

# Second-Party Opinion

## Fifth Third Bancorp Sustainable Bond Framework



### Evaluation Summary

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



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



**PROJECT EVALUATION / SELECTION** Fifth Third’s Sustainable Financing and Climate Strategy Council will oversee the internal process for evaluating and selecting projects. Fifth Third’s ESG Committee will be responsible for the final approval of eligible projects in accordance with the eligibility process. Fifth Third’s Environmental and Social Policy, which includes environmental and social risk assessment during loan origination, applies to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Fifth Third’s Finance department will oversee the management of proceeds and will track allocation to eligible assets using a dedicated internal accounting system. Fifth Third intends to reach full allocation within 12 months of issuance and has established a two-year look-back period for refinancing activities. Unallocated proceeds will be temporarily held in cash or cash equivalents, in accordance with Fifth Third’s normal liquidity practices. This is in line with market practice.



**REPORTING** Fifth Third intends to report on the allocation of proceeds in a Sustainable Bond Report, published on its website on an annual basis until full allocation. The report will include, subject to confidentiality considerations, the amount of net proceeds allocated to eligible projects, a selection of brief investment or financing descriptions, and the outstanding amount of unallocated proceeds. In addition, Fifth Third is committed to reporting on relevant impact metrics. Sustainalytics views Fifth Third’s allocation and impact reporting as aligned with market practice.

<b>Evaluation date</b>	October 7, 2021
<b>Issuer Location</b>	Cincinnati, USA

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**For inquiries, contact the Sustainable Finance Solutions project team:**

**Cristhian Veintimilla (Amsterdam)**  
Project Manager  
cristhian.veintimilla@sustainalytics.com  
(+31) 20 205 02 09

**Nadia Djinnit (Toronto)**  
Project Support

**Aishwarya Ramchandran (Toronto)**  
Project Support

**Prachi Shrivastava (Mumbai)**  
Project Support

**Maria-Pilar Salazar (New York)**  
Client Relations  
susfinance.americas@sustainalytics.com  
(+1) 646 518 9623

## Introduction

Fifth Third Bancorp (“Fifth Third”, or the “Bank”) is a diversified bank holding company headquartered in Cincinnati, Ohio, and the indirect parent company of Fifth Third Bank, National Association. Fifth Third operates four main businesses: commercial banking, branch banking, consumer lending, and wealth and asset management. As of June 30, 2021, Fifth Third had USD 205 billion in assets. It has 1,096 full-service banking centres, and 2,369 Fifth Third branded ATMs across the Midwestern United States.

Fifth Third has developed the Fifth Third Bancorp Sustainable Bond Framework (the “Framework”) under which it intends to issue green, social and sustainability bonds (collectively “Sustainable Bonds”) and use the proceeds to finance, in whole or in part, future projects that generate positive environmental and social outcomes in the USA. The Framework defines eligibility criteria in five areas:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Affordable Housing

Fifth Third engaged Sustainalytics to review the Fifth Third Bancorp Sustainable Bond Framework, dated October 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

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

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

As part of this engagement, Sustainalytics held conversations with various members of Fifth Third’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Fifth Third representatives have confirmed (1) they understand it is the sole responsibility of Fifth Third to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

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

<sup>1</sup> The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

<sup>2</sup> The Fifth Third Bancorp Sustainable Bond Framework is available on Fifth Third Bancorp’s website at: <http://ir.53.com/esg/Sustainable-Bonds>

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

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

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

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Fifth Third Bancorp Sustainable Bond Framework

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

- Use of Proceeds:
  - Fifth Third's four green categories are aligned with those recognized by the GBP and the social category is aligned with those recognized by the SBP. Sustainalytics is of the opinion that the projects financed will contribute to positive social and environmental outcomes and views these expenditures as having the potential to improve energy efficiency of the building stock, increase renewable energy output and access to affordable housing in the USA.
  - Under the Green Buildings category, Fifth Third may finance and refinance the design, development, operation, construction, materials, maintenance, and certification costs of real estate projects, including commercial and residential buildings, that have achieved or are expected to achieve one of the following minimum certifications levels: (i) LEED "Gold", (ii) BREEAM "Excellent", and (iii) Energy Star 85+. Sustainalytics considers the above-mentioned certifications as credible and the levels indicated to be impactful. See Appendix 1 for Sustainalytics' assessment of these building certification schemes.
  - Within the Renewable Energy category, Fifth Third intends to finance and refinance the construction, development, acquisition, maintenance, and operation of new wind and solar powered energy generation projects. The Framework also includes financing of long-term (more than five years) power purchase agreements (PPAs).
    - Fifth Third confirmed that any maintenance expenditures captured within Renewable Energy projects would be intended to extend the useful life of eligible projects. Furthermore, Sustainalytics notes that PPAs exclude power generated by nuclear and natural gas facilities under this category.
    - Sustainalytics views favourably investments in this area and considers to be aligned with market expectation.
  - In the Energy Efficiency category, Fifth Third intends to invest in 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.
    - Sustainalytics considers Fifth Third's investments to be aligned with best market practice and encourages the Company to measure and report on quantitative impact of projects, where feasible.
  - Under the Clean Transportation category, the Bank intends to finance and refinance electric vehicles and charging stations, as well as clean mass transportation, including electric rail and electric buses. Sustainalytics considers these investments to be aligned with market practice.

- Within Affordable Housing, Fifth Third intends to finance the construction, development, acquisition, and maintenance of affordable housing, including multi-family projects in the USA, targeting households who earn under 80% of the AMI<sup>4</sup> 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.<sup>5</sup>
  - Sustainalytics notes that in the context of social finance, affordable housing typically focuses on households earning 80% of AMI or lower. Nonetheless, Sustainalytics recognizes the potential positive impacts of expanding housing options for middle-income households in high-cost markets, and considers the threshold “households who earn under 120% of the AMI” to be aligned with market expectations.
- Project Evaluation and Selection:
  - Fifth Third’s Sustainable Financing and Climate Strategy Council - which includes members from Treasury, Investor Relations, Legal, Compliance, Finance, Corporate Banking, Risk Management and Community and Economic Development - will oversee the internal process for evaluating and selecting projects. Fifth Third’s ESG Committee will be responsible for the final approval of eligible projects in accordance with the eligibility process. Projects financed under the Framework will undergo an environmental and social risk review process. Sustainalytics considers the project selection process in line with market practice. For additional details, see Section 2.
- Management of Proceeds:
  - Fifth Third’s Finance department will oversee the management of proceeds, which will track allocation to eligible assets using a dedicated internal accounting system. Fifth Third intends to reach full allocation within 12 months of issuance and has established a two-year look-back period for refinancing activities, which Sustainalytics considers to be in line with market practice.
  - Unallocated proceeds will be temporarily held in cash or cash equivalents, in accordance with Fifth Third’s normal liquidity practices. Based on the defined management approach and the disclosure around management of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Fifth Third intends to report on allocation of proceeds in a Sustainable Bond Report, published on its website on an annual basis until full allocation. The report will include, subject to confidentiality considerations, the amount of net proceeds allocated to eligible projects, a selection of brief investment or financing descriptions, and the outstanding amount of unallocated proceeds. In addition, Fifth Third is committed to reporting on relevant impact metrics. Sustainalytics views Fifth Third Bancorp’s allocation and impact reporting as aligned with market practice.

### Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Fifth Third Bancorp Sustainable Bond Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 2: Sustainability Bond - External Review Form.

## Section 2: Sustainability Performance of Fifth Third

### Contribution of Framework to Fifth Third Bancorp’s sustainability strategy

Fifth Third’s ESG Strategy demonstrates its commitment to sustainability and guides its actions through three focus areas: (i) operational sustainability, (ii) climate action and sustainable financing, and (iii) community commitment.

<sup>4</sup> AMI is an abbreviation for ‘area median income,’ which represents a statistic by the U.S. Department of Housing and Urban Development (HUD) for purposes of determining the eligibility of applicants for certain federal housing programs. For additional information on income limits, see: <https://www.huduser.gov/portal/datasets/il.html>

<sup>5</sup> U.S. Department of Housing and Urban Development, “Annual Revisions to Base City High Cost Percentage, High Cost Area and Per Unit Substantial Rehabilitation Threshold for 2020”, (2020), at: <https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-05hsngn.pdf>

Regarding operational sustainability, Fifth Third set 2022 as the deadline to achieve the following goals: (i) reduce energy use and location-based GHG emissions by 25%, (ii) reduce water consumption and waste sent to landfills by 20%, and (iii) achieve 100% renewable power. As of December 2020, the Bank has surpassed the GHG emission reduction and water consumption reduction targets and has achieved 100% renewable energy procurement. Additionally, in 2020, Fifth Third announced it has achieved carbon neutrality for its operations, including emissions from its facilities and business travel.<sup>6</sup>

In line with its commitment to climate action and sustainable financing, the Bank aims to originate USD 8 billion in loans to renewable energy projects including solar, wind, geothermal, biomass, and hydropower by 2025. As of December 2020, the Bank had USD 3 billion in lending commitments and asset finance, with an additional USD 2.4 billion in facilitation of capital raising intended for renewable energy financing, which represents 67% of the goal. Since 2021, Fifth Third has financed renewable energy projects, and the Bank is working with over 100 borrowers for 587 projects across 28 US states supporting the completion of more than 3.5 GW of renewable energy projects.

Regarding its community commitments, from 2016 to 2020, Fifth Third delivered USD 12.6 billion in community development lending and investment, including affordable housing. The Bank has invested a total of USD 22.3 million for construction of affordable housing units through its Community Development Corporation for veterans, people with disabilities and individuals experiencing homelessness in two separate projects. The Bank is also investing USD 5 million in funding physical improvements to parks, single family housing and affordable housing in a Detroit neighbourhood through Affordable Housing Leverage Fund. To date, Fifth Third has funded creation or preservation of over 62,250 units of affordable housing Low-Income Housing Tax Credit Investments.

Sustainalytics is of the opinion that the Fifth Third Bancorp Sustainable Bond Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities.

#### **Well-positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics recognizes that environmental and social risks may be associated with the eligible projects. Some key environmental and social risks could include, land use change and biodiversity loss, and worker's health and safety in construction projects. Sustainalytics further recognize that Fifth Third is not directly involved in the execution and development of the individual projects and assets financed.

Sustainalytics is of the opinion that Fifth Third is able to manage and/or mitigate potential risks through implementation of the following:

- Fifth Third has a well-defined Risk Management Framework backed by an Environmental and Social (E&S) Policy, Human Rights Statement, Supplier Code of Conduct, and Code of Business Conduct and Ethics. The Corporate Responsibility and Reputation Committee and the ESG Committee are management level committees that govern relevant environmental and social risks and report to the board level Risk and Compliance Committee.<sup>7</sup> Fifth Third has also identified certain climate related physical and transitional risks to its business operations and has integrated the same in its Enterprise Risk Management Framework.<sup>6</sup>
- Fifth Third has established a governance mechanism around the client selection process to identify and monitor high-risk businesses. The Bank conducts first line of E&S due diligence for high-risk clients, including clients in E&S sensitive sectors and is subjected to periodic reviews by second line.
- An enhanced due diligence process is triggered for clients in higher E&S risk sectors like Biodiversity and Ecosystem, Energy, etc. It include a) reviewing client's internal governance mechanism and ESG disclosure; and b) comparing the ESG disclosures with peers and industry best practices. Some of the environmental and social risks evaluated in the enhanced due diligence process are land and water use impacts, climate risk reporting, community and stakeholder engagement, engagement with local communities (including indigenous peoples), impact on local infrastructure, system for dealing with complaints, and overall transparency.

<sup>6</sup> Fifth Third Bancorp, "Environmental, Social and Governance Report", (2020), at: <https://www.53.com/content/dam/fifth-third/docs/reports/esg-report.pdf>

<sup>7</sup> Fifth Third Bancorp, "Environmental and Social (E&S) Policy", (2020), at: [https://s23.q4cdn.com/252949160/files/doc\\_downloads/2020/09/E-S-Policy.pdf](https://s23.q4cdn.com/252949160/files/doc_downloads/2020/09/E-S-Policy.pdf)

- As part of its E&S due diligence, the Bank does not engage with or lend to clients that have potential risks of illegal logging, natural resource extraction from UNESCO World Heritage Sites, bribery, child labour, forced labour, etc.

In addition to the above, Sustainalytics notes that the financing under the Framework will take place primarily in the US, which is categorized as a Designated Country under the Equator Principles, indicating strong environmental and social governance legislation systems and institutional capacity to mitigate common environmental and social risks.<sup>8</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Fifth Third has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

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

#### Importance of reducing greenhouse gas emissions through energy efficiency and renewable energy in the U.S.

The U.S. is one of the world's largest emitters of GHG, with high energy consumption and carbon-intensive energy sources being major contributors. The U.S. is the second largest consumer of energy, accounting for 20% of the world's total primary energy consumption in 2020;<sup>9</sup> much of this energy comes from fossil fuel sources such as petroleum, natural gas and coal.<sup>10</sup> The U.S. Energy Information Administration has noted that in 2020, 79% of the country's energy comes from such sources while only 12% is sourced from renewable energy,<sup>11</sup> and has predicted that energy-related CO<sub>2</sub> emissions in the US will increase by 5% by 2050 given that current laws and regulations for the energy sector remain unchanged during the period.<sup>12</sup>

As a part of its nationally determined contribution under the Paris Agreement, the U.S. has committed to reducing greenhouse gas emissions by at least 50-52% from a 2005 baseline by 2030, in its path to achieve net-zero emissions economy-wide by 2050.<sup>13</sup> To meet these commitments, the federal government plans to invest USD 2 trillion over the next four years to address carbon pollution and support the transition to renewable energy sources.<sup>13,14</sup> Furthermore, the government implemented a policy supporting for energy efficiency retrofits and upgrades and electrification in buildings to reduce energy consumption and curtail emissions.<sup>13,15</sup> Therefore, the implementation of such policies and investments will help the U.S. to make progress towards its national climate plan and meet its commitments under the Paris Agreement.

Fifth Third intends to invest in energy efficiency projects that are expected to decrease energy consumption. By doing so, projects will improve the energy efficiency of buildings and therefore reduce greenhouse emissions. The International Energy Agency has stated that energy efficiency improvements have the potential to decrease annual energy-related emissions by 12% from a 2017 baseline.<sup>16</sup> Fifth Third also intends to finance wind and solar renewable energy generation. This, along with electrification, has the potential to reduce energy-related CO<sub>2</sub> emissions by 75%.<sup>17</sup>

<sup>8</sup> Equator Principles, "Designated Countries", (2020), at: <https://equator-principles.com/designated-countries/>.

<sup>9</sup> Sonnichsen, N. (2021), "Primary energy consumption worldwide 2020, by country", Statista, at: <https://www.statista.com/statistics/263455/primary-energy-consumption-of-selected-countries/>

<sup>10</sup> Government of Canada, "Sources of pollution: electricity", (2019), at: <https://www.canada.ca/en/environment-climate-change/services/managing-pollution/energy-production/electricity-generation.html>

<sup>11</sup> U.S. Energy Information Administration, "U.S. energy facts explained", (2021), at: <https://www.eia.gov/energyexplained/us-energy-facts/>

<sup>12</sup> U.S. Energy Information Administration, "Energy and the environment explained – Outlook for future emissions", (2021), at:

<https://www.eia.gov/energyexplained/energy-and-the-environment/outlook-for-future-emissions.php>

<sup>13</sup> The White House, "FACTSHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies", (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

<sup>14</sup> Friedman, L. et al. (2020), "Biden Announces \$2 Trillion Climate Plan", The New York Times, at: <https://www.nytimes.com/2020/07/14/us/politics/biden-climate-plan.html>

<sup>15</sup> Office of Energy Efficiency & Renewable Energy, "Energy Efficiency Policies and Programs", at: <https://www.energy.gov/eere/slsc/energy-efficiency-policies-and-programs>

<sup>16</sup> International Energy Agency, "Report Extract – Emissions Savings", (2019), at: <https://www.iea.org/reports/multiple-benefits-of-energy-efficiency/emissions-savings>

<sup>17</sup> International Renewable Energy Agency, "How to Transform Energy System and Reduce Carbon Emissions", (2019), at: <https://www.irena.org/DigitalArticles/2019/Apr/How-To-Transform-Energy-System-And-Reduce-Carbon-Emissions>

Sustainalytics is of the opinion that Fifth Third's allocation of proceeds to finance energy efficient and renewable energy projects is expected to reduce emissions therefore contributing to the U.S.' national emission targets and policies.

### Importance of affordable housing supply within the U.S.

As the COVID-19 pandemic places financial pressure on the American population, the income of many citizens fell into the low- and lower-middle income population groups in the last year.<sup>18</sup> As a result, while there is an increasing need for affordable housing as rent now takes up a larger portion of the population's income, there is a shortage of housing supply suitable for these groups within the U.S. market.<sup>19</sup> The National Low Income Housing Coalition reports a shortage of 7 million rental affordable homes available to the vulnerable population in all states and metropolitan areas.<sup>20,21</sup> The shortage has also been exacerbated by the construction delays and increasing costs of raw materials generated by the pandemic.<sup>22</sup> Consequently, the wellbeing of Americans of various income levels is threatened by increased rates of homelessness and housing insecurity.<sup>23</sup>

Through the American Rescue Plan ("the Plan"), the U.S. federal government has committed to improving the health and economic wellbeing of American citizens and reducing housing insecurity post-COVID-19.<sup>24</sup> Under this Plan, the U.S. Department of Housing and Urban Development ("HUD") allocated USD 5 billion towards various programs to create affordable housing and services to support communities across the country.<sup>25</sup> For example, HUD established programs that provide funding for the development and construction of multifamily rental housing.<sup>26</sup> Additionally, HUD provides funding to local housing agencies that manage public housing for low-income residents at affordable rents.<sup>27</sup>

Investments into the construction, development and maintenance of affordable housing results has been estimated to result in a 33% boost in economic wellbeing by increasing their purchasing power and stimulating job growth and physical and mental wellbeing by easing financial pressure on residents.<sup>28</sup>

Overall, Sustainalytics is of the opinion that the affordable housing, including multifamily, projects financed by Fifth Third targeting affordable housing are expected to address the issues related to the supply of affordable housing for vulnerable populations within the U.S.

### Alignment with/contribution to SDGs

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

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

<sup>18</sup> Picchi, A. (2021), "American household income fell in 2020, its first decline since 2011, Census says", CBS Interactive Inc., at: <https://www.cbsnews.com/news/income-americans-2020-decline/>

<sup>19</sup> Consumer Finance Protection Bureau, "Housing insecurity and the COVID-19 pandemic", (2021), at: [https://files.consumerfinance.gov/f/documents/cfpb\\_Housing\\_insecurity\\_and\\_the\\_COVID-19\\_pandemic.pdf](https://files.consumerfinance.gov/f/documents/cfpb_Housing_insecurity_and_the_COVID-19_pandemic.pdf)

<sup>20</sup> National Low Income Housing Coalition, "The Problem", at: <https://nlihc.org/explore-issues/why-we-care/problem>

<sup>21</sup> National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Rental Homes", (2021), at: <https://reports.nlihc.org/gap>

<sup>22</sup> Knight, K.R. (2020), "The lack of affordable housing is getting worse in the U.S.", Science X, at: <https://phys.org/news/2020-06-lack-housing-worse.html>

<sup>23</sup> Kottke, T. et al. (2018), "Access to Affordable Housing Promotes Health and Well-Being and Reduces Hospital Visits", The Permanente Journal, at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5737920/>

<sup>24</sup> The White House, "American Rescue Plan", (2021), at: <https://www.whitehouse.gov/wp-content/uploads/2021/03/American-Rescue-Plan-Fact-Sheet.pdf>

<sup>25</sup> U.S. Department of Housing and Urban Development, "HUD Announces \$5 billion to Increase Affordable Housing to Address Homelessness", (2021), at: [https://www.hud.gov/press/press\\_releases\\_media\\_advisories/hud\\_no\\_21\\_055](https://www.hud.gov/press/press_releases_media_advisories/hud_no_21_055)

<sup>26</sup> U.S. Department of Housing and Urban Development, "Descriptions of Multifamily Programs", at: [https://www.hud.gov/program\\_offices/housing/mfh/progdesc](https://www.hud.gov/program_offices/housing/mfh/progdesc)

<sup>27</sup> U.S. Department of Housing and Urban Development, "HUD's Public Housing Program", at: [https://www.hud.gov/topics/rental\\_assistance/phprog](https://www.hud.gov/topics/rental_assistance/phprog)

<sup>28</sup> Enterprise Community Partners, Inc., "Impact of Affordable Housing on Families and Communities: A Review of the Evidence Base", (2017), at: <https://homeforallsmc.org/wp-content/uploads/2017/05/Impact-of-Affordable-Housing-on-Families-and-Communities.pdf>

Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Affordable Housing	10. Reduced Inequalities 11. Sustainable Cities and Communities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status  11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

## Conclusion

Fifth Third has developed the Fifth Third Bancorp Social Bond Framework under which it may issue green, social and sustainability bonds and use the proceeds to finance green buildings, renewable energy, energy efficient, clean transportation and affordable housing projects. Sustainalytics considers that the projects funded by the bond proceeds are expected to provide positive environmental and social impact.

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

Based on the above, Sustainalytics is confident that Fifth Third Bancorp is well-positioned to issue sustainability bonds and that the Framework is robust, transparent, and in alignment with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021.

## Appendix

### Appendix 1: Comparison of Green Building Certification Schemes

	<b>LEED</b>	<b>BREEAM</b>	<b>Energy Star</b>
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990.  Based in the UK, BREEAM can be used for new, refurbished or extension of existing buildings and buildings in operation.	ENERGY STAR is a U.S Environmental Protection Agency voluntary program that helps businesses and individuals save money and protect our climate through superior energy efficiency. Every ENERGY STAR label is independently certified, whether on a product, a home, a building, or a manufacturing plant. It is administered and promoted in Canada by Natural Resources Canada.  Certification is given on an annual basis, so a building must maintain its high performance to be certified year to year. And the information submitted in the certification application must be verified by a licensed professional to be eligible for approval.
<b>Certification levels</b>	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Pass</li> <li>• Good</li> <li>• Very Good</li> <li>• Excellent</li> <li>• Outstanding</li> </ul>	1-100 ENERGY STAR score (of at least 75 and meet certain other eligibility criteria)
<b>Areas of assessment</b>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Energy efficient products</li> <li>• Energy savings at home</li> <li>• Energy efficient new homes and apartments</li> <li>• Energy strategies for buildings and plants</li> </ul> <p>In case of buildings, the relevant data needed for Commercial Offices benchmarking:</p> <ul style="list-style-type: none"> <li>• Gross floor area</li> <li>• Hours of operation per week</li> <li>• Number of workers on the main shift</li> <li>• Heating degree days</li> <li>• Cooling degree days</li> <li>• Percent of the building that is cooled</li> <li>• Percent of the building that is heated</li> </ul>
<b>Requirements</b>	Minimum requirements independent of level of certification; point-based scoring system weighted by category to determine certification level.  The rating system is adjusted to apply to specific sectors, such as: New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, and Existing Buildings: Operation and Maintenance.	Prerequisites depending on the levels of certification, and credits with associated points.  This number of points is then weighted by item and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.	To be eligible for ENERGY STAR certification, a building must earn an ENERGY STAR score of 75 or higher, indicating that it performs better than at least 75 percent of similar buildings nationwide. Through Portfolio Manager, EPA delivers 1 – 100 ENERGY STAR scores for many types of buildings. The ENERGY STAR score accounts for differences in operating conditions, regional weather data, and other important considerations.
<b>Performance display</b>			

## Appendix 2: Sustainability Bond - External Review Form

### Section 1. Basic Information

Issuer name:	Fifth Third Bancorp
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Fifth Third Bancorp Sustainable Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October 7, 2021
Publication date of review publication:	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.  
The review assessed the following elements and confirmed their alignment with the GBP and SBP:

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

#### ROLE(S) OF REVIEW PROVIDER

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

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

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

Please refer to Evaluation Summary above.

### Section 3. Detailed review

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

## 1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, and Affordable Housing – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 10 and 11.

### Use of proceeds categories as per GBP:

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

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

### Use of proceeds categories as per SBP:

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

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Fifth Third's Sustainable Financing and Climate Strategy Council will oversee the internal process for evaluating and selecting projects. Fifth Third's ESG Committee will be responsible for the final approval of

eligible projects in accordance with the eligibility process. Fifth Third's Environmental and Social Policy, which includes environmental and social risk assessment during loan origination, applies to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.

#### Evaluation and selection

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

#### Information on Responsibilities and Accountability

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

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Fifth Third's Finance department will oversee the management of proceeds, which will track allocation to eligible assets using a dedicated internal accounting system. Fifth Third intends to reach full allocation within 12 months of issuance. Unallocated proceeds will be temporarily held in cash or cash equivalents, in accordance with Fifth Third's normal liquidity practices. This is in line with market practice.

#### Tracking of proceeds:

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

#### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |

- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

**4. REPORTING**

Overall comment on section (if applicable):

Fifth Third intends to report on allocation of proceeds in a Sustainable Bond Report, published on its website on an annual basis until full allocation. The report will include, subject to confidentiality considerations, the amount of net proceeds allocated to eligible projects, a selection of brief investment or financing descriptions, and the outstanding amount of unallocated proceeds. In addition, Fifth Third is committed to reporting on relevant impact metrics. Sustainalytics views Fifth Third’s allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

**Information reported:**

- Allocated amounts
- Sustainability Bond financed share of total investment
- Other (please specify):

**Frequency:**

- Annual
- Semi-annual
- Other (please specify):

**Impact reporting:**

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings
- Energy Savings
- Decrease in water use
- Number of beneficiaries
- Target populations
- Other ESG indicators (please specify): Green building certifications, Total number of buildings certified, Total square feet certified, Percentage of overall company square feet certified, Renewable energy capacity sourced and developed (MW), Renewable energy procured and produced from the capacity

above (MWh), Emissions (including metric tons of CO2e) avoided or reduced, Energy savings (MWh), Emissions (including metric tons of CO2e) avoided or reduced, Office energy consumption/square foot, Office energy consumption/employee, Data center Power Usage Effectiveness, Commuter carbon emissions (including metric tons of CO2e) avoided or reduced, Number of units

**Frequency:**

- Annual  Semi-annual  
 Other (please specify):

**Means of Disclosure**

- Information published in financial report  Information published in sustainability report  
 Information published in ad hoc documents  Other (please specify): website  
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

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

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

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- Consultancy (incl. 2<sup>nd</sup> opinion)  Certification  
 Verification / Audit  Rating  
 Other (please specify):

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

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

## Disclaimer

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