

# Fifth Third Bancorp Sustainable Bond Framework



October 2021



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## 1. Overview

Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio, and the indirect parent company of Fifth Third Bank, National Association, a federally chartered institution.

As of September 30, 2021, the Company had \$208 billion in assets and operates 1,100 full-service Banking Centers, and 2,336 Fifth Third branded ATMs in Ohio, Kentucky, Indiana, Michigan, Illinois, Florida, Tennessee, West Virginia, Georgia, North Carolina and South Carolina. In total, Fifth Third provides its customers with access to approximately 52,000 fee-free ATMs across the United States. Fifth Third operates four main businesses: Commercial Banking, Branch Banking, Consumer Lending, and Wealth & Asset Management. Fifth Third is among the largest money managers in the Midwest and, as of September 30, 2021, had \$541 billion in assets under care, of which it managed \$61 billion for individuals, corporations and not-for-profit organizations through its Trust and Registered Investment Advisory businesses.

## 2. Fifth Third Commitment to Sustainability

### OUR APPROACH TO ESG

Our approach to environmental, social and governance (“ESG”) issues is focused on doing well by doing good. We are focused on generating long-term sustainable value for our stakeholders, including shareholders, customers, employees, communities and regulators. This focus is aligned with our Vision and guided by our Core Values and Strategic Actions.

### OUR PURPOSE

To improve the lives of customers and the well-being of communities.

### OUR VISION

To be the One Bank people most value and trust. Our Vision is personal. It’s about showing our customers, communities and employees that we provide something different, something of value — because without them, we could not exist.

Our Core Values guide us as we work with customers, communities and each other:

 <p><b>WORK AS ONE BANK</b> Proactively collaborate to achieve shared goals.</p>	 <p><b>TAKE ACCOUNTABILITY</b> Own what you do. Speak up if something feels wrong, looks wrong, or is wrong.</p>	 <p><b>BE RESPECTFUL &amp; INCLUSIVE</b> Respect diversity. Fully integrate ideas from varying perspectives.</p>	 <p><b>ACT WITH INTEGRITY</b> Be honest. Be fair. Do the right thing.</p>
 <p><b>BUILD A STRONGER COMMUNITY</b> Effect positive change. Empower the underserved. Be actively engaged.</p>	 <p><b>PROVIDE BETTER SOLUTIONS</b> Drive product and service innovation. Provide a world-class customer experience, every single time.</p>	 <p><b>STRIVE FOR OPERATIONAL EXCELLENCE</b> Do quality work. Be efficient. Perform through the cycle.</p>	 <p><b>CONTINUOUSLY MANAGE RISK</b> Challenge ideas. Test soundness. Promptly escalate issues.</p>



Led by our Core Values, our Strategic Actions help us make decisions among competing demands, test the soundness of our actions and set boundaries within which we must operate.

Our commitment to ESG excellence is integrated across our Company and aligned to our strategic priorities. Our ESG strategy and reporting is led by our Investor Relations team, with support from across the Company and with oversight from the Board of Directors. In 2020, we established an ESG Committee to monitor emerging risks and trends through stakeholder engagement, shareholder resolutions and recommendations from independent organizations such as the Global Reporting Initiative, Value Reporting Foundation (formerly, Sustainability Accounting Standards Board), Task Force on Climate-related Financial Disclosure, World Economic Forum and the United Nations. In 2020, we became the first U.S. commercial bank to join the SASB Alliance and GRI Community. We also became a TCFD Supporter. We use these frameworks to allow for transparency in our ESG data reporting.

### UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (“UN SDG”) are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. The 17 goals were adopted by all UN member states in 2015 as part of the 2030 Agenda for Sustainable Development, which set out a 15-year plan to achieve the goals. At Fifth Third, we believe we have a role to play in all 17 UN goals. However, we have identified 12 that align especially well with our ESG priorities.



### ENVIRONMENTAL

Fifth Third is committed to environmental leadership in the financial services sector and to leading the transition to a sustainable future. In 2017, we set five bold sustainability goals to be achieved by 2022 and help prioritize our environmental sustainability efforts. This included targeted goals to reduce our energy use and location-based greenhouse gas emissions by 25%, to reduce our water consumption and waste sent to landfills by 20%, and to purchase 100% renewable power. In 2020, Fifth Third became the first regional, commercial bank to achieve carbon neutrality in our operations, including greenhouse gas emissions from our facilities and business travel.

In 2020, we set our first sustainable finance goal of \$8 billion, which we have targeted to be achieved by 2025. This goal includes lending and financing for renewable energy, which we define as solar, wind, geothermal, biomass, and hydropower. We decided to limit the scope of our public commitment to include only lending and facilitation of capital raising because these services contribute most directly to attracting new investments in renewable power.



## **SOCIAL**

In 2020, Fifth Third reached the end of its five-year, \$32 billion Community Commitment. The Bank exceeded the financial commitment made to our communities by investing \$41.6 billion – 30% above our goal – in mortgage, small business and community development lending and investments.

### **Community Reinvestment Act Performance**

Our Community Reinvestment Act (“CRA”) rating from the Federal Reserve Bank of Cleveland is “Outstanding.” This rating represents an evaluation of Fifth Third Bank’s CRA activities from Jan. 1, 2014 through June 30, 2016. Due to the Bank’s conversion in 2019 to a national bank chartered by the Office of the Comptroller of Currency, the next CRA exam is expected to occur in 2022.

## **GOVERNANCE**

### **Independence**

- 87% of our directors are independent and all committees of the Board are comprised of independent directors.
- Independent directors meet in executive session at regularly scheduled board and committee meetings.
- Our Lead Independent Director provides leadership to independent directors through responsibilities expressly defined in Fifth Third’s Corporate Governance Guidelines.
- 33% of our directors are female, including our Lead Independent Director and the Chair of our Audit Committee.
- 20% of our directors are ethnically diverse, including the Chair of our Technology Committee.

### **Accountability**

- All directors must be elected annually with no staggered or multi-year terms. Fifth Third utilizes majority voting requirements for uncontested director elections.
- The Board of Directors and its committees had an aggregate attendance rate of 97% during 2020.
- Directors are subject to overboarding restrictions which align with shareholder expectations.

## **3. Rationale for Issuance**

Through the issuance of Green Bonds, Social Bonds and/or Sustainability Bonds by Fifth Third (collectively “Sustainable Bonds”), we aim to finance green and social projects that align with our sustainability priorities. Sustainability bonds will include a combination of green and social projects. We expect that this method of funding will allow us to tailor our financing with our investment and lending priorities. Additionally, by offering Sustainable Bonds, we hope to make additional investment opportunities available to our investors that meet their investment objectives.

## **4. Alignment with the Green Bond Principles (June 2021), Social Bond Principles (June 2021), and Sustainability Bond Guidelines (June 2021)**

The Green Bond Principles (June 2021) (“GBP”), Social Bond Principles (June 2021) (“SBP”), and Sustainability Bond Guidelines (June 2021) (“SBG”), are voluntary process guidelines for best practices



published by the International Capital Markets Association when issuing Green, Social and Sustainability Bonds. The GBP, SBP and SBG recommend transparency and promote integrity in the sustainable bond market. The Fifth Third Sustainable Bond Framework is aligned with the GBP, SBP and SBG. This framework covers Green, Social and Sustainability Bond issuances by Fifth Third and its subsidiaries.





This Framework is aligned with the four core components of the GBP, SBP and SBG:

- (i) Use of Proceeds
- (ii) Process for Project Evaluation and Selection
- (iii) Management of Proceeds
- (iv) Reporting





### 4.1 Eligible Projects

An amount equal to the net proceeds of Fifth Third’s Sustainable Bonds will be allocated to existing or future investments in or financings of Eligible Projects that meet Fifth Third’s Sustainable Bond Framework Eligibility Criteria as defined below. Eligible Projects are investments or financings including loans and expenditures made by Fifth Third or any of its subsidiaries beginning with the issuance date of any Sustainable Bonds, or in the 24 months prior to any such issuance, in eligible green projects and/or eligible social projects as outlined in the table below.

“Eligibility Criteria” means any of the following:

GBP / SBP Eligible Project Category	Eligible Projects and Examples	UN SDG Alignment
<b>Green Buildings</b>	Investments or financings related to design, development, operation, construction, materials, maintenance and certification costs of real estate projects that have received or are expected to receive third-party sustainable certifications or verification, such as LEED Gold or Platinum, BREEAM Excellent, and Energy Star 85+.	
<b>Renewable Energy</b>	Investments or financings related to the construction, development, acquisition, maintenance, and operation of new wind and solar renewable energy generation including power purchase agreements (PPAs) that are long-term (5 years+).	 
<b>Energy Efficiency</b>	Investments or financings related to energy efficiency projects and technologies that are designed to enable energy and emissions reductions, such as energy efficient heating (excluding those powered by fossil fuels), cooling,	



	ventilations, lighting, and electrical equipment that aim to achieve at least 25% energy savings. Additionally, investments or financings related to energy efficiency projects that enable energy use optimization, such as smart thermostats, load control systems, sensors and building information systems.	
<b>Clean Transportation</b>	Investments or financings related to clean transportation that are designed to/expected to reduce greenhouse gas emissions such as electric vehicles, electric vehicle charging stations and clean mass transportation including electric rail and electric buses.	 
<b>Affordable Housing</b>	Investments or financings related to the construction, development, acquisition, and maintenance of affordable housing, including multi-family projects, where spends are associated with housing restricted to households who earn under 80% of the AMI and/or households who earn under 120% of the AMI for properties located in a high-cost area as defined by the U.S. Department of Housing and Urban Development.	 

**Eligible Projects will not include:**

- Activities related to the exploration, production or transportation of fossil fuels (e.g., coal, oil and gas);
- Consumption of fossil fuels for the purpose of power generation;
- Large hydroelectric power generation (e.g., plants with a capacity of greater than 20 megawatts or dams with a height greater than ten meters);
- Nuclear energy;
- Activities involving exploitation of human rights, modern slavery (e.g., forced labor or human trafficking) or child labor; or
- Any other activity that Fifth Third determines is ineligible for allocation of proceeds at the time of allocation.

We will allocate net proceeds to Eligible Projects within 12 months of issuance of the applicable Sustainable Bonds.



## 4.2 Process of Project Evaluation and Selection

We regularly analyze the environmental and social impacts of our businesses and assess how we can positively contribute to and manage impacts on the many communities in which we operate. Additionally, we conduct thorough due diligence and monitoring of all of our investment and financing positions. Further information on our Environmental and Social risk management is available in our [“Environmental and Social Policy”](#).

Fifth Third’s Sustainable Financing & Climate Strategy Council comprised of members from Treasury, Investor Relations, Legal, Compliance, Finance, Corporate Banking, Risk Management and Community and Economic Development is responsible for the ultimate review and selection of the green and social projects that will qualify as Eligible Projects. Subject to the criteria specified in the Use of Proceeds for an issuance of Sustainable Bonds, Fifth Third’s Sustainable Financing & Climate Strategy Council will review and select Eligible Projects for the final approval of Fifth Third’s ESG Committee.

## 4.3 Management of Proceeds

Fifth Third’s Finance department will track the amount of funds allocated to Eligible Projects. Pending allocation, an amount equal to the net proceeds from the sale of any Sustainable Bonds will be held in its general account and temporarily invested in cash and cash equivalents, in accordance with Fifth Third’s normal liquidity practices. In the case of divestment or if a project no longer meets the Eligibility Criteria listed above, we intend to reallocate the funds to other Eligible Projects. Any payment of principal and interest on any Sustainable Bonds will be made from our general account and will not be linked to the performance of any Eligible Project.

## 4.4 Transparency and Reporting

### 4.4.1 Allocation Reporting

Annually, until all the proceeds have been fully allocated, and on a timely basis in case of material developments, we intend to publish a Sustainable Bond Report.

The report will include (i) the amount of net proceeds allocated to each Eligible Project either individually or by category, subject to confidentiality considerations; (ii) expected impact metrics, where feasible; (iii) a selection of brief investment or financing descriptions; and (iv) the outstanding amount of net proceeds to be allocated to Eligible Projects at the end of the reporting period

### 4.4.2 Impact Reporting

Examples of the impact metrics that may be included in any Sustainable Bond Report we publish include:

Project Category	Example KPIs
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>● Green building certifications</li> <li>● Total number of buildings certified</li> <li>● Total square feet certified</li> <li>● Percentage of overall company square feet certified</li> </ul>





<b>Renewable Energy</b>	<ul style="list-style-type: none"><li>● Renewable energy capacity sourced and developed (MW)</li><li>● Renewable energy procured and produced from the capacity above (MWh)</li><li>● Emissions (including metric tons of CO2e) avoided or reduced</li></ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"><li>● Energy savings (MWh)</li><li>● Emissions (including metric tons of CO2e) avoided or reduced</li><li>● Office energy consumption/square foot</li><li>● Office energy consumption/employee</li><li>● Data center Power Usage Effectiveness</li></ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"><li>● Commuter carbon emissions (including metric tons of CO2e) avoided or reduced</li></ul>
<b>Affordable Housing</b>	<ul style="list-style-type: none"><li>● Number of Units</li></ul>

## 5. External Review

### 5.1 Second Party Opinion

Fifth Third has obtained and will make publicly available a Second Party Opinion (“SPO”) from a consultant with recognized environmental and social expertise to provide an opinion on the environmental and social benefits of this Framework as well as the alignment to the GBP and SBP. The SPO will be available on the SPO provider’s website.

### 5.2 Assurance

We expect that our Sustainable Bond Report will be accompanied by (i) an assertion by Fifth Third management that an amount equal to the net proceeds of an offering of Sustainable Bonds has been disbursed on Eligible Projects; and (ii) an attestation report from an independent accountant in respect of the independent accountant’s examination of management’s assertion conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

## Disclaimers

This document (the “Fifth Third Bancorp Sustainable Bond Framework”, or the “Framework”) is provided for informational purposes only and does not constitute a solicitation, offer or invitation to buy, or to subscribe for, any debt or equity security issued or sponsored by Fifth Third Bancorp or its subsidiaries or affiliates (“Securities”). Any such solicitation, offer, invitation, subscription or sale shall be made only pursuant to an effective registration statement filed by Fifth Third Bancorp with the Securities and Exchange Commission and a current prospectus and/or prospectus supplement relating thereto, or pursuant to an offering circular or similar disclosure document issued by Fifth Third in connection with any offering of Securities exempt from registration under the Securities Act of 1933, as amended (“Offering Documents”) and any decision to purchase or subscribe for any such Securities pursuant to such solicitation, offer or invitation should be made solely on the basis of such Offering Documents and not these materials. In particular, investors should pay special attention to any sections of such Offering



Documents describing any risk factors as well as any risk factors or other information contained in Fifth Third Bancorp's Annual Report on Form 10-K, its Quarterly reports on Form 10-Q, and its other reports filed with the Securities and Exchange Commission.

Nothing contained in this Framework is intended to be or should be deemed to constitute investment advice. The merits or suitability of any securities or any transaction described in this Framework to a particular investor's situation should be independently determined by the investor in consultation with any professional advisors they choose to retain with respect to such matters. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit, investment criteria, objectives or other related aspects of the securities or such transaction and prospective investors are required to make their own independent investment decisions.

The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. None of Fifth Third Bancorp, its subsidiaries or any of its affiliates (collectively, "Fifth Third") assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents Fifth Third's intention as of the date hereof and is not intended to, nor can it, be relied on, to create legal relations, rights or obligations.

This Framework may contain "forward-looking statements" about our intentions with respect to potentially issuing Sustainable Bonds and funding Eligible Projects as well as future events and expectations. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target," "likely," "potential," "forecast," "trend," "objective," "continue," "remain," or similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," or similar verbs or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. Additionally, Fifth Third may change its approach to issuing Sustainable Bonds and may significantly change, replace or even withdraw this Framework. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. Any such forward looking statements in this document speak only as of the date of the Framework and Fifth Third does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Fifth Third and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Fifth Third as to the fairness, accuracy, reasonableness or completeness of such information.

This Framework shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Exchange Act of 1934, or the Securities Act of 1933, except as shall be expressly set forth by specific reference.