

2023

**SUSTAINABILITY
BOND REPORT**

**NYSE:
BHLB**

Berkshire Bank

(Berkshire Hills Bancorp | NYSE: **BHLB**)

OUR VISION

To be a high-performing, leading, socially responsible community bank in New England and beyond.

OUR MISSION

To empower the financial potential of all individuals, families, businesses, and organizations by making banking available where, when and how it's needed.

ABOUT US

Berkshire has always been at the forefront of empowering the financial potential of its stakeholders. It's been true since our founding in 1846 in Pittsfield, Massachusetts, by local business and community leaders whose interests varied from manufacturing to the abolitionist movement. We first

opened our doors to meet the financial needs of individuals from all backgrounds. Our first deposit of \$25 by a local farmer started us on our journey to today.

We believe we can contribute to meaningful change that benefits future generations through socially responsible, sustainable and ethical business practices, while also delivering financial performance that allows us to lend and invest in our communities at a rate 70% higher than our peers.

It's our purpose as a values-guided organization dedicated to unlocking our shared potential for more than 175 years. And it's why where you bank matters.



BERKSHIRE BANK AT A GLANCE

- **Assets:** \$12.3B
- **Workforce:** More than 1,300 Berkshire bankers
- **Headquarters:** Boston
- **Founded:** 1846 in the Berkshires in western Massachusetts
- **Lines of business:** Retail Banking, Consumer Lending & Payments, Commercial Banking, Wealth Management and Private Banking, as well as 44 Business Capital, Berkshire's national, direct small business lending division providing SBA loans
- **Community banking footprint:** 100 financial centers, 150 ATMs and MyTellerSM ITMs in Massachusetts, New York, Vermont, Connecticut and Rhode Island

BEST COMMUNITY COMEBACK



\$5B for local communities

BerkshireBank

In September 2021, we launched our BEST Community Comeback, a multiyear \$5 billion commitment that is rooted in our purpose to power the financial potential of our communities and as part of Berkshire's Exciting Strategic Transformation (BEST).

The plan focuses on strengthening all of our communities and unleashing the untapped potential within every community we serve through four key areas: fueling small businesses, community financing and philanthropy, financial access and empowerment, and environmental sustainability. Through this effort, Berkshire will create and save countless jobs, invest in our neighborhoods and employees, and strengthen our diversity, equity and inclusion work in our communities.



SUSTAINABLE DEVELOPMENT GOALS

Launched in 2015 by the United Nations General Assembly and signed by 193 world leaders, the 17 Sustainable Development Goals (SDGs) provide a plan for action to address challenges across the globe. The Company's sustainable finance work contributes in some way to all 17 goals, but most closely align with the following:



SUSTAINABILITY BOND OVERVIEW

ISSUANCE DETAILS

In June 2022, Berkshire Hills Bancorp, Inc., the parent company of Berkshire Bank, issued its inaugural Sustainability Bond in the amount of \$100.0 million.

Berkshire became the first public U.S. community bank holding company with under \$150 billion in total assets to issue a Sustainability Bond. Berkshire views its sustainable financing activities as a catalyst for delivering on its vision, mission and [BEST Community Comeback](#), ultimately helping support the clean energy transition, creating jobs, improving equitable homeownership and lifting-up low-moderate income communities.

USE OF PROCEEDS

Berkshire's [Sustainable Financing Framework](#) guides issuances of green, social, and sustainable senior notes, subordinated notes, and preferred stock (each a "Berkshire Sustainable Financing") by Berkshire Hills Bancorp, Inc. (BHLB) and any of its subsidiaries, including Berkshire Bank (together, the "Entities"). The Berkshire Sustainable Financing Framework was developed to be aligned with the International Capital Markets Association (ICMA) Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines, as applicable and specifically addresses the four components of the principles.

As of June 30, 2023, an amount equal to or greater than the net proceeds of Berkshire's inaugural Sustainability Bond were entirely allocated and used to finance or re-finance, in part or in full, new and/or existing green and/or social assets that met the Eligibility Criteria defined in Berkshire's Sustainable Financing Framework including Green Buildings, Affordable Housing, Workforce Housing, and Financial Inclusion & Access.

Each of the Eligible Criteria is aligned to one or more UN Sustainable Development Goals (SDGs). Eligible Assets include existing green/social assets held by Berkshire Entities 24 months prior to the Berkshire Sustainable Financing issuance date and new green/social assets acquired post issuance.

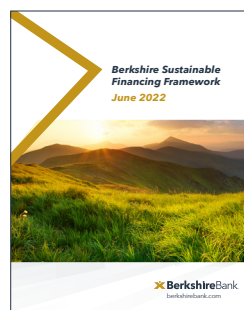
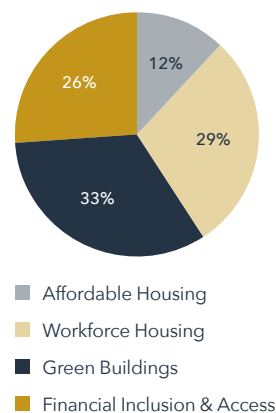
KEY ISSUANCE METRICS

| ISSUER | BERKSHIRE HILLS BANCORP, INC. |
|------------------|--------------------------------|
| Issue Date | June 30, 2022 |
| Maturity Date | June 30, 2032 |
| Currency | USD |
| Principal Amount | \$100,000,000 |
| Coupon | 5.50% (Fixed-to-Floating Rate) |
| CUSIP | 084680AB3 |
| ISIN | US084680AB32 |

ASSET SELECTION AND EVALUATION

Berkshire's Environmental, Social, Governance (ESG) Committee (ESGC) is responsible for the review and selection of assets that will qualify as Eligible Assets in accordance with the Eligibility Criteria defined in the Berkshire Sustainable Financing Framework. The committee includes members of Executive Management, Finance, Corporate Treasury, Retail and Commercial Banking, Corporate Responsibility, Compliance, Legal, CRA, and Diversity. The ESGC governs the process for project evaluation and selection by defining Berkshire sustainable finance commitments and influencing strategies to ensure Berkshire meets its sustainable finance and broader ESG objectives.

ASSET ALLOCATION SUMMARY



AFFORDABLE HOUSING

Addressing housing affordability is a key priority for Berkshire and our Sustainable Financing Framework. Aligned with Sustainable Development Goal #11:

Sustainable Cities and Communities, Berkshire allocated proceeds totaling

\$11,550,000 to

affordable housing construction, rehabilitation or preservation of multi-family, single-family, commercial or residential properties in Massachusetts (MA), New York (NY) and Connecticut (CT). These projects are expected to provide housing at a rate below the prevailing market rate to individuals and families at or below 60% of the Area Median Income (AMI).

In addition to the assets allocated directly toward this category, portions of assets eligible under our Green Buildings and Financial Inclusion & Access categories also included the creation of affordable units.



186 AFFORDABLE UNITS



WORKFORCE HOUSING

We're working to ensure that all individuals have access to safe and quality housing. Aligned with Sustainable Development Goal #11: Sustainable Cities and Communities, Berkshire allocated proceeds totaling **\$28,900,000** to workforce housing construction, rehabilitation or preservation of multi-family, single-family, commercial or residential

properties in Massachusetts (MA) and New York (NY). These projects 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 markets.



144 WORKFORCE UNITS

SUMMARY OF AFFORDABLE HOUSING ASSETS

| ASSET | STATE | DOLLAR VALUE |
|--------------|-------|---------------------|
| Project 1 | MA | \$2,000,000 |
| Project 2 | CT | \$1,850,000 |
| Project 3 | MA | \$7,700,000 |
| Total | | \$11,550,000 |



SUMMARY OF WORKFORCE HOUSING ASSETS

| ASSET | STATE | DOLLAR VALUE |
|--------------|-------|---------------------|
| Project 4 | MA | \$14,900,000 |
| Project 5 | NY | \$14,000,000 |
| Total | | \$28,900,000 |

GREEN BUILDINGS

We're building a more sustainable future to mitigate the risks of climate change and move toward a lower-carbon economy. Aligned with Sustainable Development Goal #11: Sustainable Cities and Communities, Berkshire allocated proceeds totaling **\$33,300,000** to green building development. These projects are expected to achieve LEED Gold or Platinum, BREEM Excellent or above and/or achieve or expected to achieve greenhouse gas emissions performance in the top 15% of their municipal boundaries.

SUMMARY OF GREEN BUILDING ASSETS

| ASSET | STATE | CERTIFICATION(S) | DOLLAR VALUE |
|--------------|-------|-----------------------------|---------------------|
| Project 6 | MA | LEED Gold/ Passive House | \$21,000,000 |
| Project 7 | NY | Net Zero | \$12,300,000 |
| Total | | | \$33,300,000 |



PROJECT HIGHLIGHT: SUSTAINABLE LIVING WITH SOLARA II

Solara Ecoluxury Apartments is a 248-unit, net zero energy, market-rate multifamily housing development which utilizes the latest in renewable and energy-efficiency technologies to meet or exceed all of the energy needs of the community. Solara is one of the most technologically advanced apartment communities ever built and once the final phase is complete in 2023, it will be the largest net-zero apartment community in the United States. Solara was recognized as a Round One and Round Two winner of New York Energy Research and Development Authority (NYSERDA) Buildings of Excellence competition due to its innovative and ambitious energy efficiency and low-carbon goals.



214,000 SQ. FT. OF GREEN BUILDING SPACE

FINANCIAL INCLUSION & ACCESS

Small businesses are the backbone of our main streets creating jobs and helping revitalize neighborhoods across America. Aligned with Sustainable Development Goal #8: Decent Work and Economic Growth, Goal #10: Reduced Inequalities and Goal #11: Sustainable Cities and Communities, Berkshire allocated proceeds totaling \$26,250,000 to small businesses located in a low-moderate income (LMI) and/or majority minority census tract (MMCT) as defined by the Federal Financial Institutions Examination Council (FFIEC). Berkshire also supported the development and revitalization of a former industrial site within a low-income neighborhood that helped attract new and retain existing businesses and residents.

SUMMARY OF FINANCIAL INCLUSION & ACCESS ASSETS

| ASSET | STATE | DOLLAR VALUE |
|--------------|-------|---------------------|
| Project 8 | NY | \$3,600,000 |
| Project 9 | MA | \$22,650,000 |
| Total | | \$26,250,000 |



PROJECT HIGHLIGHT: BREWING A BETTER COMMUNITY WITH COMMON ROOTS BREWING

Common Roots Brewing, a small family-owned microbrewery, is expanding its canning, restaurant and events space creating construction and permanent jobs while helping with ongoing revitalization efforts in the neighborhood.

MANAGEMENT ASSERTION DISCLAIMER

MANAGEMENT ASSERTION

Berkshire Hills Bancorp, Inc. ("Berkshire" or the "Company") is responsible for the completeness, accuracy, and validity of Berkshire's Sustainable Financing Report (the "Report"). Management of Berkshire Hills Bancorp, Inc. asserts that, for the period from June 30, 2022 through June 30, 2023, it has allocated an amount equal to or greater than the net proceeds of Berkshire's inaugural \$100.0 million Sustainability Bond offering. The fixed-to-floating rate subordinated notes due June 2032 were used to finance or refinance assets that met the Eligibility Criteria as defined in Berkshire's Sustainable Financing Framework and documented on the pages of this report.

DISCLAIMER

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

This report 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 BHLB, 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 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 BHLB 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 BHLB should be made on the basis of the information contained in this Report.

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

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

HOW TO CONNECT

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This document contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995). There are several factors that could cause actual results to differ significantly from expectations described in the forward-looking statements. For a discussion of such factors, please see Berkshire's most recently filed reports on Forms 10-K and 10-Q, which are available on the SEC's website at www.sec.gov. Berkshire does not undertake any obligation to update forward-looking statements.

Banking products are provided by Berkshire Bank: Member FDIC. Equal Housing Lender. Berkshire Bank is a Massachusetts chartered bank.

Investment products are NOT FDIC-INSURED, are NOT A BANK DEPOSIT, NOT GUARANTEED BY THE BANK, NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY and MAY LOSE VALUE.

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Where You



Matters



For more information on
our ESG program and BEST
Community Comeback, see
our 2022 ESG Report:

berkshirebank.com/esg2022

