Financed Emissions Disclosure

Addendum to the 2022 Task Force on Climate-Related Financial Disclosures Report

Contents

About This Report

This Financed Emissions Disclosure is provided as an addendum to Fifth Third's most recent **Task Force on Climate-Related Financial Disclosures Report** (December 2023). It marks Fifth Third Bank's first disclosure of financed emissions, fulfilling a commitment made in 2021 when Fifth Third joined the Partnership for Carbon Accounting Financials.

Reporting Greenhouse Gas Emissions

For more than a decade, Fifth Third Bank has reported on our corporate greenhouse gas emissions. Gathering this data has provided the Bank with visibility into the carbon impact of our own activities and operations, and has given us the ability to identify multiple pathways aimed at greenhouse gas (GHG) emissions reduction. The early stages of reporting this data focused on our core operational activities, which include emissions that are related to building operations, corporate-owned vehicles, and business travel.[1]

In 2021, the Bank expanded GHG emissions reporting by disclosing seven additional Scope 3 emissions categories,[2] including all upstream categories. Fifth Third began disclosing emissions related to the Bank's use of goods and services (category 1), capital goods (category 2), fuel and energy-related activities (category 3), and employee commuting (category 7), among other activities. This expanded reporting provided additional insights into the impact of the Bank's indirect emissions activities.

In March 2021, Fifth Third progressed its emissions accounting efforts and became one of the first U.S. regional banks to join the Partnership for Carbon Accounting Financials (PCAF). When it joined PCAF, Fifth Third committed to disclosing its own emissions from lending and financing activities (Scope 3, category 15 emissions).

Launched globally in 2019, PCAF is a global partnership designed to develop a carbon accounting standard for the financial sector, enabling a harmonized approach to the assessment and disclosure of financed greenhouse gas emissions. The standard is aimed at reducing inconsistencies in carbon accounting methods, fairly allocating the emissions of companies to financial institutions based on their share of the financing, and helping the financial sector facilitate a transition to decarbonization in line with a 1.5 degree increase in global mean temperature from pre-industrial levels.

Historically, financed emissions reporting has been voluntary. The growth of mandatory reporting across jurisdictions in which Fifth Third operates is increasing the industry-wide need to improve the quality of emissions accounting. Financed emissions disclosure requirements continue to consolidate as part of the latest International Financial Reporting Standards (IFRS) Sustainability Standards, as well as the emerging mandatory jurisdictional

[1] Scope 1 direct emissions, Scope 2 indirect emissions, and Scope 3, category 6 business travel emissions.
[2] Scope 3 emissions categories are defined as part of the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Fifth Third's commitment to disclosing our financed emissions is an acknowledgement that these indirect emissions are the largest source of the Bank's total Scope 1, Scope 2 and Scope 3 emissions. Accordingly, the growing expectations by various stakeholder groups toward disclosing financed emissions is largely based on a need to better understand and make business decisions from this data. Fifth Third recognizes that the uniform disclosure of financed emissions is the natural evolution of climate reporting and the first step in the effort toward developing pathways to improve its decision usefulness.

Financed Emissions Methodology

Fifth Third's approach to calculating financed emissions is based on PCAF's most recent guidance and methodology. *The Global GHG Accounting and Reporting Standard Part A Financed Emissions* [3] (herein referred to as the Standard) offers the industry's leading framework for how financed emissions should be calculated and reported to investors. (PCAF has a separate standard for facilitated emissions.) The Standard was developed by PCAF to align with the GHG Protocol requirements of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard from the World Resources Institute and the World Business Council for Sustainable Development.[4]

The Standard prescribes the preferred methods to calculate the amount of financed GHG emissions generated, avoided or removed by an entity and the tracking and reporting of those emissions over time. The Bank's estimation methodology incorporates generated emissions, which is the quantity of emission activity financed by the Bank. Any incorporation of removal or avoided emissions into the calculation will only be considered for future disclosures. PCAF's guidance is dynamic, which is likely to impact our own methodology, assumptions and calculation results over time.

The PCAF Standard encourages financial institutions to begin reporting, despite data limitations, even if an institution is unable to achieve ideal reporting methods and estimated or proxy data must be used. In an effort to provide greater transparency, Fifth Third has followed this approach, including the use of estimates and proxy data. The strategy section of the Bank's most recent TCFD report discusses the challenges of obtaining high quality and decision useful data to incorporate into business decisions.

Emissions for this disclosure account for the Bank's $77 billion commercial and industrial (C&I) lending portfolio. This portfolio includes three of the Standard's asset classes: business loans, commercial real estate lending and project finance loans. Driven by data limitations, Fifth Third elected to use the asset-based methodology for business loans to capture each of these three segments in this initial disclosure.

To calculate the financed emissions related to the disclosed asset classes, the Bank is leveraging the economic activity-based option in the asset-based methodology, where emissions are estimated based on PCAF's database of emissions factors for each applicable NAICS (North America Industry Classification System) category.[5] Given PCAF's use of Exiobase sector classifications, we have mapped available NAICS codes onto the Exiobase classifications to apply the relevant Exiobase emissions factors. This calculation approach produces a data quality score of 5, which PCAF acknowledges may not be useful for business decisions, as it has a substantial margin of error.

Fifth Third has attempted to follow PCAF's most recent guidance (February 2024) to align with developing industry best-practices. PCAF acknowledges that sub-sector emissions factors are sensitive to anomalies in the underlying data. As a result, PCAF recommends using sectoral and regional averages for public reporting.[6] Where emissions factor data can be mapped appropriately, Fifth Third has followed this approach. Where sectoral and regional average data are not available, Fifth Third has, in consultation with PCAF, filled gaps in mapping by either: using a two-digit NAICS roll up to assign regional averages (where a singular, corresponding Exiobase sector average code is present at the three-digit level); or using assumed mapping from a three-digit

[3] PCAF (2022). The Global GHG Accounting and Reporting Standard Part A Financed Emissions. Second edition.

[4] In calculating its reported emissions, Fifth Third utilized the most recent version of the PCAF Standard (2nd edition), published in December 2022.

[5] Emissions factors provided by PCAF as part of the Part A Financed Emissions 2nd edition December 2022 are listed in Euros. To convert to U.S. dollars, we used the posted conversion rate as of Dec. 31, 2022.

[6] The advanced economies region was used for Fifth Third's calculations.

rollup where the NAICS description appears to align to a corresponding Exiobase sector average description. In cases where sector averages cannot be derived for a given NAICS code, a more granular, subsector level approach is utilized, resulting in an overall blended approach. Loans and leases classified by NAICS associated to personal purpose do not receive treatment and are excluded from the analysis. Rare cases wherein the NAICS value assigned is null have also been excluded from the analysis.

Data Challenges and Limitations

Availability and quality of data continue to be major limiting factors in the reporting of financed emissions. As PCAF points out, estimation methodologies currently in use for financed emissions have low data-quality scores and thus may not align with the actual emissions performance of the borrowers in scope. High-quality data, particularly emissions information direct from borrowers, in many cases is not available.

Due to challenges related to the quantity, quality and accuracy of financed emissions data and the inherent limitations involved in the methodology used to determine such data, precision in reporting is difficult. Because we have not performed an analysis of proxy data and we rely on emissions data that is estimated, actual emissions are likely to differ from those disclosed. Because of the substantial margin of error based on the type of data leveraged in financed emissions reporting, these calculations may not be useful for investment decisions or business decisions. Despite these limitations, the Bank has reported based on the information available to date. In addition, Fifth Third is working toward higher data-quality scores for future emissions disclosures and will seek to leverage the highest quality data available to improve the decision usefulness and comparability of disclosed data over time.

At present, the Bank does not include any client reported emissions data as part of the calculation in this disclosure. Many clients are not yet disclosing emissions and those that do are not all disclosing in a uniform manner. As client emissions data becomes more readily available, Fifth Third hopes to incorporate into its own calculations. Such data, particularly if verified, should provide the most accurate pathway to calculating financed emissions. This client-specific emissions information will offer benefits not only to our financed emissions calculations, but will further aid in our overall understanding of a borrower's risks and opportunities related to climate transition.

The Bank is already actively working on an enhanced customer engagement strategy to source emissions data, where possible, directly from our customers, and to support those seeking enhanced disclosure and decarbonization strategies. The challenges to calculate decision useful financed emissions and our activities to engage with our borrowers are described in greater detail in our recently released (December 2023) Task Force on Climate-Related Financial Disclosure Progress Report.

As we continue our efforts and expand our data collection, or as the estimates that we use become more refined, we anticipate that we will update our methodology for generating client emission calculations. Over time, our assumptions and estimates are likely to improve. This will ultimately lead to the Bank restating its C&I's baseline emissions calculations for FY 2022. Additionally, the PCAF Standard also may be adjusted. Such adjustments are a natural part of the evolution in financed emissions reporting and will help improve disclosures and provide a more complete picture of the change in emissions over multiple years.

The data driving our business strategy is expected to evolve, particularly given ongoing challenges related to the quality of emissions data. We therefore anticipate amending, updating, or restating certain disclosures made in this report and potentially other voluntary climate disclosures in the future as the data and methodologies improve or our strategies evolve.

Fifth Third's approach to determining material information in this report may differ from material information in the context of filings with the Securities and Exchange Commission (SEC). Specifically, issues included and deemed material for purposes of this report may not be material for SEC reporting purposes.

Financed Emissions Results for 2022

NAICS Code	NAICS 2-Digit Sector Description	Loans Outstanding ($MM)	Scope 1 Absolute Emissions (tCO2e)	Scope 2 Absolute Emissions (tCO2e)	Scope 3 Upstream Absolute Emissions (tCO2e)	Total Emissions (tCO2e)	Total Emissions Intensity (tCO2e/$MM Outstanding)
11	Agriculture, Forestry, Fishing and Hunting	$ 476	709,099	246,170	433,797	1,389,066	2,916
21	Mining, Quarrying, and Oil and Gas Extraction	$ 3,693	3,680,643	329,698	1,878,965	5,889,306	1,595
22	Utilities	$ 1,889	3,810,594	40,853	466,997	4,318,444	2,286
23	Construction	$ 2,998	96,640	1,479	1,151,961	1,250,080	417
31	Manufacturing (Food & Beverage, Textiles)	$ 2,142	49,872	141,079	833,667	1,024,617	478
32	Manufacturing (Wood, Paper, Chemicals, Plastics)	$ 3,074	370,573	154,196	960,632	1,485,401	483
33	Manufacturing (Metal, Machinery, Electronics, Furniture)	$ 6,145	362,629	797,850	2,545,718	3,706,197	603
42	Wholesale Trade	$ 5,645	426,524	354,798	2,954,727	3,736,050	662
44	Retail Trade (Specialized Merchandise)	$ 3,650	501,106	34,309	630,589	1,166,005	319
45	Retail Trade (General Merchandise)	$ 886	172,138	11,987	96,027	280,151	316
48	Transportation and Warehousing (Air, Rail, Ground, Pipeline)	$ 2,630	572,529	60,674	352,533	985,736	375
49	Transportation and Warehousing (Postal, Warehousing)	$ 143	31,218	3,308	19,223	53,749	375
51	Information	$ 3,459	53,292	5,325	123,405	182,022	53
52	Finance and Insurance	$10,067	4,045	3,727	43,990	51,762	5
53	Real Estate and Rental and Leasing	$ 11,420	34,232	825,284	729,278	1,588,794	139
54	Professional, Scientific, and Technical Services	$ 3,280	24,023	916	249,370	274,309	84
55	Management of Companies and Enterprises	$ 254	2,276	82	17,006	19,364	76
56	Admin, Support and Waste Mgmt and Remediation Svcs	$ 1,826	28,135	2,811	65,150	96,096	53
61	Educational Services	$ 681	894	737	35,664	37,295	55
62	Health Care and Social Assistance	$ 5,623	33,107	1,623	378,290	413,020	73
71	Arts, Entertainment, and Recreation	$ 1,741	9,495	5,839	83,894	99,227	57
72	Accommodation and Food Services	$ 4,370	12,770	319	200,859	213,948	49
81	Other Services (except Public Administration)	$ 1,096	25,169	4,452	161,430	191,051	174
92	Public Administration	$ 346	8,803	155	58,671	67,629	195
		$77,534	11,019,806	3,027,671	14,471,843	28,519,319	
	Emission intensity (tCO2e/$MM) total commercial portfolio						368

The financed emissions disclosed in this report offer a first look at the emissions impact of Fifth Third's financing activities. Although this reporting methodology only provides a rough estimation of actual emissions, the sectoral disclosures offer an indication of which sectors are driving the greatest emissions impact.

Our disclosed emissions include financed emissions for 2022. The Bank has used outstanding loan amounts as of Dec. 31, 2022, for this calculation, as recommended by PCAF. Financed emissions for 2023 will be provided as part of the Bank's next update.

Fifth Third is providing financed emissions information for 24 different two-digit NAICS code industry segments. These are the NAICS industry codes for which Fifth Third had commercial and industrial business during the reported time period. Emissions information for each NAICS segment is broken out by emissions scope, with absolute Scope 1 emissions totaling 11 million tonnes of CO_2e, absolute Scope 2 representing 3 million tonnes of CO_2e, and absolute Scope 3 upstream emissions representing 14 million tonnes of CO_2e. (Note that PCAF emissions factors do not currently include Scope 3 downstream emissions, and, as a result, Scope 3 downstream emissions are not reported here.) Fifth Third's disclosure also includes an average emissions intensity (tCO2e/ million dollars outstanding) for each NAICS segment.

Financing activities under the two-digit NAICS industry code for Mining, Quarrying, and Oil and Gas Extraction account for 33% of reported Scope 1 emissions and 21% of total reported (Scope 1, Scope 2 and upstream Scope 3) emissions. Those activities with the two-digit NAICS industry code for Utilities account for more than 15% of

Totals shown above may not foot due to rounding total reported emissions. These totals align with common impressions that the Energy and Power segments are among the most carbon intensive.

The data also provides context for the emissions impact of the Bank's lending and financing activities compared to other reported emissions categories. Compared to the Bank's Scope 1, Scope 2 and non-financing related Scope 3 emissions, the Bank's reported financed emissions are more than 70 times larger. This reinforces the need for financed emissions to be a key element in our overall climate strategy.

Fifth Third has implemented an internal framework to manage, scope, calculate and disclose financed emissions for our commercial and industrial loans. This disclosure represents another important step along the Bank's journey to provide transparent climate and emissions reporting and has become a key focus of our efforts to understand and address climate impacts.

While this disclosure is an important milestone in that journey, we recognize the Bank is still in the early phases of building toward high-quality data for decision making. Further work is needed, particularly in the most carbon intensive sectors. As our financed emissions data quality improves, it will help inform our climate strategy and our ability to integrate climate solutions into our business. Future efforts will focus on the need to ensure the Bank's financed emissions reporting continues to align with industry best practices, supports third-party and regulatory expectations, and enables high-quality internal decision making.

Additional Information:

Fifth Third's 2022 Task Force on Climate-Related Financial Disclosure Report

Fifth Third's 2022 Sustainability Report