not address the performance of our suppliers, contractors or partners. The information in this Report is a summary and is not a complete description of all of our activities; we have made qualitative judgments as to information to include. Because there are many aspects to ESG and our Company, the information in the Report could be viewed as incomplete and thereby inaccurate. We did not employ any third-party firm to audit this Report.

As used in this Report, the terms “Valley” and “the Company,” “our,” “we,” and “us” may refer to one or more of our subsidiaries or to all of them taken as a whole. All these terms are used for convenience and are not intended as a precise description of any of the separate entities

Forward-Looking Statement

This Report contains forward-looking statements relating to the manner in which we intend to conduct our activities based on our current plans and expectations. These statements are not promises of our future conduct or policy and are subject to a variety of factors and uncertainties, many of which are beyond our control. Therefore, the conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed in this Report, may differ materially in the future. The statements of intention in this Report speak only as of the date of this Report. We do not undertake to update any statements in this Report.

Appendix A – Sustainability Accounting Standards Board (SASB) Disclosure

The following addresses many of the material portions of the SASB framework:

1. Data Security Information and Cyber Security

The SASB standards for Commercial Banks require banks to report on our cybersecurity program, as well as data breaches.

As technological change in banking moves forward at a breakneck pace and cybersecurity threats and technology continue to emerge and evolve, we are constantly seeking

to safeguard the security and confidentiality of our systems, networks and customer information, including personally identifiable information (PII), through the design, implementation and oversight of our Information Security Program (ISP).

Our Chief Information Security Officer leads a team of experienced security professionals that examine risks to our information systems, monitor our networks and provide responses to threats. Governance and oversight of the ISP is provided by management’s Executive Risk Committee and the Board Risk Committee.

We advise and train staff on their responsibilities to maintain the security of customer information and our systems. The ISP requires that vendors, service providers and other third parties with access to sensitive information or our systems, follow appropriate procedures and standards and applicable laws and regulations.

Security Incidents Involving PII

Historically, the security incidents involving us primarily occurred at third party vendors and service providers that we engaged. In 2021, there was a breach by a threat actor of a legacy network from a bank we acquired. The breach resulted in the unauthorized access of approximately 1,500 PII records stored on the legacy network. The legacy network was isolated from our network and operating systems, which were not affected by the incident. Procedures have been augmented to address similar vulnerabilities.

Over at least the last three years, our expenses incurred in connection with data breaches have been insignificant compared with our total revenues and we have not incurred any expense with respect to penalties and settlements.

As set forth in our report, we have a Privacy Committee focused on compliance with data privacy and that Committee is staffed by experienced members of our technology, consumer and legal teams.

2. Financial Inclusion and Capacity Building

The SASB standards for Commercial Banks requires banks to include information on the units and total dollars of loans and investments with a primary purpose of promoting affordable housing, economic development, revitalization and stabilization and community services to low- and moderate-income individuals. The disclosure of no-cost retail checking accounts to unbanked or under-banked customers along with financial literacy initiatives should be reported.

This information can be found in this ESG report under the heading: Community Engagement, Investment and Philanthropy.

3. Incorporation of Environmental, Social and Governance Factors in Credit Analysis

The SASB standard for Commercial Banks requires banks to disclose commercial and industrial credit exposure by industry, using the North American Industry Classification System (NAICS) by 3-digit sub-sector. At least the 10 largest industry exposures should be disclosed, or industry exposure representing at least 2% of the portfolio. The SASB standard also asks banks to describe how ESG factors into their credit analysis for commercial and industrial lending and project finance.

Commercial and Industrial Credit Exposure, by Industry

We have begun assessing the reporting capabilities needed to meet this disclosure standard. We have created the initial version of a portfolio report that identifies the respective industries of our commercial borrowers. We anticipate that the identification of the 10 largest industry exposures, as suggested by the SASB, will be completed in the fourth quarter of 2021.

Description of Approach to Incorporation of ESG Factors in Credit Analysis

We have a number of Credit Policy documents that address required environmental contamination due diligence for real estate-secured commercial loans to borrowers in environmentally sensitive industries. In addition, our underwriting templates include an assessment of the borrower's management and organizational structure, which provides the opportunity to identify potential material social and governance concerns.

4. Business Ethics

The SASB standards for Commercial Banks require banks to provide a description of whistleblower policies and procedures as well as losses as a result of legal proceedings associated with fraud and violations of financial industry and other laws.

Several Valley policies contain whistleblower protection provisions or other provisions specifically prohibiting retaliation against employees that report complaints or policy violations. These policies also explain how different types of complaints and concerns can and should be reported. These policies include Valley's Code of Conduct and Ethics; Anti-Fraud Policy; Securities Trading Policy; Employment Anti-Harassment Policy; and Equal Employment Opportunity Policy and Affirmative Action Statement. Valley requires that all employees receive annual training on Valley's Code of Conduct and Ethics, as well as Valley's Anti-Fraud Policy.

Valley has an established Ethics Program through which employees are encouraged to report fraud and violations of law or the Code of Conduct and Ethics. Complaints can be reported to an employee's manager, the Human

Resources Department, the Ethics Officer, the Corporate Fraud Investigations and Security Department, or the Audit Committee. Employees can submit a complaint anonymously through Valley's ethics hotline and website, which are hosted by a third party and are available 24 hours a day, 7 days a week.

Complaints may also be brought to the attention of the Ethics Officer through employee exit interviews conducted by a third party and the customer complaint program, maintained by Valley's Regulatory Compliance Department. During the exit interview process, former Valley employees are specifically asked whether they ever felt pressured to turn to unethical conduct in an effort to keep up with sales goals. If concerns are raised, the third party sends the interview results to the Human Resources Department and the Ethics Officer. Valley maintains a database to track all customer and consumer complaints and prepares regular reports analyzing the different types of complaints received. The Ethics Officer meets with the Human Resources and Regulatory Compliance Departments periodically to discuss trends identified through complaint reporting channels.

Finally, Valley has an Escalation Committee that must be notified of any significant complaints that are received. Significant complaints involving any executive officer must be escalated to Valley's Audit Committee.

We expend significant resources to try to prevent losses to our customers from frauds perpetrated against them. We do not report on such losses. Our enterprise risk management has allowed us to avoid losses from legal proceedings alleging violations of the type of laws noted by the SASB standards. Any material losses resulting from private lawsuits alleging violations of laws or other standards are reported in our annual financial statements.

5. Systematic Risk Management

The SASB standards applicable to Commercial Banks require banks to describe their approach to stress testing and the incorporation of the results into business strategies and activities.

We perform internal capital adequacy assessments, including stress testing, as part of our annual capital planning process. Our internal processes ensure that we hold an appropriate amount of capital based on the risk associated with our businesses and consistent with our Risk Appetite Statement. Our processes are forward looking and incorporate a range of operating environments to better understand the nature of the Company's financial and capital condition. Our stress testing approach is described in this Report under the heading "Stress Testing for Climate Change."

The stress testing results illuminate whether we need to change our business strategy or raise additional capital to pursue the strategy.

Appendix B – Task Force on Climate-related Financial Disclosures (TCFD)

The following addresses some of the topics covered after by TCFD Framework. It does not address the metrics.

1. Our Board's Oversight of Climate Related Risk and Opportunities

The TCFD Framework asks banks to describe their board's oversight of climate-related issues, including, among other things, the processes and frequency with which a board committee is informed of climate-related issues.

Our Board delegated to the Nominating and Corporate Governance Committee responsibility for overseeing our risks and opportunities relating to ESG, including climate-related issues. The Nominating Committee is assisted by the Risk Committee.

Our ESG Council focuses a substantial amount of its activities on climate change related risks and opportunities. The Risk Committee hears from members of the Council on stress testing for climate change risks. Members of the ESG Council collaborate on strategies for lending opportunities which may mitigate climate change. The ESG Council reports to the Nominating Committee at each of the Nominating Committee's four meetings a year.

2. Management's Role in Assessing and Managing Climate Related Risks and Opportunities

The TCFD Framework asks banks to describe whether the organization has assigned climate-related responsibilities to management-level positions or committees, as well as the organizational structure of those committees.

Organizational Structure

Overall

We have established an ESG Council that brings together different departments and employees across our company to evaluate and coordinate our ESG efforts, with a focus on managing climate related risks and opportunities. Led by our General Counsel, the Council meets weekly and reports to our Nominating and Corporate Governance Committee which oversees our ESG strategies.

Credit Risk

The Credit Risk Committee is developing initiatives to identify and track climate risk in the credit portfolio.

Operations Risk

The Operational Risk Committee focuses on operational risk posed by climate change. We established a Business Resiliency Policy and a Business Resiliency Planning process to prepare for and respond to any incident or event, including climate-related events, that may affect the safety

of our customers and employees, or that could potentially cause damage to our assets or business operations.

3. Impact of Climate-Related Risks and Opportunities on our Businesses, Strategy and Financial Planning

The TCFD Framework asks banks to describe the impact of climate-related risks on their businesses, strategy and financial planning.

Climate change has a significant impact on our customers, communities, employees and shareholders. It is transforming the way we think, operate and progress as an organization. While we are still early in solidifying our business strategy surrounding climate change, we will seek to prudently manage our risks and opportunities from climate change. Our ESG Council actively discusses these issues.

In terms of managing our risk mitigation, examples of this include expanding our credit and loan Risk Ratings to include climate-related risks and developing reports that measure certain environmental risks within our loan portfolio. Similarly, examples of positive environmental impact opportunities include:

- A heightened focus on providing financing within our communities to support reduced carbon emissions and/or the use of renewable energy sources; and
- Increasing our lending activities surrounding projects that incorporate renewable energy features, LEED certified properties, hybrid and electric vehicles and direct lending to green businesses.

4. Risk Management and Climate-Related Scenarios

The TCFD Framework asks banks to describe their approach to managing risks related to climate change. We seek to manage our risks related to climate change by addressing the risks in our lending portfolio and in our operations and with our stress testing. Our developing approach to identifying the risks in our lending portfolio is described in this Report under the heading; "Managing Our Environmental Risks"; Our approach to addressing operational risks is addressed under Item 2 of the TCFD Appendix; and our stress testing approach is described in this Report under the heading "Stress Testing for Climate Change".

