


2022

Task Force on Climate-Related Financial Disclosures Report

Climate Change Risks and Opportunities Report

KeyCorp

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About KeyCorp

KeyCorp's roots trace back nearly 200 years to Albany, New York. Headquartered in Cleveland, Ohio, Key is one of the nation's largest bank-based financial services companies, with assets of approximately $187.9 billion at September 30, 2023.

Key provides deposit, lending, cash management, and investment services to individuals and businesses in 15 states under the name KeyBank National Association through a network of approximately 1,000 branches and approximately 1,300 ATMs. Key also provides a broad range of sophisticated corporate and investment banking products, such as merger and acquisition advice, public and private debt and equity, syndications, and derivatives to middle market companies in selected industries throughout the United States under the KeyBanc Capital Markets trade name. For more information, visit https://www.key.com. KeyBank Member FDIC.

A message from our Chairman and CEO

At Key, responsible corporate citizenship has long been foundational to who we are and how we do business, and we are deeply committed to doing our part to address climate change. Climate stewardship remains a core pillar of our broader Environmental, Social, and Governance (ESG) strategy. We continue to take deliberate actions to build a sustainable business model that manages risks, capitalizes on opportunities, and drives the transition to a low-carbon economy – inside and outside our company.

In 2022, we further integrated climate change into our enterprise risk management program and policies, product development, and corporate strategy. We made progress toward our climate commitments and advanced efforts across Key's footprint to reduce our environmental impact. Finally, as a leader in renewable energy financing in North America, Key supported decarbonization across the country by deploying $5 billion of new capital to support a low-carbon economy. We remain committed to creating a more sustainable economy through products and services that support green buildings, energy efficiency, and renewable energy – while helping our clients to do the same.

To date, Key has:

- Deployed $5 billion of new capital in 2022 to support a low-carbon economy, making significant progress toward our commitment to finance or facilitate $38 billion to address climate change and support green initiatives by year-end 2026.
- Reduced Scope 1 direct emissions and Scope 2 indirect emissions by 39% compared to our 2016 baseline in support of our pledge to achieve carbon-neutral operations across our Scope 1 direct emissions and Scope 2 indirect emissions by year-end 2030.
- Joined the Partnership for Carbon Accounting Financials (PCAF) and have completed an initial baseline of Scope 3 financed emissions.
- Achieved significant progress in our climate risk management program, including the introduction of our Environmental and Social Risk Management (ESRM) Policy in 2023, expanding climate scenario analysis capabilities, and executing nine workstreams to accelerate climate risk capabilities.
- Continued to enhance disclosures as demonstrated through the annual publication of our ESG Report, Task Force on Climate-Related Financial Disclosures (TCFD) report, Carbon Disclosure Project (CDP) response, Sustainability Accounting Standards Board (SASB) Index, and Global Reporting Initiative (GRI) Index.

In this report, we are pleased to share our progress on advancing our climate risk management capabilities in addition to our progress against the commitments we have made to address climate change and support green initiatives. As we look ahead, we will maintain our focus on creating shared value and holding ourselves accountable to deliver positive outcomes for all stakeholders.

Sincerely,

Chris Gorman | Chairman and Chief Executive Officer

December 2023

About this report

Key understands the climate challenges facing our planet and we are committed to both further reducing our environmental footprint and continuing to support our stakeholders in their efforts to do the same. To provide our stakeholders with greater transparency about our climate-related journey and following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we are publishing our third Climate Change Risks and Opportunities Report. Our objective in preparing this annual report is to provide our stakeholders with clarity around our climate-related risks, initiatives, and opportunities.

This report, which should be reviewed as a companion piece to our 2022 Environmental, Social, and Governance (ESG) Report, presents Key's progress toward implementing the TCFD's recommendations and reflects a summary of our advancement toward fully incorporating the identification and management of climate-related risks and opportunities into our business strategy and updates to metrics and targets.

Climate risk management continues to evolve at Key. This report represents another important step on our climate journey and toward our purpose - to help clients and communities thrive.

While we are committed to achieving our goals, we cannot guarantee that these commitments will be met, as they are aspirational. Statistics and metrics in these disclosures include estimates and may be based on assumptions. Furthermore, some of the figures in this report may be unaudited. This report uses certain terms, including "material" topics, to reflect the issues of greatest importance to Key and our stakeholders. Used in this context, these terms are distinct from and should not be confused with the terms "material" and "materiality" as defined by or construed in accordance with securities laws or as used in the context of financial statements and reporting.

This report is for general informational purposes only and does not constitute an offer or sale of any securities issued by KeyCorp. All such offers and sales shall be made only pursuant to an effective registration statement filed by KeyCorp with the Securities and Exchange Commission (SEC) and a current prospectus. The information in this report shall not be deemed to be 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 herin by specific reference.

All information in this report is as of the date indicated thereon. We do not undertake any obligation to update the information in this report or otherwise notify you if any views, opinions, or facts stated in this report change or subsequently become inaccurate. This report is not comprehensive and contains only voluntary disclosures on ESG topics of importance to Key and our stakeholders.

This report should be read in conjunction with our latest ESG Report, Carbon Disclosure Project (CDP) Climate Change Questionnaire Response, Global Reporting Initiative Response, Sustainability Accounting Standards Board Response, Annual Report on Form 10-K (particularly the "Forward-Looking Statements" and "Risk Factors" sections), and Proxy Statement.

The data reported in the 2022 TCFD Report covers the period between January 1 and December 31, 2022. In instances where programs or initiatives were enhanced or introduced in 2023, the narrative description reflects those changes. In this document, Key reports on the ESG and corporate responsibility progress of KeyCorp, including KeyCorp's subsidiary bank, KeyBank National Association.

Throughout this report, references to "Key," "we," "our," "us," and similar terms refer to the consolidated entity consisting of KeyCorp and its subsidiaries. "KeyCorp" refers solely to the parent holding company, and "KeyBank" refers solely to KeyCorp's subsidiary bank, KeyBank National Association. "KeyBank (consolidated)" refers to the consolidated entity consisting of KeyBank and its subsidiaries.

For additional financial and ESG disclosure, please visit:

- Investor Overview
- Corporate Governance
- Environmental, Social, and Governance Reporting

Feedback and questions about our corporate responsibility and ESG efforts are welcomed and can be addressed to corporate_responsibility@key.com.

Environmental sustainability highlights

2022

Launched our ESG Working Group and Climate Oversight Council

Committed to achieving carbon-neutral operations across our Scope 1 direct and Scope 2 indirect emissions by year-end 2030

Committed to finance or facilitate $38 billion to address climate change and support green initiatives by year-end 2026

Joined the Partnership for Carbon Accounting Financials and completed the necessary measurement and evaluation of Scope 3 financed emissions

2021

Published our first Task Force on Climate-Related Financial Disclosures Report

Developed our climate risk roadmap consisting of nine workstreams focused on accelerating climate risk management

Conducted an ESG focus assessment to identify and align our ESG priorities, refresh our strategy, and drive action. Climate stewardship was identified as one of the four priorities as a differentiator for Key.

Established a Corporate Responsibility Council comprised of senior leaders from across the enterprise to monitor emerging ESG trends, identify strategic ESG opportunities for the company, oversee ESG disclosures, and share knowledge

2020

Received recognition from CDP as a Supplier Engagement Leader for engaging our suppliers on climate change and playing a crucial role in the transition toward the net-zero sustainable economy. Key is among the top 7% of companies assessed for supplier engagement on climate change for the first time, based on our 2020 CDP disclosure.

2019

Began reporting through the Carbon Disclosure Project

2017

Published our company's first environmental targets (Scope 1 and Scope 2), including reductions to our overall greenhouse gas emissions and increases in renewable energy sourcing

2014

Established our goal of a 30% absolute reduction in our Scope 1 and 2 emissions by the year 2020, compared to our 2009 baseline

2012

Conducted our first comprehensive materiality assessment to help us better understand the environmental, social, and governance issues material to our business

2011

Published our first Corporate Responsibility Report and Global Reporting Initiative Response

Announced a first-generation goal to reduce our absolute carbon footprint by 20% from our 2009 baseline by 2016

Formalized our commitment to sustainability by launching a new ESG initiative to drive accountability at every level of the corporation for achieving our social and environmental goals

Overview

Key's purpose is to help our clients, our colleagues, and our communities thrive. Threats from climate change pose immense risk, and we remain focused on doing our part to support our stakeholders' transition to a low-carbon economy.

We are taking bold actions to reduce greenhouse gas (GHG) emissions, become carbon neutral in our operations, and support environmental equity. In 2022, we achieved the following milestones with our environmental targets, including:

- Deployed $5 billion of new capital to support a low-carbon economy, making significant progress toward our commitment to finance or facilitate $38 billion to address climate change and support green initiatives by year-end 2026.
- Reduced GHG emissions by 39% and energy consumption by 28% since 2016 through investments in energy efficiency, strategic site consolidations, and the overall greening of the grid. This puts us ahead of pace to achieve our absolute GHG emissions reduction goals.
- Joined PCAF and completed the initial calculation and evaluation of Scope 3 financed emissions using PCAF's standard methodology and established our finance emissions baseline.

Another notable update is the formation of a Climate Oversight Council (COC). This advisory body is overseeing Key's climate risk framework build-out. The COC provides high-level oversight of the project's progress and tracks outputs to ensure key milestones are met.

We recognize the importance of providing updates on our progress to manage the risks and opportunities associated with climate change. Since the publication of our first TCFD Report in 2021, we have made considerable progress, including identifying and evaluating opportunities to formally integrate climate risk into our enterprise risk framework and embedding climate considerations into our enterprise strategy.

The Task Force on Climate-Related Financial Disclosures

TCFD's framework is centered on four thematic recommendations for "disclosing clear, comparable, and consistent information about the risks and opportunities presented by climate change." These four areas — governance, strategy, risk management, and metrics and targets — were developed to help stakeholders understand how reporting organizations evaluate climate-related issues. Core elements of recommended climate-related financial disclosures include:

1. Governance

The organization's governance around climate-related risks and opportunities.

2. Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

3. Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks.

4. Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

TCFD Summary

TCFD Section	Our response	Our path ahead
Governance		
Describe the Board's oversight of climate-related risks and opportunities	The Nominating and Corporate Governance Committee of the Board oversees climate strategy while the Risk Committee has oversight of and accountability for climate risk. The Audit Committee considers climate-related issues through its oversight of the integrity of KeyCorp's financial statements, including reviewing disclosures made in our SEC filings. All committees report to the full Board.	Incorporate additional insights from climate risk analysis into ongoing monitoring, governance, and strategy refinement. Increase education and awareness of climate risks and opportunities.
Describe management's role in assessing and managing climate-related risks and opportunities	Climate risk responsibility is distributed across Key's Executive Leadership Team, including the Chief Financial Officer, the Chief Risk Officer, the General Counsel, and the Director of Corporate Center. Progress toward Key's sustainability commitments is driven by efforts throughout the company. Our ESG Working Group and Climate Oversight Council prioritize and make climate-related investment decisions and provide oversight of climate-related projects. The Culture and Reputation Risk Committee (CRRC), chaired by the CEO, serves as the governance body providing oversight of risks related to risk culture, conduct, ethics, ESG, climate, brand, and reputation. The CRRC is the approving body of the Climate Risk Program that oversees, reviews, modifies, and recommends policies and programs related to ESG matters, including climate risk, for approval.	Ongoing prioritization of climate risks and mitigation strategy development. Further embed climate risk management into the line of business policies and procedures.

TCFD Section	Our response	Our path ahead
Strategy		
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Ongoing assessments of Key's exposure to climate risks primarily include physical risks from inland flooding and hurricane winds for the Commercial and Residential Real Estate portfolios and transition risks for the Oil & Gas upstream portfolio.	Continue to operationalize climate risk data and further develop and refine quantitative models to identify exposure potentially impacted by climate-related events.
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate risks and opportunities are embedded in climate strategy and are focused on: • Operational sustainability • Mobilizing capital • Accelerating climate risk management	Increase teammate acumen to further support mobilization of capital to support the transition to a low-carbon economy.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We conducted an exercise to prioritize sectors according to their physical and transition risk exposures. Results demonstrate that Key's Commercial Real Estate (CRE), Residential Real Estate, and Oil & Gas portfolios are more highly exposed compared to others like Healthcare and Consumer Goods and Services. Scenario analysis models have been developed for the high-exposure/high-priority sectors to estimate current and future losses.	Complete scenario analysis model development and validation and embed outcomes of the overall model results into climate strategy.

TCFD Section	Our response	Our path ahead
Risk Management		
Describe the organization's processes for identifying and assessing climate-related risks.	Key has committed dedicated resources and has made significant progress in its ability to identify and assess climate risk. Climate-related risk is a transverse risk that can have a meaningful impact on existing financial risk types, including credit, market, operational, and liquidity risk. One of the tools used to identify and assess risk is the Risk and Control Self-Assessment (RCSA), through which risks and the effectiveness of controls are assessed utilizing multiple sources of information. Risks are primarily identified through evaluation of the risk inventory by the Lines of Business. This supports the Enterprise Risk framework that addresses current and emerging risks. Key conducted an initial heatmap for exposure to physical and transition risk (see definitions on page 21) and conducted a comprehensive analysis on priority sectors to inform management on exposures and identify opportunities.	The risk taxonomy is updated to include climate risk considerations across all risk types. This allows the RCSA process to assess how well controls and processes associated with climate risks are being adhered to and how well climate risk is being managed. As we build more advanced capabilities to measure the potential impact of climate risk, we will look to combine both qualitative and quantitative assessment of the risks associated with climate change.
Describe the organization's processes for managing climate-related risks.	The processes for managing risk at Key are detailed in our Enterprise Risk policies and apply equally to climate-related risks. The policies have been updated to address an appetite for climate risk.	The climate risk framework will continue to be enhanced to include tools like scorecards and scenario analysis. Such tools will assess risk through the life cycle of a transaction to enable the identification and management of risk types like credit risk, which will manifest from physical and transition risks.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate risk is being embedded in Key's existing Enterprise Risk Management Framework that leverages three lines of defense to identify, assess, and manage risks. Key also includes climate risk in its risk taxonomy and has developed a framework to identify and analyze climate-based risks. Policies that govern the management of risk were updated to address the management of climate-related risks. Additionally, the Culture and Reputation Risk Committee's charter was updated to include climate risk oversight and the ESRM Policy was developed and approved.	Utilization of existing escalation mechanisms in Key's risk management policies and governance structures allows material risks to be elevated to the highest levels of the organization. Climate risk and controls will be monitored through our existing Enterprise Risk Management Framework through quarterly Risk Assessments.

TCFD Section	Our response	Our path ahead
Metrics and targets		
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Key created an initial heatmap to assess risk exposures and prioritize sectors for further analysis. Key also made several commitments in 2022, including: Sustainable finance Finance or facilitate $38 billion to address climate change and support green initiatives by year-end 2026. Carbon neutral Achieve carbon-neutral operations across our Scope 1 direct emissions and Scope 2 indirect emissions by year-end 2030. Financed emissions Join the Partnership for Carbon Accounting Financials and complete the necessary measurement and evaluation of Scope 3-financed emissions.	New climate metrics will be created, and Key's existing reporting structure will be leveraged to assess and monitor risk and performance vs. commitments. Enable client-facing teammates with new climate metrics, tools, and training to include climate in their risk assessment at the transaction level and support client transition plans.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	Scope 1: 11,424 MT CO2e Scope 2 (location-based): 31,084 MT CO2e Scope 2 (market-based): 28,930 MT CO2e	Disclose Scope 3 emissions and related data quality metrics over time.
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	In April 2022, we announced the following targets. • Achieve carbon-neutral operations across our Scope 1 direct and Scope 2 indirect emissions by year-end 2030. • Finance or facilitate $38 billion to address climate change and support green initiatives by year-end 2026. • Join PCAF and complete the necessary measurement and evaluation of Scope 3 financed emissions.	Execute a carbon neutrality roadmap and report on progress achieved.

At Key, we are proud to sharpen our focus on climate stewardship to ensure a world where dreaming is possible for generations to come. In the development of this report, we reviewed the TCFD's reporting recommendations and organized the report sections to align with the recommendations.

We discuss the oversight of climate risks and opportunities in the Governance section, followed by detailing the specific risks and opportunities identified in the Strategy section, including a climate risk drivers heatmap. We then describe our Risk Management processes and conclude with the Metrics and Targets section.

Governance

Key's success at managing climate change risks and opportunities depends on effectively integrating climate change into our existing governance structure end to end, from our Board of Directors to our lines of business.

Climate risk and opportunity governance

The table below depicts our risk management hierarchy.

Board- or management-level committees with responsibility for climate-related issues.

Note: Not all management-level committees are depicted.

Board of Directors oversight

Our Board serves as the foundation for the company's ability to manage climate-related risks and opportunities, as it oversees Key's policies and practices on significant issues of corporate responsibility, including ESG and sustainability. The Board provides consideration and counsel on environmental initiatives and strategies and oversees management's work to implement these goals. The Board is dedicated to ensuring Key operates in a manner aligned with shareholder expectations. Attention to climate-related issues is embedded in the Board's broader supervision through its committee structure.

We benefit from our Board's vast experience, independent leadership, diverse expertise, and commitment to Key. Independent leadership and oversight responsibilities are driven through our robust independent lead director role, independent Board committee chairs, and the full involvement of each of our independent directors. All current directors, other than Chris Gorman, are independent under the New York Stock Exchange's and KeyCorp's standards of independence. Our standing Board committees (Audit, Compensation and Organization, Nominating and Corporate Governance, Risk, and Technology) consist solely of independent directors.

Our Board of Directors approves our Enterprise Risk Management (ERM) Policy and sets the overall level of risk Key is willing to accept and manage in pursuit of our strategic objectives. The ERM Policy encompasses our risk philosophy, policy framework, and governance structure for the management of risks across the company. The included Risk Appetite Statement describes the industries Key will not do business with, including for socially responsible purposes. The ERM Policy also provides a framework for effective governance and regular review and challenge across our three lines of defense, as described in the Risk Management section of this report.

Board committees regularly consider ESG-related risks. For example:

Risk Committee

The Risk Committee oversees Key's risk management program and is responsible for strategies, policies, procedures, and practices related to the assessment and management of enterprise-wide risk. The Risk Committee reviews the ERM Policy at least annually.

The Committee also meets with senior leadership to review significant policies related to risk and opportunity assessment, identification, management, and compliance. KeyCorp and its officers maintain responsibility for designing, implementing, and managing programs and policies with respect to risk management.

Nominating & Corporate Governance Committee

ESG topics are brought to the Nominating and Corporate Governance Committee (NCGC) of the Board at least once annually and are presented by the Head of Corporate Responsibility and Community Relations and the Director of Corporate Center.

The NCGC oversees KeyCorp's policies and practices on significant corporate social responsibility issues, including ESG and sustainability, community and government relations, charitable and political contributions, community development, Community Reinvestment Act activities, and the fair and responsible treatment of clients.

Audit Committee

The Audit Committee of the Board considers climate-related issues through its oversight of the integrity of KeyCorp's financial statements, including reviewing disclosures made in our SEC filings.

Our Risk Review Group and Disclosure Committee fall under the Audit Committee.

Reporting to the Risk Committee of the Board is our Enterprise Risk Management Committee (ERMC), which is chaired by our CEO and provides governance, direction, oversight, and high-level management of risk, including the management of emerging and top risks. The committee meets regularly and ensures that the corporate risk profile is managed in a manner consistent with our risk appetite and assists in the ability to create sustainable value for our stakeholders.

In addition, there are management-level committees that report to the ERMC, which are a vital part of our governance framework and serve a critical purpose in enacting the appropriate governance for key initiatives.

Management's role

ESG issues are considered a high priority throughout the organization. Appropriate climate risk management responsibility is distributed across several members of senior leadership, including the Chief Financial Officer, the Chief Risk Officer, the General Counsel, and the Director of Corporate Center. Progress toward Key's sustainability commitments is driven by efforts throughout the company.

Management-level committees are a vital part of our governance framework and serve a critical purpose in enacting the appropriate governance for key initiatives. Key's Executive Leadership Team brings a wide breadth of knowledge and experience in their day-to-day work managing the organization. The team is dedicated to holding one another accountable while delivering on commitments to clients and communities and maximizing long-term value.

In 2022, Key launched our ESG Working Group and a Climate Oversight Council (COC).

The ESG Working Group regularly reviews progress against the company's short- and long-term ESG goals, including our public commitments. The group makes investment decisions to accelerate our ESG outcomes and reviews Key's ESG disclosures. Among the group's areas of focus is the prioritization of climate risks and mitigation strategy development, further embedding climate risk management into line of business policies and procedures.

The ESG Working Group is chaired by the Head of Corporate Responsibility and Community Relations. Members of the working group include the following executives:

- Chief Financial Officer
- General Counsel and Corporate Secretary
- Chief of Staff and Director of Corporate Center
- Chief Risk Officer
- Chief Qualitative Risk Officer

Formed as a temporary advisory body to oversee Key's climate risk framework build-out, the COC provides high-level oversight of project progress and tracks outputs to ensure key milestones are met as the development progresses. Key appreciates that assessing climate-related financial and operational risk is a complex and important task.

Accordingly, the COC is led by the Chief Financial Officer, Chief Risk Officer, and the Director of Corporate Center, which allows for the leveraging of expertise across the organization and ensures collaboration to improve our collective understanding of how climate change may impact operations. In this effort, the COC facilitates the establishment of new climate risk management capabilities and maintains alignment with the ESG Working Group on Key's broader ESG framework. To succeed in reaching these goals, the COC monitors relevant developments and provides decision-making and resolution of other issues.

Lines of business

Key is steadfast in supporting the transition to a low-carbon economy for the benefit of our environment as well as our clients. Our lines of business are responsible for understanding and appropriately responding to market opportunities and risks relevant to their businesses.

For example, the Commercial Bank is responsible for product offerings ranging from renewable energy finance to green, social, and sustainable bonds to developing customized solutions for medium- to large-sized businesses innovating in the green technology market.

Strategy

Key is committed to leveraging expertise, relationships, market influence, and resources to help address the pressing challenge of climate change. Our climate strategy centers on three pillars:

- **Mobilizing capital to support our clients and communities**
- **Achieving operational sustainability**
- **Accelerating climate risk management**

As our understanding and identification of climate-related risks evolve, our climate strategy will progress both in its level of ambition and its focus on managing and mitigating risks, including engaging and supporting clients through their adaptation efforts and transition to a low-carbon economy. The respective risks and opportunities to our products and services cover the short- to long-term time horizons.

Mobilizing capital to support our clients and communities

Renewable energy, green buildings, energy efficiency, and high-efficiency vehicles are just some of the important investment areas we support as our clients seek to reduce their environmental impacts and enhance energy efficiency. Key supports clients in their transition to a low-carbon economy through our market-leading position in renewable energy finance and a variety of other product offerings. Over the past decade, we expanded into new markets to provide clients and customers with unique renewable energy and environmental investment options or financing. How we invest is essential to supporting strong and resilient communities.

In April 2022, we announced a commitment to finance or facilitate $38 billion to address climate change and support green initiatives by year-end 2026. This commitment reduces our transition-related risks[1] and supports our objective to remain a leader in North American renewable energy project finance lending.

Throughout 2022, we took steps to increase teammate acumen to assess climate risk and further increase the mobilization of capital to support the transition to a low-carbon economy. Efforts included building awareness among lines of businesses and risk teams about the risks posed by climate change. For client-facing teammates, we are developing new climate metrics tools and training on assessing climate risk at the transaction level and upskilling client engagement.

Key deployed $5 billion of new capital to support a low-carbon economy in 2022.

	2022 – actual
Renewable energy	$3,539MM
Green, social, and sustainable bond -- Debt Capital Markets offerings	$515MM
Green, social, and sustainable bond -- Public Finance offerings	$564MM
Residential Solar -- Consumer Bank	$253MM
Key Equipment Finance	$141MM
Total	**$5,012MM**

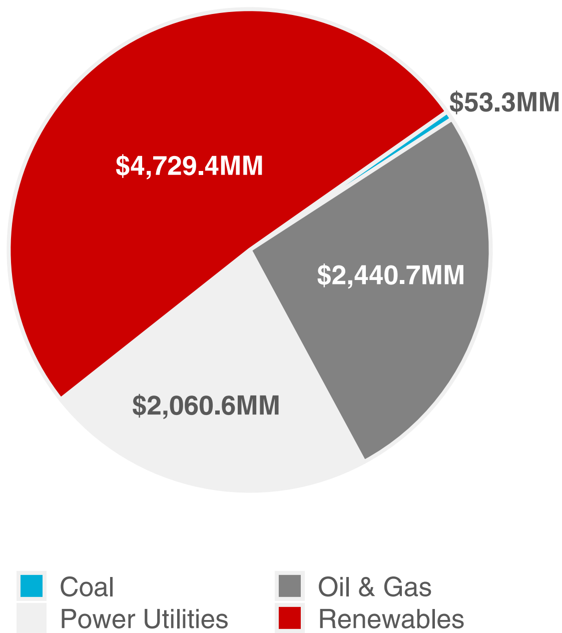
[1] Transition risks include policy constraints on emissions, imposition of carbon tax, water restrictions, land-use restrictions or incentives, market demand and supply shifts, and reputational considerations.

Commercial portfolio

Our portfolio is diversified across sectors, with lower concentrations in areas with higher climate-related risk, such as agriculture, automotive, chemicals, metals and mining, oil & gas, utilities, and transportation. We recognize that industries with high and medium risks — including those heavily dependent on carbon-based energy or contributing significantly to emissions — need financing to support their transition. We are particularly active in the renewables sector, which we consider to be among the biggest opportunities for our business.

Within the energy sector, Key's single largest aggregate outstanding loan exposure is to renewables.

Energy-Related Commercial Portfolio[2]
Outstanding as of December 31, 2022



This chart reflects commercial loans and leases only as of December 31, 2022.

[2] Credit risk industry reporting is done on an 'as-is' basis and reflects the most current North American Industrial Classification System (NAICS) industry code assigned, which may vary from the NAICS code assigned in historical reporting. "Coal" includes coal and support activities, sub-industries of metals, and mining. "Oil & Gas" includes the entire oil & gas industry. "Power Utilities" excludes renewables, water and sewer, and other waste disposal from the utilities industry. "Renewables" includes non-carbon power NAICS codes (e.g., solar, wind, hydro, nuclear, and biomass).

Renewable energy

KeyBanc Capital Markets (KBCM) is a leader in renewable energy investments in the U.S. and provides services to clean technology firms in the power generation, smart grid, energy management, and pollution control sectors.

Based on data compiled by Infralogic for North American wind, solar, and battery storage deals, from 2018 through 2022, Key ranked as the number 2 North American renewable energy project finance lender in both the number and dollar volume of deals executed.

By the end of 2022, Key had $8.4 billion committed to renewable energy projects, representing a cumulative capacity of 54.4 GW, an 11.5 GW increase compared to 2021.

Key has committed more than $17 billion to renewable energy since the inception of the alternative energy team in 2007. These direct commitments by Key have facilitated $68 billion of financings in the bank debt market for renewables.

North American Renewable Energy Project Finance Deals by Mandated Lead Arranger (2018 – 2022)

Rank	Mandated Lead Arranger	$MM	Deals	% Share ($)
1	Mitsubishi UFJ Financial Group	$15,173	173	10.5
2	**KeyBanc Capital Markets**	**$11,566**	**166**	**8.0%**
3	Sumitomo Mitsui Banking Corporation	$7,990	110	5.5
4	Santander	$7,860	90	5.4
5	CIBC	$7,129	80	4.9

Green, social, and sustainable bonds[3]

Participating in the green, social, and sustainable (GSS) bond market further highlights our understanding of integrating ESG factors into investment decisions and our commitment to mobilizing capital to support our clients and communities. In 2022, KBCM saw continued growth of GSS bond issuance as investor demand for the GSS label increased, and more clients turned to these instruments to highlight their sustainability plans.

- KBCM's Debt Capital Markets (DCM) team participated in 13 GSS bond offerings, raising $515 million of proceeds to support environmental and social benefits.
- DCM led eight GSS offerings, including two sole lead private placement financings for affordable housing projects in New York City.
- Public Finance (PF) team participated in 20 GSS financings totaling $564 million.
- PF acted as the lead agent on 19 of those offerings and served as the structuring agent for a $153 million Commercial Property Assessed Clean Energy (C-PACE) transaction for the Black Desert Resort in Ivins, Utah. This was the largest single-asset C-PACE transaction to date in the market; proceeds from the financing will fund energy-efficient measures, including interior and exterior LED lighting, HVAC, and seismic strengthening throughout the planned Black Desert Resort.

ESG money market deposit account

We support our clients and communities with expertise, new products, and new capabilities in their transition to an inclusive, equitable, and low-carbon economy. In 2022, Key's Commercial Payments team launched a new ESG money market deposit account (MMDA), which helps commercial clients demonstrate their commitment to sustainability and invest in a greener future for their business, society, and the planet. For every dollar deposited, an equal amount is held in an ESG lending portfolio supporting renewable energy, clean transportation, green buildings, pollution prevention, clean water, energy efficiency, sustainable agriculture and forestry, and climate change resiliency and adaptation.

The ESG MMDA enables our clients to:

- Earn interest and maintain liquidity while their money works to support socially beneficial projects.
- Demonstrate their commitment to socially responsible solutions with sharable account reporting.
- Build brand equity and increase employee satisfaction by contributing to meaningful change.

Details about the ESG MMDA are available on key.com.

Residential solar loans

Since launching our direct-to-consumer residential solar lending business in 2019, Key has funded $914 million[4] of residential solar loans. In 2021 alone, we were able to provide more than 11,000 loans totaling nearly $404 million to help clients manage the cost of a new solar panel system. In June 2022, Key ceased solar loan originations through our Consumer Banking business after our solar lending partner was acquired; however, we funded more than 6,000 loans over the course of the year, totaling $253 million.

In 2022, our Commercial Bank originated $272 million in commitments to finance residential solar installations through aggregation of credit facilities with market-leading solar installation companies.

[3] Reported dollar amount total represents KBCM's share of third-party designated, company-designated, and self-designated GSS transactions.
[4] As of December 2022.

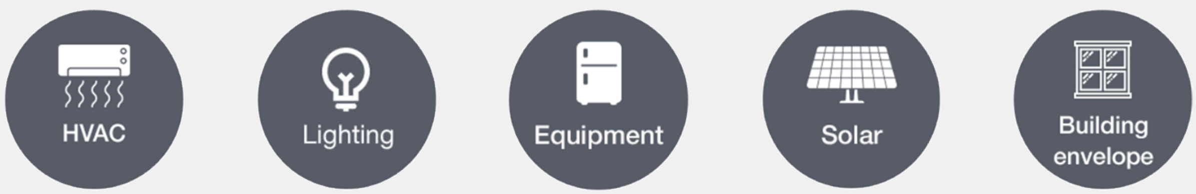
Clean energy and energy efficiency financing

Every company can benefit from a strategic approach to evaluating sustainability projects and the capital solutions to fund them. Key Equipment Finance (KEF) provides tailored equipment and lease financing solutions for both renewable generation and energy efficiency projects. Since 2021, KEF has committed more than $500 million across more than 500 opportunities to finance new energy efficiency, fuel cell, hydrogen, and solar infrastructure.

KEF's Clean Energy team helps clients develop an integrated approach to achieving sustainability goals and superior returns. We have relationships with specialists in several facets of energy efficiency, including LED lighting, building controls, water conservation, and energy as a service, while also offering distributed generation solutions such as battery storage, fuel cells, biogas, and solar.

In 2022, KEF financed $141 million of new energy efficiency, fuel cell, and solar projects, bringing the group's cumulative financing to a total of more than $1.75 billion since the Clean Energy business was established in 2012.

Renewable and Energy Efficiency Projects



Achieving operational sustainability

A significant focus of Key's has been to enhance our operational sustainability. We measure and manage the impact of operations through an environmental program, and we continue to see the positive effects of Key's multiyear effort to profitably reduce our greenhouse gas footprint. By tracking energy sustainability at the site level, we can best allocate resources for capital improvements and identify defective equipment where repairs may be needed.

In April 2022, we expanded our ambitions and committed to achieving carbon neutrality from our Scope 1 direct and Scope 2 indirect emissions by 2030. While we strive for carbon neutrality, we recognize that reducing absolute emissions is critical for the planet; for this reason, we will continue to monitor progress toward our previously announced Scope 1 and 2 emission reduction goals. Our ambition is to source 20% of our energy from renewable sources by 2030 and 60% by 2050 and reduce our Scope 1 and 2 emissions by 40% by 2030 and 80% by 2050. Together, these goals will make sure that we not only achieve carbon neutrality but also continue to reduce our overall emissions.

Through investments in energy efficiency, strategic site consolidations, and the overall greening of the grid, we have reduced GHG emissions by 39% and energy consumption by 28% since 2016. This progress puts us ahead of pace for GHG emission reductions, having already achieved 97% of our 2030 goal and 48% of our 2050 goal.

Accelerating climate risk management

Key recognizes the significance of climate-related risks to our businesses, operations, customers, the communities we serve, and the financial system in which we operate. The impact of climate change is now a top risk for many financial institutions, and Key is taking action to better identify, assess, and manage these risks. We have committed significant resources to build capacity to identify, measure, and manage risks emerging from climate change.

As highlighted in the Governance section of this report, Key formed a Climate Oversight Council (COC) in 2022 to oversee the development and implementation of Key's climate risk framework. The COC provides high-level oversight of the project's progress and tracks outputs to ensure key milestones are met. We appreciate that assessing climate-related financial and operational risk is a complex and important task. Accordingly, the COC is led by the Chief Financial Officer, the Chief Risk Officer, and the Director of Corporate Center, which allows us to leverage expertise across the organization and ensure collaboration to improve our collective understanding of how climate change may impact operations. The COC facilitates the establishment of new climate risk management capabilities and maintains alignment with the ESG Working Group on Key's broader ESG framework. To succeed in reaching these goals, the COC monitors relevant developments and provides decision-making and resolution of other issues through its membership.

We are moving quickly to develop our capacity to manage climate risks and embed climate risks into current financial and non-financial risk management frameworks.

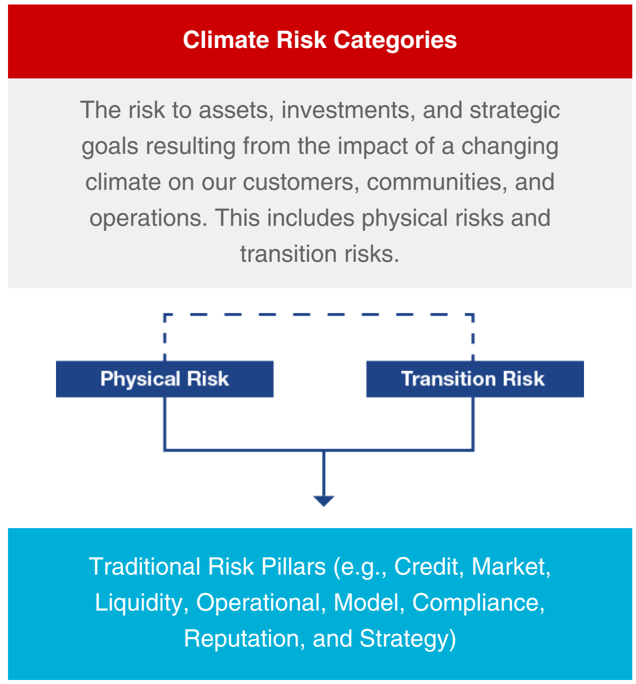
Recent developments include the following:

- We continue to make significant progress on a multi-stream initiative to holistically account for climate risks and opportunities within our established and comprehensive Enterprise Risk Management framework. We have a well-established process for managing risk, and we are incorporating climate risk into that process. Climate-related risks are considered a transverse risk that can have a meaningful impact on existing financial risk types, including credit, market, operational, and liquidity risk.
- We continue to make progress on the development of scenario analysis models for the portfolios identified with the highest exposure to physical and transition risks. We strive toward embedding outcomes from this analysis into our climate strategy.
- We have developed models for the calculation of financed emissions for priority sectors using the PCAF framework.
- We have developed processes to gather climate preparedness data from our clients, which will be used to assess risk and inform decision-making.
- In 2023, we developed and introduced an Environmental and Social Risk Management Policy that outlines Key's approach to managing environmental and social (E&S) risks across all lines of business and sets forth the general principles that govern the management and oversight of E&S risks.

Climate risk categories

Climate-related risks fall into two major categories: 1) risks related to the transition to a lower-carbon economy and 2) risks related to the physical impacts of climate change.

- Physical risks arise from the physical effects of climate change on businesses' operations, workforce, markets, infrastructures, raw materials, and assets. Physical impacts emanating from climate change can be event-driven (acute), resulting from the increased severity or frequency of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also occur as a result of longer-term (chronic) shifts in precipitation, temperature, and increased variability in weather patterns (e.g., sea level rise). Physical risks can also manifest through higher-order effects, such as the impact of risk awareness on asset re-pricing, insurance availability and costs, and economic activity at the regional level.
- Transition risks result from the policy, legal, technology, and market changes occurring in the shift to a lower-carbon global economy. Transition risks include policy constraints on emissions, imposition of carbon tax, water restrictions, land-use restrictions or incentives, market demand and supply shifts, and reputational considerations. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations (e.g., a disorderly transition may lead to greater risk).



Summary of climate risk drivers by sector

Based on qualitative factors, Key developed heatmaps for exposure to physical and transition risks that informed areas to perform more thorough analyses and prioritization. The heatmaps are periodically updated to assist in building our framework and will continue to evolve as additional information becomes available to the industry. Industry breakouts here reflect improved alignment to climate risks, with granularity beyond that of our other standard external disclosures, to better highlight both transition and physical risks.

Standardized factors were used to consistently rate climate risks from low to high across sectors over a 5- to 10-year time horizon. Transition risks include regulatory, technology, stakeholder, and legal. Physical risks include both acute (increased frequency, severity of extreme weather) and chronic (overall increase in temperature, change in sea level, precipitation). The risk transmission mechanisms associated with each sector are very different; specific analyses at the sector level are required to measure and quantify risk.

Heatmap of Climate Risks and Credit Exposure of the Key Commercial Loan Portfolio by NAICS Codes[5]

Sector for Risk Assessment	% of Book	Transition Risks				Physical Risks	
		REGULATORY	TECHNOLOGY	STAKEHOLDER	LEGAL	ACUTE	CHRONIC
Agriculture	0.8%						
Paper Manufacturing & Forestry	0.6%						
Automotive	3.9%						
Business Product Wholesalers	1.9%	VARIES BASED ON UNDERLYING PRODUCT					
Business Services	6.4%						
Chemicals	1.5%						
Construction	4.3%						
Consumer Goods							
Consumer Durables	3%						
Consumer Non-Durables	1.6%						
Food, Beverage & Tobacco	2.4%						
Consumer Services	6.7%						
Equipment	3.6%						
Finance	12.1%						
Healthcare	5.7%						
Metals & Mining	2.6%						
Oil & Gas	3.8%						
Public Sector	2.7%						
Real Estate	23.5%						
Technology, Media & Telecom	1.3%						
Transportation							
Freight Transport	1.3%						
Passenger Transport	0.6%						
Utilities							
Fossil Fuel Power Generation	0.2%						
Alternative & Other Power Generation	7%						
Power Transmission & Distribution	1.1%						
Non-Energy & Other Utilities	1.4%						
Grand Total	**100%**						

LOW IMPACT HIGH IMPACT

[5] Data is based on December 31, 2022, Commercial Loan portfolio. Because approximately 2.5% of the total portfolio was not studied, the percentages may not align with Key's other financial disclosures. NAICS stands for North American Industry Classification System.

Risk Management

Risk management includes practices and processes that help our teammates manage the company's risks to acceptable levels. A strong and sustainable risk management culture leads to a strong and successful company. At Key, effective risk management is not about avoiding risks. It's about taking on acceptable levels of desirable risk, as defined by the company and its strategies, and then managing them effectively.

Climate risk has emerged as a top imperative for financial institutions — driven by increasing regulatory focus and accelerating investor and vendor expectations. Principle drivers include the following:

i. Physical risks, such as downside risks from increasing frequencies and intensities of weather events

ii. Implications of potential disorderly client transitions to a low-carbon economy, known as transition risk

iii. Regulatory expectations on risk identification and measurement using scenario-based analysis

iv. Investor interest in financed emissions and client-directed risk mitigation

v. Climate-related financial opportunities

Integrating climate into the organization's overall risk management

We have committed significant resources to build capacity to identify, measure, and manage risks emerging from climate change. We have engaged in a multi-stream initiative to holistically account for climate risks and opportunities within our established and comprehensive Enterprise Risk Management (ERM) Framework (the Framework). As climate risk is a transverse risk that will impact and manifest through existing risk categories, we are moving quickly and deliberately to develop our capacity to manage and embed climate risks into current financial and non-financial risk management frameworks.

The Climate Risk Team has been established as a unique function within risk management and is responsible for integrating climate risk into all elements of the Framework. Our ERM risk taxonomy has been updated to include climate risk considerations across all risk types. Furthermore, tools like scenario analysis and scorecards will be utilized throughout the life cycle of a transaction to enable the identification and management of credit risk manifesting from physical and transition risks.

One of the tools used to identify and assess risk is the Risk and Control Self-Assessment (RCSA), through which risks and the effectiveness of controls are assessed utilizing multiple sources of information. It provides a framework for lines of businesses at Key to identify and analyze climate-based risks and to provide guidelines for defining, identifying, assessing, and controlling for climate risks.

In alignment with our ERM Policy and the RCSA Procedures, the Framework details procedures necessary to 1) identify, document, and assess applicable climate risks; 2) develop, implement, and/or document controls for corresponding climate risks; 3) periodically assess the effectiveness of these controls; and 4) take action on opportunities to enhance controls if appropriate. Other new capabilities include dynamic scenario analysis, which is used to guide our strategic planning and ongoing refining of our risk appetite.

Three lines of defense

Key has a well-established process for managing risk, and we are incorporating climate risk into that process. To further enhance risk management efforts, the utilization of our well-established three lines of defense control framework will be important to ensure the risks emanating from climate change are properly identified, assessed, and managed. Our target state process, including three lines of defense, is listed below.

1st Line of Defense Lines of business and support areas	**2nd Line of Defense** Risk Management	**3rd Line of Defense** Risk Review (Internal Audit)
• Primary responsibility to accept, own, and proactively identify, monitor, and manage risk • Oversee line of business risk profile and report on status relative to desired risk profile • Manage within risk tolerances and partner in establishing and periodically refining tolerances • Integrate risk considerations into strategic decisions and management activities • Make informed decisions to optimize risk-adjusted returns and mitigate potential and actual risk issues • Primary accountability to escalate material risk issues or trends in a timely manner • Establish procedures and processes as necessary to ensure compliance with policies • Adhere to Key's risk management policies, practices, and controls	• Provide independent, centralized oversight over all risk categories by aggregating, analyzing, and reporting risk information • Provide holistic, integrated view of the corporate risk profile and report on status relative to desired corporate risk profile • Design and maintain the ERM Policy and Program • Create robust review and challenge processes and ensure an understanding of risk interdependencies • Provide the appropriate risk infrastructure to support the lines of business, including policies and subject matter expertise • Act as a trusted advisor to the lines of business in managing acceptable levels of risk, anticipating a range of business conditions, and optimizing revenue • Exercise authority as needed to ensure risks are managed at acceptable levels, including escalation of material risk issues	• Primary responsibility to accept, own, and proactively identify, monitor, and manage risk • Provide independent assessment and testing of effectiveness, appropriateness, and adherence to KeyCorp's risk management policies, practices, and controls • Provide an independent, aggregate view of risk • Validate the ERM Policy and Program design and evaluate its effectiveness • Recommend improvements for ERM and other risk practices • Provide objective review of accountabilities, escalation activities, and quality/timeliness of issues resolution • Interface with external auditors

Taxonomy

Our risk taxonomy of updated climate risk-related definitions is more forward-looking to drive a focus on emerging risks, such as climate change. Embedding climate risk into our risk taxonomy will allow the RCSA process to assess how well the controls and processes associated with climate risks are being adhered to and how well climate risk is being managed. As we build more advanced capabilities to measure the potential impact of climate risk, we will look to combine both qualitative and quantitative assessment of the risks associated with climate change. The taxonomy will also capture the intersecting impacts on foundational risk in our taxonomy. See the illustration below:

Risk Category	Physical Risk Impact	Transition Risk Impact
Credit	Repayment challenges from obligors due to reduced profitability or asset devaluation because of climate shifts	Failure to adapt to changes in policy, regulation, and technology resulting in a negative impact on obligors, including a decline in asset prices and an increase in stranded assets
Strategic	Incorrect expectations of climate risk impacts in business strategy in modeling	Delayed and/or inadequate measures taken to address regulatory or economic developments
Reputational	Negative public perception due to inadequate support for customers affected by weather events; disruptions to business continuity affecting customer/client confidence	Reduced social license to operate; reputational damage due to exposure to carbon-intensive industries
Model	Risk for climate risk models to over/under-estimate true climate risks, resulting in the inadequate ability to measure and mitigate potential losses from physical and transition risks	Risk for climate risk models to over/under-estimate true climate risks, resulting in the inadequate ability to measure and mitigate potential losses from physical and transition risks
Compliance	Difficulty in meeting compliance obligations due to business interruptions from weather events	Failure to comply with climate-related regulations and associated fines, especially if there is a patchwork of different global regulations
Operational	Business interruptions due to extreme weather events and damage to facilities; disruptions in the supply chain	Increased operating costs for facilities and higher capital expenditures for resiliency and carbon reduction measures
Market	Devaluation of assets due to physical impacts	Changes in demand for products/services and associated decreases in revenue
Liquidity	Client drawdown on committed credit facilities or larger-than-usual client deposit run-off to fund damages resulting from climate-related extreme weather events	Market dislocation impacting the value or the ability to monetize liquidity buffers or incremental client deposits run-off resulting from transition risk drivers

Environmental and Social Risk Management Policy

Introduced in 2023, the Environmental and Social Risk Management (ESRM) Policy outlines Key's high-level approach to managing environmental and social (E&S) risks across all lines of business. The policy sets forth the general principles that govern the management and oversight of E&S risks. We recognize that a successful future depends on the sustainability of the environment, communities, and economies in which we and our clients operate. To that end, we seek to identify, manage, and mitigate the impact that E&S risks have on our business environment, employees, clients, portfolios, and operations—thus contributing to a sustainable future.

The purpose of the ESRM Policy is to outline our risk management principles with respect to E&S risks, which are defined as: Potential adverse consequences to us or our employees that arise 1) directly from the impact of our business activities on the natural environment or people (e.g., employees, communities, customers, clients, shareholders), 2) from changes to the natural environment, including climate change, and 3) indirectly through environmental or social factors associated with our clients, shareholders, third parties, or communities within Key's footprint. This policy applies to all Key business functions and employees throughout Key and its subsidiaries. Execution of the ESRM Policy is cross-functional, enlisting collaboration and direction from the lines of business, Risk Management, Risk Review, and other functional units.

Environmental and social risk topics material to Key include:

Environmental Risks

- Climate Stewardship
- Natural Resource and Biodiversity Conservation
- Pollution Management
- Waste Management

Social Risks

- Customer-Friendly Products and Services
- Diversity, Equity, and Inclusion
- Privacy
- Information Security
- Employee Experience and Culture
- Ethical Sales and Marketing
- Financial Inclusion
- Health and Safety
- Human Capital Development

Environmental and Social Risks

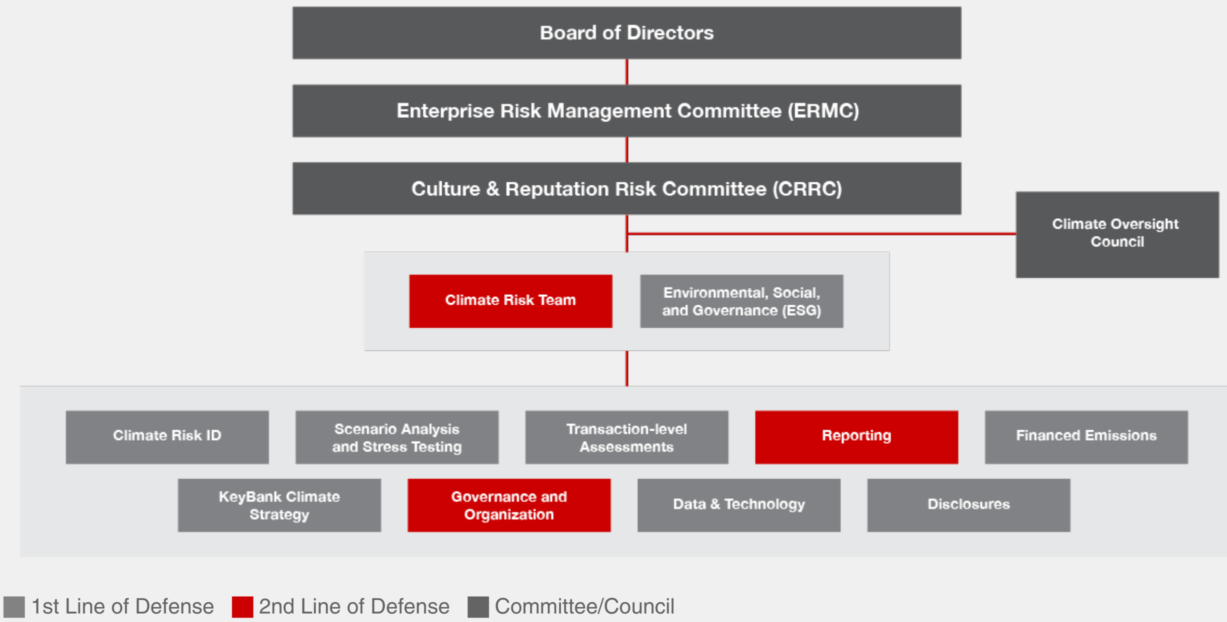
- Corporate Behavior and Business Ethics
- Corporate Governance
- Responsible Investment
- Systematic Risk Management/Resilience

Climate Risk Management Program Leadership Framework

The leadership framework for our climate risk management program demonstrates the hierarchy of climate risk oversight, including the workstreams that are led by subject matter experts in respective organizational areas. Key's Board of Directors is actively involved in climate strategy oversight and in holding management accountable for the design, implementation, and execution of the program. The Enterprise Risk Management Committee, chaired by the CEO, supports the management of emerging and top risks. Due to the recognition that climate risk is a transverse risk, the ERM Committee has incorporated climate risk as a risk vector that warrants independent consideration under its ERM policy. The Culture and Reputation Risk Committee (CRRC) serves as the governance body providing oversight of risks related to risk culture, conduct, ethics, ESG, climate, Key's brand, and reputation. The CRRC is the Approving Body of the program that oversees, reviews, modifies, and recommends for approval policies and programs related to ESG matters, including climate risk. The Climate Oversight Council provides high-level oversight of project progress, advice, and tracks outputs to ensure key milestones are met. Key's governance of climate risk is led by the Climate Risk Team, which is responsible for overseeing and guiding all climate risk-related activities. The ESG Working Group and Climate Risk Team communicate regarding matters related to strategy, decarbonization commitments, and sustainable financing.

Climate Risk Management Program Leadership Framework

The table below depicts our risk management hierarchy.



Workstreams

To establish the capabilities necessary to implement a holistic program focused on climate risk management, the Enterprise Risk Management Committee approved the development of the Climate Risk Management Program Leadership Framework with nine workstreams required for execution and reviewed by Key's Board of Directors.

- Climate Risk Identification
- Scenario Analysis and Stress Testing
- Transaction-level Assessments
- Reporting
- Financed Emissions
- Climate Strategy
- Governance and Organization
- Data and Technology
- Disclosures

The workstreams are led by colleagues from business segments across the organization who conduct day-to-day activities to make progress against the Climate Risk Management Program in order to meet milestones. Workstream highlights include:

Climate Risk Identification

The Climate Risk Identification workstream has established a process for and provided training on a new climate risk assessment approach, including education on how climate risk can be applied to all risk pillars, guidance on Climate Risk Taxonomy, and climate risk training for first and second lines of defense in the fall of 2023.

Transaction-Level Assessments

This workstream is responsible for developing a simplified credit scorecard to assess climate risk for borrowers and transactions. To date, the workstream has developed qualitative components of an initial borrower scorecard and begun a pilot with targeted audiences.

Financed Emissions

This workstream uses the PCAF methodology to measure financed emissions for the portfolio. In 2022 and early 2023, the financed emissions model was developed and validated for the Commercial Real Estate, Residential Real Estate, and Commercial and Industrial Portfolios.

Climate scenario analysis

Key uses climate-related scenario analysis to assess the potential impact of climate-related risk drivers on our risk profile. It is a critical part of our risk management program that strengthens our understanding of the potential range of financial impact of various economic and event-based scenarios. The outcome of such analyses informs our risk management decisions and strategies. Scenario analysis is especially important to climate risk management given the potential impacts of physical and transition risks (see definition under Strategy) on Key's portfolio.

The Scenario Analysis workstream has developed the methodology for scenario analysis that considers the impact of transition risk on the Oil & Gas portfolio, using select Network for Greening the Financial System[6] climate scenarios.

In 2022, we took a much more comprehensive approach, including extending to incorporate physical risk components and additional portfolios. As such, Key started developing borrower-level climate scenario analysis models, incorporating both transition risk and physical risk drivers and translating the impact on our borrowers into credit loss metrics. These models aim to capture both the near-term (current year) and future (e.g., 2030 and 2040) impacts of climate risk on the credit losses of affected portfolios.

Modeling our highest exposure risk

We are continuing to make progress on the development of scenario analysis models for the portfolios identified with the highest exposure to physical and transition risks: Commercial Real Estate (CRE), Residential Real Estate, and Oil & Gas. Model results will inform our climate strategy.

For the CRE and Residential Real Estate portfolios, we assess the impacts of physical risk at the collateral address level, considering the impact on both the property value and the borrower's financial conditions. Our analyses evaluate not only the direct damage impact but also the consequential effects of climate risk on longer-term property value depreciation, which are then translated into expected credit losses.

For the Oil & Gas portfolio, our focus is on transition risk given the significant exposure to uncertainty in energy transition. We are developing analyses to assess the potential impact caused by future demand changes, carbon cost impacts, carbon abatement, and cost pass-through at the borrower level in an effort to understand each borrower's risk. These factors are then translated into key credit risk drivers and credit impact.

Given the evolving nature of data availability and industry methodologies, we are developing a transparent and flexible framework that we will continue to refine as the climate risk space evolves, which includes enhancements to the robustness of the data and methodologies.

As Key moves forward, we anticipate that the outcomes of scenario analysis will help inform our strategic direction and financial planning activities. Thus far, results have not translated into changes to our credit or exclusion policies, though as the analysis is refined, the expectation is to drive modifications in our internal policy framework aligned to our broader climate strategy and risk appetite. We are proud of the significant progress Key has made on climate scenario analysis. We look forward to the results of this work further informing our risk management decisions and strategies.

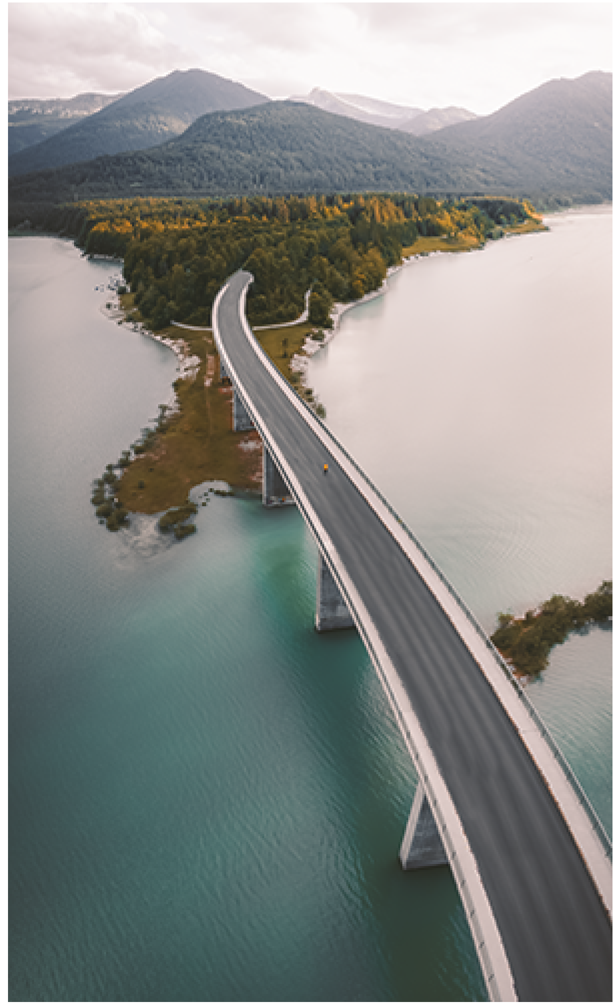
[6] A network of 114 central banks and financial supervisors that aims to accelerate green finance and develop recommendations for central banks' role for climate change that has been the leader in development of economic scenarios pertaining to climate change and climate risk.

Identifying and assessing climate risks

In our initial wave, four lines of business were selected by senior leadership to identify and assess climate risks and related controls. Three tools are provided to assist these initial business areas in the assessment:

1. Climate Risk Taxonomy
2. Climate Risk and Control Self-Assessment (RCSA) Playbook
3. Climate Risk and Controls Template

Designated RCSA Leads are responsible for coordinating assessment activities across their assigned line of business. The first wave of work kicked off in spring 2023. Objectives ranged from adding climate risk considerations and detailing existing controls to documenting new climate risks and related action plans in place to mitigate risks.



Metrics and Targets

Metrics and targets are critical enablers to manage progress over time. When considering climate-related metrics and targets, we align with our strategy and focus on six fundamental principles:

- Decision-useful
- Understandable
- Verifiable
- Objective
- Trackable over time and consistent
- Aligned with the other TCFD pillars

Mobilizing capital to support our clients and communities

Key is committed to playing an active role in the transition to a low-carbon economy. In April 2022, we announced a commitment to finance or facilitate $38 billion to address climate change and support green initiatives by year-end 2026.

Key's $38 billion sustainable finance commitment includes financing for business in the following industries:

- Battery storage and manufacturing
- Clean transportation
- Clean water
- Climate change resiliency and adaptation
- Climate risk management
- Conservation
- Energy efficiency
- Green buildings
- Green, social, sustainable bonds
- Pollution prevention and control
- Renewable energy
- Sustainable agriculture and forestry

Achieving operational sustainability

Key's climate-related metrics and targets have focused on operating emissions. In April 2023, we reported on progress on our climate-related commitments:

Operational sustainability commitments and progress

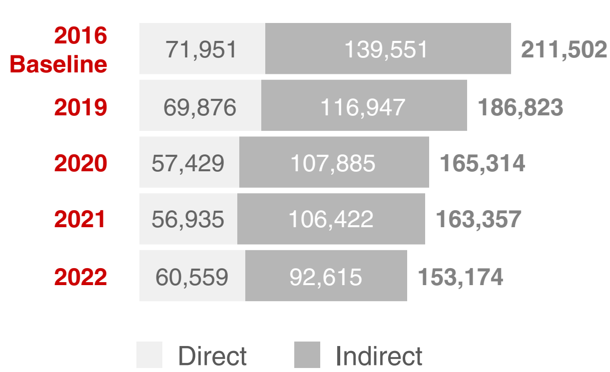
Operating emissions	Operating renewable energy	Carbon neutrality
i. 40% reduction in Scope 1 and 2 emissions by 2030	i. 20% renewable energy by 2030	i. Achieving carbon-neutral operations across our Scope 1 direct and Scope 2 indirect emissions by year-end 2030
– we are 97% of the way there.	– we are 27% of the way there.	
ii. 80% reduction in Scope 1 and 2 emissions by 2050	ii. 60% renewable energy by 2050	
– we are 48% of the way there.	– we are 9% of the way there.	– we are 39% of the way there.

Through investments in energy efficiency, strategic site consolidations, and the overall greening of the grid, we have reduced GHG emissions by 39% and energy consumption by 28% since 2016. This progress puts us ahead of our projected pace for GHG emission reductions, having already achieved 97% of our 2030 goal and 48% of our 2050 goal.

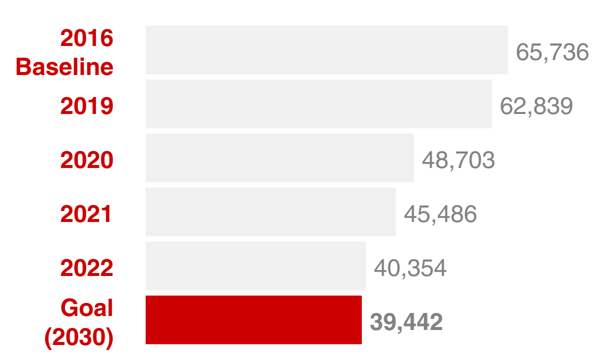
In addition to our commitments to achieve carbon neutrality and reduce our overall emissions, we joined the Partnership for Carbon Accounting Financials. PCAF is a global collaboration among financial institutions focused on enabling consistent assessments and disclosures of GHG emissions financed by loans and investments. In 2022, we completed an initial assessment of our Scope 3, category 15-financed emissions.

We are also partnering with a leading energy advisor to develop a strategy to achieve our decarbonization goals. We completed an in-depth analysis of our real estate portfolio, assessed energy usage and available decarbonization levers, and are now developing optimization scenarios to reduce our emissions.

Direct, Indirect, and Total Energy Consumed (MWh)



Scope 1 and 2 Market-Based GHG emissions (MT CO2e)



Energy consumption and greenhouse data[7]

Normalizing factors

Scope/Source	2020	2021	2022
Total Active Sites	1,185	1,228	1,105
Teammate Headcount (full year average)	16,826	16,974	17,660
Consolidated Total Assets ($ billion)	170.3	186.3	189.8

Energy consumption (MWh)

Scope/Source	2016 Baseline	2020	2021	2022	%∆ from PY	%∆ from Baseline
Direct Energy	71,951	57,429	56,934	60,559	6.4%	(15.8)%
Natural Gas	61,283	50,987	50,147	53,390	6.5%	(12.9)%
Diesel – Stationary	409	254	228	231	1.3%	(43.5)%
Propane	1,669	1,581	1,433	1,263	(11.9)%	(24.3)%
Number 2 Fuel Oil	3,782	3,571	2,949	2,354	(20.2)%	(37.8)%
Jet Fuel (Jet A or A-1)	4,808	1,036	2,177	3,321	52.5%	(30.9)%
Indirect Energy	139,551	107,885	106,423	92,615	(13.0)%	(33.6)%
Electric Power	139,419	107,885	104,002	87,614	(15.8)%	(37.2)%
Renewable Energy	0	0	2,421	5,001	106.6%	100.0%
Purchased Steam	132	0	0	0	0	(100.0)%
Total Direct & Indirect Energy	**211,502**	**165,314**	**163,357**	**153,174**	**(6.2)%**	**(27.6)%**

[7] GHG data has been verified by Apex – Scope 1 and Scope 2 emissions as well as the Scope 3 categories of business travel, fuel- and energy-related activities, waste generated in operations, employee commuting, and upstream leased assets. Total Active Sites represents the number of sites with Scope 1 and 2 energy data in Key's operational control. This varies from the number of branches and ATMs listed in KeyCorp's 10-K, as some sites are leased or are not supported by direct billing and are therefore represented in Key's Scope 3 upstream leased assets emission estimation. 100% of the Electric Power consumed above is derived from the grid.

Greenhouse gas emissions (MT CO2e)[8]

Scope/Source	2016 Baseline	2020	2021	2022	%∆ from PY	%∆ from Baseline
Scope 1	13,721	10,806	10,740	11,424	6.4%	(16.7)%
Natural Gas	11,110	9,241	9,088	9,676	6.5%	(12.9)%
Diesel – Stationary	104	64	58	59	1.7%	(43.3)%
Propane	360	341	309	272	(12.0)%	(24.4)%
Number 2 Fuel Oil	958	904	747	596	(20.2)%	(37.8)%
Jet Fuel (Jet A or A-1)	1,189	256	538	821	52.6%	(31.0)%
Scope 2 – Location Based	49,819	37,177	36,402	31,084	(14.6)%	(37.6)%
Electric Power	49,782	37,177	36,402	31,084	(14.6)%	(37.6)%
Purchased Steam	37	0	0	0	—	(100.0)%
Scope 2 – Market Based	52,015	37,897	34,746	28,930	(16.7)%	(44.4)%
Electric Power	51,978	37,897	34,999	29,461	(15.8)%	(43.3)%
Renewable Energy – Solar	0	0	-253	-531	109.9%	—
Purchased Steam	37	0	0	0	—	—
Scope 3	51,857	56,858	67,351	76,005	12.8%	46.6%
Purchased Goods and Services	0	3,258	13,916	11,035	(20.7)%	—
Capital Goods	0	2,048	8,778	4,785	(45.5)%	—
Fuel- and Energy-Related Activities	803	3,441	3,723	3,545	(4.8)%	341.5%
Upstream Transportation and Distribution	0	7,052	7,250	8,459	16.7%	—
Waste Generated in Operations	688	1,153	1,160	1,376	18.6%	100.0%
Business Travel	16,435	2,931	3,192	14,400	351.1%	(12.4)%
Employee Commuting	16,476	28,615	23,662	24,498	3.5%	48.7%
Upstream Leased Assets	17,455	8,360	5,670	7,907	39.5%	(54.7)%
Totals						
Total Scope 1 & 2 (Location Based)	63,540	47,983	47,142	42,508	(9.8)%	(33.1)%
Total Scope 1 & 2 (Market Based)	65,736	48,703	45,486	40,354	(11.3)%	(38.6)%
Total All Scopes (Location Based)	115,397	104,841	114,493	118,513	3.5%	2.7%
Total All Scopes (Market Based)	117,593	105,561	112,837	116,359	3.1%	(1.0)%

[8] Employee commuting emissions include energy use from office equipment, home heating, and cooling.

Accelerating climate risk management

Key strongly believes in and supports the need for uniform and standardized disclosures of financed emissions. Beyond disclosure, we are keenly aware of the importance of accurate financed emissions measurement in understanding and mitigating risk, identifying new areas of opportunity, as well as reducing the greenhouse gas emissions associated with our portfolio.

Throughout 2023, Key made significant strides in measuring financed emissions by conducting a high-level assessment across all sectors in our loan and lease portfolio[9], which provided insights to create a roadmap to build a finance emissions inventory that meets emerging regulatory standards. We conducted in-depth exercises for selected sectors, with a larger focus on the accuracy of the financed emissions figures, by refining the robustness of the data and methodologies leveraged. Such efforts focus on high-intensity sectors, such as Oil & Gas, Power, and sectors with material exposures (i.e., Residential and Commercial Real Estate). We are striving to expand the scope of calculating financed emissions to the remaining sectors in 2024 and establishing a comprehensive data strategy to develop an efficient, sustainable, and replicable process to compute financed emissions.

We are intentionally adopting a comprehensive approach to building our inventory to ensure that we limit future method-driven fluctuations in our inventory while reporting best-in-class estimates to our stakeholders. That said, Key also acknowledges that financed emissions estimation methods are still nascent, especially for Scope 3 emissions of our obligors. One way we are mitigating these known challenges is by using production data, physical data, and associated emissions factors. Consequently, our internal analyses indicate that the resulting emissions estimates are a significantly improved representation of actual emissions.

We are proud of the significant progress Key has made this year on financed emissions measurement. We look forward to further refining our estimates on the remaining sectors and contributing to the broader capacity of the financial sector to measure and report financed emissions.

[9] Includes relevant C&I, CRE, home lending segments exposures aligned with the PCAF Standards.

Next steps

For Key to positively impact climate change, we must continue to build an understanding of the implications of climate change on our business and clients. We believe that good progress has been made to integrate climate change risk into core risk processes and build appropriate capabilities to meet the expectations of investors, regulators, clients, employees, and other stakeholders. We are committed to making continued progress.

Our path forward includes:

1. Continue building internal capacity and knowledge of climate risks and opportunities
2. Complete existing work on climate change risk identification and quantification as well as continued development of the climate risk management framework
3. Expand scenario analysis capabilities based on lessons learned through pilot projects
4. Evaluate and implement methodologies to measure financed emissions
5. Measure, monitor, evaluate, and report on our carbon neutrality commitments and the decarbonization roadmap
6. Continue to research and invest in building infrastructure and technologies that support current environmental goals and regulations, improve building efficiencies, and enhance the employee and client experience
7. Engage and support clients on their resiliency and transition plans

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Note Regarding Materiality and Forward-Looking Statements

Our environmental, social, and governance (ESG) and climate-related disclosures are voluntary disclosures. Our approach to these voluntary disclosures often considers disclosure recommendations and broader definitions of materiality promulgated by certain external frameworks and reporting guidelines that differ from the definition of materiality used for purposes of complying with the disclosure rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC) and applicable stock exchange listing standards. Accordingly, we may present voluntary ESG and climate-related information from a different perspective than in our SEC reports, and any use of the term "material" in the context of such information may be distinct from such term as defined for by or construed in accordance with securities laws or as used in the context of financial statements and reporting. Any inclusion of ESG and climate-related information in this report is not an indication that the subject or information is material to Key for SEC reporting purposes.

The goals and projects described in our ESG and climate-related disclosures involve, and are based on, targets, commitments, estimates, assumptions, standards, methodologies, and currently available data, which continue to evolve and develop. As such, we cannot guarantee or promise that these goals and projects will be met or achieved as described. Additionally, our ESG and climate-related information is as of the date referenced, subject to change without notice, and may be regarded as indicative and for illustrative purposes only. This information may vary based on applicable laws, rules and regulations and may also include the use of non-financial metrics and/or other information that are subject to significant measurement uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions, and/or underlying data that is obtained from third parties, some of which cannot be independently verified.

This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding our future performance and business and ESG and climate-related targets, goals, metrics, aspirations, strategies, and plans, which may develop and evolve over time. Forward-looking statements usually can be identified by words such as "goal," "objective," "target," "plan," "expect," "assume," "anticipate," "intend," "project," "believe," "estimate," "will," "would," "should," "could," or other words of similar meaning. Forward-looking statements reflect Key's current expectations, plans, projections, or forecasts of future events, circumstances, results, or aspirations, are not guarantees of future results or performance, and are subject to risks, uncertainties, changes in circumstances and assumptions that are difficult to predict and are often beyond our control. Given the inherent uncertainty of the estimates, assumptions, and timelines contained in this report, we may not be able to anticipate whether or the degree to which we will be able to meet or implement our targets, goals, strategies, or plans in advance. You should not place undue reliance on any forward-looking statement. If underlying assumptions prove to be inaccurate or unknown risks or uncertainties arise, actual results could vary materially from these expectations, plans, projections, or forecasts.

Factors that could cause Key's actual results or outcomes to differ from those expressed in, or implied by, any of these forward-looking statements include, among others, global socio-demographic and economic trends, legislative or regulatory changes, public policies, energy prices, technological innovations, our ability to gather and verify data regarding environmental impacts, our ability to successfully implement various initiatives throughout the company under expected time frames, engagement with clients, suppliers, investors, government officials and other stakeholders, climate-related conditions and weather events, the compliance of various third parties with our policies and procedures and legal requirements, and other unforeseen events or conditions including those factors identified in KeyCorp's Form 10-K for the year ended December 31, 2022, as well as in KeyCorp's subsequent SEC filings, which have been filed with the SEC and are available on Key's website key.com/ir and on the SEC's website www.sec.gov. Forward-looking statements speak only as of the date they are or will be made, and Key does not undertake any obligation to update the forward-looking statements to reflect new information or future events. Additionally, this report may contain statements based on hypothetical scenarios and assumptions, which may not occur or differ significantly from actual events. These statements should not necessarily be considered as being indicative of current or actual risk or forecasts of expected risk.