

# moving ahead

2012 KeyCorp Corporate Responsibility Report



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**“A conscientious corporate citizen strikes a balance between earning returns and a responsible means of doing so.”**

Bruce Murphy, Head of Corporate Responsibility

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## a message from Beth Mooney

Dear Stakeholder,

I am pleased to share our second Corporate Responsibility Report, designed to offer transparency and clarity to you, our partners in responsibility. KeyBank has a long and rich tradition of responsible decision making, and we appreciate the opportunity to analyze and report specific data, to become even stronger and more focused. As we do so, we recognize that our industry continues to experience significant change and an uncertain economy, which creates many challenges to meeting stakeholder expectations. Yet, we will continue to meet those challenges with the highest levels of standards and behavior. This report reflects the investments we're making toward this end. I hope you'll find these investments reflect the character of our company and reveal our focus on acting responsibly in all that we do.

While there are a variety of ways to define corporate responsibility, to us it means: offering responsible banking services and products; ensuring our operations are executed in a responsible manner, specifically with consideration of the environment; and being an engaged citizen, both locally and globally.

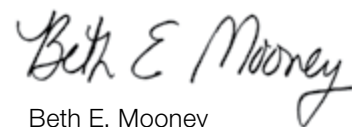
Becoming a leader in the corporate responsibility space means we have a number of immediate short-term goals, toward which we are currently driving. First and foremost, we will continue providing responsible banking products and services to our clients and lead the way for others in the financial industry to do so, too. We will continue our responsible operations, with a focus on 2016 sustainability goals, noted on page 42 of this report. We also intend to set second generation environmental sustainability goals, to be announced in 2014, and we will continue giving back extensively through philanthropy, volunteerism, and our support of diverse companies and individuals in our communities, including our employees.

Within the next year, we will turn our focus to the concept of "materiality," by first conducting a comprehensive materiality assessment and engaging our stakeholders, who can help us better understand the environmental, social, and governance issues material to our business. From there, we will redefine our management approach for material GRI aspects and improve our data measurement, management systems, and internal processes to enable better transparency of our performance.

Long term, we will continue to engage with and respond to our stakeholders. We are in business to deliver returns to them, and recognize our responsibility to do so while leaving future generations with stable economic and social conditions and a healthy environment.

While there is much to accomplish, I'm proud of the great successes we had in 2012. In particular, we made outstanding progress towards our 2016 sustainability goals by: reducing our carbon footprint by eight percent from the year prior; earning the ENERGY STAR label for more than 200 commercial buildings; achieving the first LEED EB O&M Platinum certification in the United States for a data center; and earning LEED EB O&M Platinum certification – the highest level recognition from the USGBC – for two of our corporate facilities in Ohio.

Although corporate responsibility results are sometimes less tangible and harder to measure than loans and revenue, they are just as important. We believe building a better world starts at home, with our own products, services, operations, and people. We commit to greater and consistent growth in all areas and look forward to building a better local and global community with you. Thank you for sharing our interest in corporate responsibility and being an important partner on our journey



Beth E. Mooney  
Chairman and Chief Executive Officer

November 2013

## a message from Bruce Murphy

Dear Stakeholder,

As leader of KeyCorp's corporate responsibility efforts, I am proud to join with KeyCorp Chairman and CEO Beth Mooney in sharing our 2012 Corporate Responsibility Report.

Although I have been at Key for 24 years, I will never lose appreciation of the level of unquestionable support our responsibility efforts receive, from the Board of Directors down to individual contributors. Our leadership provides not only budgetary resources, but staffing, planning, infrastructure, and approval to ensure our bank consistently ranks among the top responsible financial services companies in the United States. Indeed, in recent years, our efforts have been noticed and applauded by shareholders, analysts, consumer advocates, nonprofits, and government agencies alike.

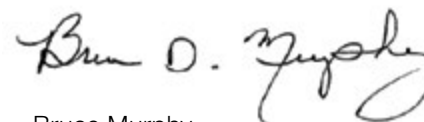
Despite all the attention, we realize we are at the beginning of the journey and must continue to set and surpass substantial goals. Guiding us on our journey will be our strong foundation of corporate values. Our stated purpose is to help clients and communities thrive and, each day, we recommit to fulfilling that promise in a responsible manner for the benefit of our shareholders, customers, employees, and communities.

Being a responsible corporate citizen means contemplating an effective balance between achieving consistent and sustained shareholder returns and how those returns are achieved. As we navigate the business, regulatory, and social environments, we commit to making informed choices to the highest ethical standards. How we conduct ourselves while achieving returns and the impact we have can and should be measured and then offered as a part of the value proposition to customers. It is important that our approach is understood, approved of, and valued by our stakeholders, and this report is an important step in ensuring clear communication.

As a company, we have a culture and a long history of making significant and broad investments in our communities. We have been able to advance our work with the underserved, maintain a consistent history of outstanding Community Reinvestment Act (CRA) performance, and maintain a consistent history of tax credit and affordable housing investments in the community, even when others retreated from the market. Our foundation has proven able to make strong strategic philanthropic investments in economic self-sufficiency, workforce development, and financial education initiatives, each highlighting values important to our company. Further, our supplier diversity efforts consistently receive national recognition as best in class, and our investments in sustainability, including eco-friendly branches, online statements, investments in renewable energy projects, and our "Go Green" auto loan program reflect robust and meaningful work.

Beyond the investments in our community and sustainability, we have distinguished ourselves with an equitable and fair approach to product and service offerings. We take a client-insight-driven approach, where the client remains the center of our focus and receives transparency, choice, and control.

All of these accomplishments and our foundation of solid investments have put our company in a positive position and prepared us to broaden our impact on the material matters that drive KeyCorp and responsibly impact our stakeholders. I hope that you find the goals that we set, our performance against those goals, and our history of engagement to be reflective of the character of our company.



Bruce Murphy  
Head of Corporate Responsibility

November 2013

## about this report

At the foundation of this report are metrics developed by the Global Reporting Initiative (GRI), an organization based in Amsterdam, Netherlands. GRI is a leader in the sustainability field, and they promote sustainability reporting as a means for organizations to become more sustainable and contribute to sustainable development. GRI's framework standardizes how companies measure, manage, and report environmental and social performance, and their standards are high.

Today, thousands of companies around the world report their sustainability performance. In fact, 95 percent of the 250 largest companies do so, with 80 percent of them using GRI guidelines.\* This number will likely only increase in the years to come. Other organizations, similar to GRI, monitor and track corporations' responsible actions, but we believe GRI is the international standard and are most confident in them as a partner.

This is our second annual Corporate Responsibility Report against the GRI framework, and it covers the period from January 1, 2012 to December 31, 2012. Our previous CSR report was issued in August of 2012. Each time, we have applied at what GRI categorizes a "Level C." In the future, we plan to report annually in the second quarter of each year, reflecting results from the previous calendar and fiscal year. We intend to continually expand our reporting to GRI in the future, and we are committed to improving our performance and transparency.

The content of this report was defined by Key's Environment and Social Governance Council, led by Chris Gorman, President of Key Corporate Bank. We believe this report accurately represents our response to the expectations, issues, and interests of stakeholders, including our shareholders, employees, clients, corporate peers, our Board of Directors, and executive leadership. With them, we identified the environmental and social risks, issues, and opportunities that are important or material to our business and then developed responsibility goals and priorities. We expect that our stakeholders will read this report and will use this information to help us set and achieve goals in the future.

\*KPMG international survey, 2011.

part 1:

# organizational profile

How we organize our company speaks volumes about what's important to us and what we consider critical to running a sustainable company. Our organizational profile includes our governance structure, how we organize our operations, the way we conduct business, and how we interact with our stakeholders. We are pleased to share this information with you in the following pages.



## KeyCorp Board of Directors

**Top row:** (left to right)

Alexander M. Cutler  
Barbara R. Snyder

**Middle row:**

Bill R. Sanford  
Joseph A. Carrabba

**Bottom row:**

Elizabeth R. Gile  
Ruth Ann M. Gillis  
Charles P. Cooley  
Thomas C. Stevens\*  
Edward P. Campbell  
Beth E. Mooney  
H. James Dallas  
Kristen L. Manos  
William G. Gisel, Jr.

Twelve of our fourteen directors are independent. Our director independence standards conform to the New York Stock Exchange independence standards. The specific standards are set forth on Key's website: [key.com/ir](http://key.com/ir).

*\*Not standing for re-election in 2013.*





## **governance**

Accountability starts at the top. Our Board of Directors, elected by KeyCorp's shareholders, oversees the management of KeyCorp and its business and is committed to sound and effective corporate governance principles and practices.

### **Board of Directors leadership structure**

The Board believes that KeyCorp should maintain the flexibility to separate or combine the Chairman and Chief Executive Officer roles from time to time and on a case-by-case basis. Currently, KeyCorp employs a successful leadership model under which its Chief Executive Officer also serves as Chairman of the Board. The first woman to lead a top 20 U.S. bank, Beth Mooney is KeyCorp Chairman and CEO, a director of KeyCorp, a member of Key's Executive Council, and a member of the Management Committee.

### **Members**

At December 31, 2012, six of KeyCorp's 14 Board members were sitting or retired CEOs and 12 were independent directors under the New York Stock Exchange's and KeyCorp's standards of independence (not including Chairman and CEO Beth Mooney and Vice Chair Thomas Stevens). Women and minorities comprised more than 40 percent of the Board.

### **Meetings**

In 2012, there were seven meetings of KeyCorp's Board of Directors. At every regularly scheduled Board meeting, the independent members of the Board met in executive session, i.e., without Ms. Mooney, Mr. Stevens, or any other employee of KeyCorp present.

"Governance" continued next page.

"Governance" continued.

## Board committees

The Board exercises its powers through its five standing committees: *Executive; Audit; Compensation and Organization; Nominating and Corporate Governance; and Risk*. Standing Board committees consist solely of independent directors, and board members averaged 98.2 percent attendance at Board and committee meetings in 2012.

Following are descriptions of the three committees that oversee our corporate responsibility work:

**The Executive Committee** exercises the authority of the Board on any matter requiring Board or Board committee action between scheduled Board or committee meetings.

**The Risk Committee** continually identifies, evaluates, and manages all material items that fall within each major category of risk: credit, liquidity, market, compliance, operational, strategic, and reputational. The committee also ensures the company focuses on the challenges associated with climate change and its potential to drive regulatory changes that could affect Key's operations. The Board assesses our risk philosophy, policy, framework, and governance structure for managing risk across the entire company, as well as our corporate risk tolerances for each of these categories. Each year, our Board of Directors reviews and approves our Enterprise Risk Management program.

## The Nominating and Corporate Governance Committee:

- Recommends to the Board nominees or candidates for election as directors
- Oversees the annual Board self-assessment process, including the individual director self-assessments
- Oversees KeyCorp's policies and practices on significant issues of corporate social responsibility
- Oversees general Board corporate governance matters
- Annually reviews and recommends a director compensation program that may include equity-based incentive compensation plans
- Oversees and reviews KeyCorp's directors' and officers' liability insurance program
- Facilitates a meeting of independent Board committee chairs to discuss the link between risk and compensation at KeyCorp

NOTE: no executive officer of KeyCorp has any role in determining the amount of director compensation, although the Nominating and Corporate Governance Committee may seek assistance from our Management Committee in designing equity compensation plans for directors.

## how we are organized

KeyCorp traces its history back more than 160 years. Headquartered in Cleveland, Ohio, it is the nation's 15th-largest U.S. bank-based financial services company. The corporation is publicly held (NYSE:KEY), and its scope includes approximately 15,589 employees, two million clients, approximately \$89.2 billion in assets, and annual revenue of \$4.25 billion as of December 31, 2012.

### KeyCorp's operations are organized into the Key Community Bank and Key Corporate Bank

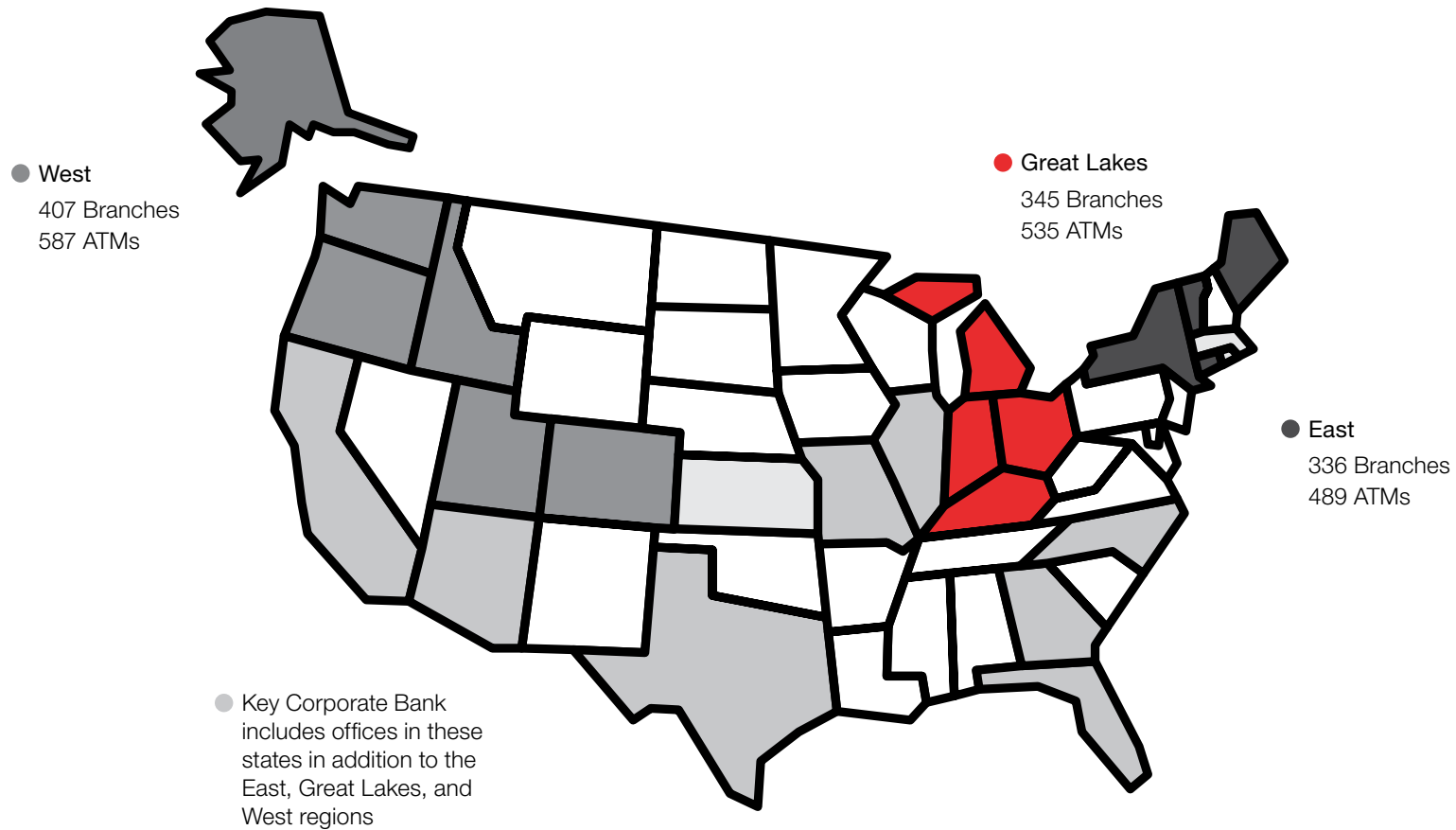
**Key Community Bank** business units are Consumer Banking, Commercial and Business Banking, and Key Private Bank. Through these business units, Key provides deposit, lending, cash management, and investment services to individuals and small- and mid-sized businesses under the name KeyBank National Association. The Community Bank presence includes:

- 1,088 branches in 14 states, from Maine to Alaska
- 1,611 ATMs
- Four regions and 21 districts
- Two call centers
- Mobile and online (key.com) channels

Key views its extended geographic footprint as an advantage, because it encompasses economic diversity and enables the bank to explore a wide range of business opportunities, pricing, and risk management.

**Key Corporate Bank** operates from offices within and beyond Key's 14-state branch network. Its reach extends both across the U.S. and to more than 30 countries, and includes several lines of business:

- **KeyBanc Capital Markets®**: provides deep industry expertise and a complete suite of corporate and investment banking solutions to companies in targeted verticals, which include Consumer & Retail, Healthcare, Industrial, Oil & Gas, Real Estate, Technology, Utilities, Power & Renewables, and Diversified Industries. With nearly 550 professionals across a national platform, the firm has more than \$20 billion of capital committed to its clients. Its award-winning equity research team provides coverage on more than 500 companies.
- **KeyBank Real Estate Capital**: a leading provider of commercial real estate finance, including construction and interim finance, permanent mortgages, commercial real estate loan servicing, and investment banking and cash management services for all property types. It is one of the nation's largest and highest rated commercial mortgage servicers.
- **Enterprise Commercial Payments**: delivers a set of integrated solutions, which includes treasury management, international trade, foreign exchange, merchant services, commercial cards, and institutional asset services to clients throughout KeyBank.
- **KeyBank Public Sector**: encompasses a team of professionals dedicated to delivering value-added capital markets and banking solutions to governments, higher education institutions, and national nonprofit organizations. Bankers are organized to align deep industry knowledge with a comprehensive product offering, enabling Key to deliver "product-neutral/solution-driven" advice and services to its clients.
- **Key Equipment Finance**: is one of the largest bank-based equipment finance providers in the nation. The unit specializes in the technology, healthcare, and renewable energy markets, as well as other capital assets.



**14** states **1,088** branches **1,611** ATMs

As of December 31, 2012.

# \$89.2 billion

total assets

# \$4.25 billion

total revenue

Approximate value as of December 31, 2012.

## how we conduct ourselves

Key's strategy is to grow by building relationships through client-focused solutions and extraordinary service, while the company's purpose is to help clients and communities thrive. To do this, we rely on the Key Values – Teamwork, Respect, Accountability, Integrity and Leadership – which lie at the heart of the bank and drive employees' everyday decisions.

Key's Code of Ethics is based on the Key Values and is foundational to employee and board conduct. It provides a set of uniform principles from which we conduct our business and ourselves, and it demands integrity regarding our interactions with clients, vendors, business partners, fellow employees, and others. The Code includes strong anti-corruption policies and practices, including language defining corruption and bribery, and it states Key's zero-tolerance policy. It addresses Key's Foreign Corrupt Practices Act policy and related laws that prohibit corrupt activities with foreign and domestic governments and officials. The Code is reviewed annually and approved by the Compliance Risk Committee, the Enterprise Risk Management Committee, and the KeyCorp Board of Directors (both the Audit Committee and full Board).

Our Code of Ethics is part of a broader, well-defined set of practices that guides all aspects of conduct and includes:

- Code of Ethics\*
- Code of Professional Conduct\*
- Code of Conduct for Doing Business with Public Entities\*
- Foreign Corrupt Practices Act (FCPA)\*
- Agreement Regarding Trade Secrets, Intellectual Property, and Non-Solicitation of Employees\*
- High Risk Customer, Product, Service, and Geography Policy: laws and regulations require us to identify and manage, in order to limit the potential for money laundering and terrorist financing. Because certain types of clients, products, services, and geographies are more vulnerable, we have implemented a High Risk Customer, Product, Service, and Geography Policy. The Policy states that we will conduct business only with those we reasonably believe to be of good reputation and who have accumulated their wealth through legitimate means. We do not accept customers who we believe have engaged in unlawful activity. We also treat senior foreign political figures, their families, and their associates as high risk customers.

In addition to the compliance requirements above, we have a number of departments and policies that guide our conduct, including our:

- Compliance Department
- Equal Employment Opportunity and Affirmative Action Policy
- Green and Sustainable Goals and Practices
- Diversity and Inclusion Council
- Supplier Diversity Sourcing
- Community Leadership Gift Program
- Employee Matching Gift Program
- Jury Duty Policy
- Military Leave Policy
- Employee Volunteer Policy, including Neighbors Make The Difference® Day

\*Each year, 100% of employees are required to complete a Conduct and Ethics training course, pass an exam, and certify their compliance with the first five conduct-related policies in the list above.

# our purpose

We help our clients and communities thrive.

# our client promise

You will always have a champion in KeyBank.

We strive every day for your personal and business success.

# our values

**Teamwork:** We work together to achieve shared objectives.

**Respect:** We value the unique talents, skills, and experience that diversity and inclusion provide.

**Accountability:** We deliver on what we promise.

**Integrity:** We are open and honest in everything we do.

**Leadership:** We anticipate the need to act and inspire others to follow.



## Stakeholder engagement

Our stakeholders are the reason we are in business and are extremely important to us. Every day, we execute our strategy with focus and discipline in order to meet and exceed their expectations, and we aim to communicate as clearly and as regularly with them as possible. We engage with each set of stakeholders in a variety of ways: through regular in-person meetings, by phone, email, online, and through social media. By surveying our stakeholders, we learn of their expectations, concerns, and interests, and we believe this report is a substantive response to their requests for information. Our stakeholders include:

- KeyCorp Board of Directors
- Employees and their families
- Shareholders
- Debt holders
- Clients
- Contractors
- Managers of buildings in which we lease space
- Other institutions in the financial services industry
- Companies in our supply chain
- Our communities and their leadership
- Regulators
- Stock exchanges
- Vendors
- National, state, and local government agencies
- Nonprofit agencies
- Educational and research institutions

We value the opinions of all of our stakeholders.

Anyone who wishes to share comments and views about KeyCorp with the Board may mail a statement to KeyCorp at its corporate headquarters in Cleveland, Ohio. Correspondence should be sent to the following address and marked “Confidential”:

### Lead Director, KeyCorp Board of Directors

c.c. Secretary of KeyCorp  
KeyCorp  
127 Public Square  
Cleveland, OH 44114

For shareholders, we have a specific means of addressing concerns and suggestions. Shareholders may submit proposals to be considered for inclusion in KeyCorp’s annual proxy statement in accordance with the provisions of Rule 14a-8 of the Securities Exchange Act of 1934. Shareholders may submit proposals for consideration outside of Rule 14a-8 as long as the Secretary of KeyCorp receives the proposal 60 to 90 days before the annual meeting. Among other items, shareholders must submit the text of their proposal and a brief written statement of the reasons why he or she favors it.

Additional means of contacting us:

**Phone:** 216-689-3000 or 1-800-539-8336

**Email:** [general@keybank.com](mailto:general@keybank.com)

**Twitter:** @KeyBank\_Thrive, @KeyBank\_News, @KeyBank\_Help, @Key4Women

**Facebook:** [facebook.com/KeyBankCommunity](https://facebook.com/KeyBankCommunity)

part 2:

# responsible banking

Responsible banking means conducting the core business of banking with integrity, and it includes our products, services, pricing, and approach to clients. When we build our products with fairness in mind, establish consistent policies, and exhibit transparency, we build trust with our clients. The result is financial success for them and us.

## Building momentum

Leaders of KeyBank's corporate responsibility initiatives visit Cleveland's Uptown District, a 4.65-acre mixed-use project five miles from downtown Cleveland, that ties together important cultural institutions. KeyBank provided a New Markets Tax Credit loan of \$9,000,000, as well as nearly \$9,000,000 in New Markets Tax Credit investments to Uptown.

*Pictured (L-R):*

**Mike Griffin:** Head of Community Development

**Poppie Parish:** Head of Economic Inclusion & Client Education

**Jessica White:** Chief Sustainability Officer

**Bruce Murphy:** Head of Corporate Responsibility

**Margot Copeland:** Chair, KeyBank Foundation and Chief Diversity Officer



## building fair products and services

It's our responsibility to build fair products and services for our clients, provide access and transparency, and offer them our very best counsel and advice. First and foremost, our products are compliant with all laws and regulations, but we then go beyond compliance to greater client commitment.

We offer the FDIC's definition of "safe products" to consumers. In building and delivering our products, we take special care to make sure they are reasonably priced for clients, and we treat all clients with equal consideration. We also take into consideration all income and asset levels, from the unbanked without bank accounts to the affluent. We have a built a blind standard for fee refunds, have solutions for both clients and non-clients, and rely on objective data when making loan decisions.

It's also important to us that our products allow a client to control his or her experience. This means providing choices. Each of our product sets has options, so clients can select the best option for

them and avoid fees. We provide transparency in describing how our products work and any associated fees, by describing our products clearly, in plain language, so clients can understand and make good decisions.

As part of building a sustainable economy, our products specifically create opportunity for clients to build wealth. We meet people where they're at financially, no matter where that starting point is. Whenever necessary, we help people move from financial instability to stability, and then beyond to financial capability, growth, and wealth. In addition, clients are rewarded for building comprehensive relationships with us, which benefits them monetarily.

## innovative and responsible products and services for the underserved

Also important to us are individuals with the most fragile economic situations. Key is dedicated to helping individuals and families achieve financial success, even when they don't have a bank account, have little or no access to credit, are new to banking, or have had trouble maintaining a banking relationship in the past. Approximately 25 percent of our branches are in low- to moderate-income areas or serve low- to moderate-income individuals, and we have diligently surveyed unbanked and underbanked (the "underserved") individuals in order to understand and develop responsible solutions to their needs.

For clients and non-clients alike, we provide a suite of banking solutions and free financial education called **KeyBank Plus**, which meets the needs of the underserved population. This unique combination of solutions is designed to create economic stability and wealth-building in low- to moderate-income communities. It includes: low-fee payroll and government check cashing, fee-free money orders, checkless checking, a loan program that helps build or repair credit, and a small-dollar line of credit that's preferable to a payday loan. KeyBank Plus is available in all branches, with the check cashing service available in 300 selected branches.

- Since 2004, KeyBank Plus has provided free financial education classes to more than 27,000 people, helping them gain skills in such areas as managing money, getting and keeping good credit, and budgeting.
- Since 2004, KeyBank has cashed more than 325,000 government and payroll checks totaling more than \$200 million, charging fees much lower than payday lenders.

- In 2012, on **Super Refund Saturday**, KeyBank volunteers helped return more than \$3.5 million in refunds to hardworking low- and moderate-income individuals free of charge.
- Our financial education curriculum, **Learn & Earn**, consists of 15 free classes on topics like budgeting and getting and keeping good credit. To supplement our in-person classes, we provide personal financial information and tools at [key.com/financialed](http://key.com/financialed) and [key.com/moneymadeeasy](http://key.com/moneymadeeasy).
- We are honored to be recognized as an industry leader in our approach to the underserved by the Center for Financial Services Innovation (CFSI), the National Community Reinvestment Coalition (NCRC), the Federal Reserve, the U.S. House Finance Committee, and the FDIC.



## Focus on financial education

Through partnership with businesses and nonprofits, KeyBank's employee volunteers have taught free financial classes to more than 27,000 individuals since 2004.

Each April, KeyBank joins with former NFL player Chris Chambers to teach financial basics to Cleveland area high school football players. In addition to the classroom offering, KeyBank and Chris' C.A.T.C.H. 84 Foundation provide the "Key to Success Scholarship" to students who excel both in the classroom and on the field and demonstrate good sportsmanship.



## revitalizing neighborhoods through lending and investing

We feel a strong responsibility to help all neighborhoods within our communities thrive. Key's Community Development Banking (CDB) is a unique segment of the bank, committed to the success of underserved communities providing expertise, innovation, and leadership to help people and projects succeed. By the end of 2012, CDB had been in operation for 12 years, with a strong track record of success in creating positive change in neighborhoods.

Through CDB's lending and investing arms, Community Development Lending and Key Community Development Corporation, the segment has the capability to structure even the most complicated community-focused deals. These complex deals, which change neighborhoods and lives, include:

- Affordable housing for individuals earning below the area median income
- Permanent supportive housing for individuals with physical or mental disabilities
- Housing for the homeless, veterans, and victims of domestic violence
- Economic revitalization projects in low- and moderate-income neighborhoods

These important community projects require close partnership with federal and city governments, nonprofit organizations, and community groups. With intense focus and teamwork, we create improvements in the local quality of life.

- In 2012 alone, we committed \$863 million in loans and investments to 175 projects and properties that supported housing for low-wealth families, the homeless, and citizens with special needs, and brought jobs and businesses to our low- to moderate-income communities.
- At the close of 2012, Key's Community Development Lending segment had more than \$2.9 billion in loans and investments extended to underserved communities to stabilize and revitalize neighborhoods.

## encouraging developers, engaging policy makers

We believe that the federal tax credit programs that facilitate our CDB developments are critical, and that many of the developments would not come to fruition if not for these credits. Tax credits make neighborhood-changing projects financially attractive to both developers and to banks, especially if the proposed project is in a disadvantaged neighborhood. We encourage both for-profit and nonprofit developers to seek tax credit financing, including Low Income Housing Tax Credits, New Markets Tax Credits, and Historic Tax Credits, and we then invest in these credits. Our endorsement of these types of projects encourages those who are contemplating project investments but may be concerned about the cost, and our willingness to often lead the way has been a convincing motivator.

To ensure that the federal tax credit programs remain in place, we also actively engage with policy makers on the local, state, and national level to help them consider the benefits for their constituents and communities.



## investing in our communities



### Freedom Square and Liberty Place

We're proud to have financed \$14 million for Freedom Square and Liberty Place in White City and Central Point, Oregon, by providing a construction loan and investing in Low Income Housing Tax Credits. Freedom Square offers 18 one-bedroom apartments and two two-bedroom units to veterans, while Liberty Place houses working families. The units' energy efficiency features include Earth Advantage certified construction, high-efficiency windows, doors, heating and cooling, heat pumps, low-VOC paint, and Energy Star appliances. This is the sixth time KeyBank has financed a critical community project with Jackson County Housing Authority.



### The Winton on Lorain (aka Emerald Alliance VII)

Located in the heart of Cleveland's Lorain Station Historic District, The Winton on Lorain is the adaptation of a former commercial structure as permanent supportive housing for chronically homeless individuals. Cleveland Housing Network revived the building's original 1918 grandeur by restoring the decorative tin ceiling and original performance stage with Corinthian columns. Conveniently located within walking distance to public transportation, a nearby Veterans Administration facility, and other social services, the structure includes 40 efficiency apartments with full baths and kitchens, on-site social services, common laundry facilities, a community room with kitchen, a computer lab, and parking for residents. KeyBank provided an investment of approximately \$6 million in financing to help make The Winton on Lorain a reality.



### 12th Avenue Arts

This impressive Capitol Hill Housing project, in Seattle, Washington, included some of the most complex and creative financing we've ever assembled, and required close partnership among six separate funding sources. The new complex, slated to open in 2014, will bring together theater, office, affordable housing, retail, restaurant space, and parking for the Seattle Police Department. Key provided approximately \$20 million in loans and more than \$3 million in New Markets Tax Credit investment.

## a leader in serving the underserved: the Community Reinvestment Act

The Community Reinvestment Act (CRA) requires banks to meet the credit and banking needs of low- and moderate-income communities across America. Banks are rated “Outstanding,” “Satisfactory,” “Need to Improve” or “Substantial Noncompliance” on the CRA exam. At the end of 2012, since the passage of the CRA, Key had earned seven consecutive “Outstanding” CRA ratings from the Office of the Comptroller of the Currency for lending and investing activities, especially in underserved neighborhoods, and for providing unique solutions and services to underserved individuals.

We do not receive any government incentive or monetary benefit for going beyond a “Satisfactory” rating to an “Outstanding” on the exam. We simply believe that when we do business the right way and treat our communities in a respectful, transparent, and sustainable manner, an “Outstanding” rating is the result.

As of December 31, 2012, KeyBank was the only national bank among the 25 largest to have achieved seven consecutive “Outstanding” CRA ratings on the Community Reinvestment Act exam from the Office of the Comptroller of the Currency.

2009

2005

2001

1997

1993

1989

1985

As of December 31, 2012, KeyBank was the only top 25 national bank in the U.S. to earn seven consecutive

**“Outstanding”**

ratings on the Community Reinvestment Act exam from the Office of the Comptroller of the Currency.

## the economic impact of small business

KeyBank thinks “small business” is a “big deal,” and we know that small businesses are vital to the U.S. economy. According to the Small Business Administration, there are more than 28 million small businesses in the United States, which make up more than 99 percent of all employers and create two out of every three new jobs.

Armed with this knowledge, we have made important decisions to fully back qualified small business owners and sustain the engine of the U.S. economy to the best of our ability.

- In September 2011 we, along with 13 other national banks, agreed to increase lending to small businesses by \$20 billion by 2014.
- At the same time, we made a separate commitment to lend \$5 billion over the same time period. We hit that goal in August 2012, two years ahead of schedule.
- In 2012, the Small Business Administration (SBA) recognized KeyBank as the 7(a) Large Lender of the Year.

Since small businesses demand specific expertise from their bankers, in 2012 we committed to certifying a specialized core group of bankers dedicated to serving them. The new Small Business Relationship Manager (SBRM) role requires our bankers to complete a rigorous certification process that includes online, classroom, and experiential training, as well as observational coaching and a minimum number of completed transactions. The training ensures proficiency in lending, as well as payments products, such as cash management and merchant services. The program will ensure consistent service experience throughout our geography and that every branch is staffed with an SBRM or branch manager who has completed the program.

### **Key4Women®**

Now seven years old, the Key4Women program focuses on the unique needs of women who are business owners, business leaders, or executive directors of nonprofits. Key4Women is dedicated to bringing our clients access to capital, customized financial solutions, ongoing education, and networking opportunities.

In 2009, we set a goal to lend \$3 billion to women-owned businesses by 2012. We met that goal in April 2012, three months ahead of schedule. Since 2005, we have loaned more than \$6 billion to women-owned businesses.

The Key4Women Forums, a national educational offering for businesswomen, are held in cities across our footprint. The program also hosts events at Key branches.

Key4Women utilizes a National Advisory Board comprised of women business owners and leaders from across the country. It also demonstrates its commitment to women-owned businesses by investing in the organizations that support them, including such national entities as Women Presidents' Organization, the Center for Women's Research, and Women Impacting Public Policy.

**In 2011, we announced  
a commitment to lend  
\$5 billion to qualified  
small businesses over the  
subsequent three years.  
We reached that goal in  
August 2012 – two years  
ahead of schedule.**

**In 2009, we set a goal to lend \$3 billion to women-owned businesses by 2012.**

**We met that goal in April 2012, three months ahead of schedule. Since 2005, we have loaned more than \$6 billion to women-owned businesses.**

## financing sustainable companies

A part of responsible banking means lending to and investing in companies that can help our communities thrive. As we work to improve our own environmental performance, we seek to increase our lending, investing, and services to companies that are producing sustainable products and operating in a sustainable manner. We do this through both our Business Banking segment and KeyBanc Capital Markets.

### **Business Banking: helping businesses become fiscally fit and environmentally sound**

In recent years, many companies have undergone cost-cutting plans to conserve cash and reduce overhead through renewable energy initiatives.

Our Business Banking segment has a comprehensive suite of products and services devoted to financing energy projects that often involve the purchase or lease of specialized equipment. As a business client considers a renewable energy initiative, our “green” experts provide resources, support, and financing.

We start by helping clients develop a plan to reduce operating expenses and improve overall operational performance. Together, we discover a wide range of projects that could qualify for competitive “green” financing, which may include tax credits, rebates, grants, and other financial advantages available from the government or utility companies. Some specialty loan programs help clients take advantage of regulatory incentives when they install insulation, solar panels, and energy efficient windows and appliances. After identifying the most appropriate strategy, we help our clients secure financing and, finally, we work with vendors in the community to implement the plans and help clients realize the tangible benefits of going green.

There is good news for businesses serious about green energy investment. Aside from any initial tax credits, the implementation of certain equipment or infrastructure can reduce dependence on energy, energy use, and long-term overhead. This allows companies to put real cash back into the company, which can be used to accelerate their goals and objectives.

In addition to being an excellent way to control costs, businesses that implement these programs generate good will with their own clients. As customers continue to demand more socially responsible practices from the companies with which they do business, making investments in sustainable practices makes good business sense.

By supporting companies that have sustainability as a goal, our impact on the environment is greater than when we focus solely on our own sustainable operations.

“Financing sustainable companies” continued next page.

"Financing sustainable companies" continued.

### **KeyBanc Capital Markets: investing in wind and solar**

Renewable energy is a rapidly growing sector, with constant advancement in technologies that produce power from geothermal, hydroelectric, solar, and wind energy sources.

Within the Utilities, Power & Renewable Energy Group, KeyBanc Capital Markets (KBCM) is focused on investor owned utilities and independent power producers with wind, solar, hydro, and natural gas-fired generation facilities. In the solar and wind sectors alone, KBCM has financed over 7.5 gigawatts of project development.

KBCM has achieved a leadership position among North American financial institutions for specialized investment banking services to renewable energy companies, including EverPower, First Wind, NextEra Energy, NRG Energy, Pattern Energy Group, and Terra-Gen Power. In fact, over \$6.1 billion of KBCM's balance sheet is currently committed to the sector.

KeyBank Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member NYSE/FINRA/SIPC and KeyBank national Association ("KeyBank N.A.") are marketed. Securities products and service are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A.

As a major lender to alternative energy companies in 2012, KBCM:

- Financed over 375 megawatts of solar projects
- Financed over 1,600 megawatts of wind projects
- Committed over \$1.1 billion of capital

These alternative energy projects:

- Generate enough clean, renewable electricity to power more than 540,000 homes annually
- Contributed to the offset of carbon emissions by more than 3.9 million metric tons of CO<sub>2</sub> annually, or the equivalent of taking about 800,000 cars off the road

KBCM is also involved in forward-thinking efforts such as advisory work with developers and investors in the residential solar sector, pioneering efforts to design new financing vehicles and products to raise capital, such as YieldCos, and involvement in national policy debate, as a member of the FAIR Coalition, seeking to overcome legislative barriers to alternative capital structures for renewable power generation assets.

The Group regularly participates in national and international conferences related to financing sustainable power, helping attendees understand a variety of options for accessing and raising capital to finance alternative energy projects.



More than **2,000** megawatts  
of clean energy financed by Key in 2012.

**\$1 billion**

**Financing** committed by Key to renewable  
energy projects in the U.S. since 2007.

Approximate value as of December 31, 2012.

## Clean technology

KeyBank was proud to work with Carbon Visions to bring a 1.1 megawatt solar installation to Cuyahoga Metropolitan Housing Authority (CMHA). The solar panels provide renewable energy to CMHA's campus in the Kinsman neighborhood of Cleveland and will save CMHA roughly \$3.6 million in energy costs over the next 20 years. CMHA will direct the freed-up resources toward their mission of providing affordable housing.

*Pictured:*

Joe Paterniti, Senior Relationship Manager, Business Banking

Lisa McGovern, Senior Relationship Manager, Community Development



## part 3:

# responsible citizenship

Responsible citizenship goes beyond traditional banking activities. As a responsible citizen, we bring our values to life by fully participating in our local communities and encouraging others to join us. We educate citizens and corporations on ways to become more financially sustainable, hold our own vendors to high standards, volunteer thousands of hours to nonprofits, donate millions of dollars to programs that create change, and help our 15,589 employees conserve energy, save money, and reduce waste.

## philanthropy

Part of being a responsible citizen is giving generously to improve the quality of life in our communities. We contribute to our communities' wellbeing through our philanthropic efforts, which include: grants made by the KeyBank Foundation, our employee matching gift program, contributions to nonprofits where our employees serve as board members, and strong support of the United Way. In addition, our employees volunteer wholeheartedly in their communities.

### KeyBank Foundation

KeyBank Foundation focuses on making philanthropic investments in organizations and programs that promote economic self-sufficiency and newly-realized prosperity for families, neighborhoods, and communities. For the past six years, KeyBank Foundation has given more than \$18 million annually to nonprofit organizations across the nation. Importantly, despite the economic downturn that began in 2008, we maintained our philanthropic and volunteer community support.

The Foundation makes grants in three areas that foster economic self-sufficiency in the communities Key serves:

- **Financial Education:** we support programs that teach skills such as balancing a checkbook, establishing and following a budget, implementing a savings goal, and reducing personal debt.
- **Workforce Development:** we support programs for people entering or reentering the workforce or building their job skills.
- **Diversity:** workforce diversity and equal opportunity are essential to the wellbeing of our communities. We support organizations that foster an environment in which people can succeed regardless of race, color, religion, national origin, age, gender, gender identity, disability, or sexual orientation.

In addition to these three areas of focus, the Foundation supports arts, civic, education, and health and human service groups.

### In addition to Foundation philanthropy, we give through:

**Employee Matching Gifts:** We match qualifying employee donations, and may match an additional amount if the employee serves on a nonprofit's board or capital campaign committee. Employee donations and Foundation matching gifts totaled more than \$10 million over the past five years.

**Community Leadership Giving:** We donate to nonprofit organizations on whose boards our employees serve. Since the beginning of 2008, these Community Leadership Gifts have totaled \$1.9 million. Many of our employees volunteer as civic leaders, board members, and advisors to nonprofits and community groups.

**United Way:** In 2012, KeyBank employees pledged personal contributions of \$2,508,144 to their local United Way agencies. Key's 2012 corporate contributions to those agencies were \$1,855,849.



**13%**  
**financial education**  
 \$1.4 million



**9%**  
**other/quality of life**  
 \$1.1 million

2012 KeyBank Foundation program grants:

**61%**  
**workforce development**  
 \$7 million



**17%**  
**diversity**  
 \$2 million

Clockwise from top:

**Financial Education:** We support programs that teach skills such as balancing a checkbook, establishing and following a budget, implementing a savings goal, and reducing personal debt. Pictured are students engaged in a free "Learn & Earn" class at our Financial Education Center.

**Other/Quality of Life:** We're proud to foster the arts, and support civic, education, and health and human service groups.

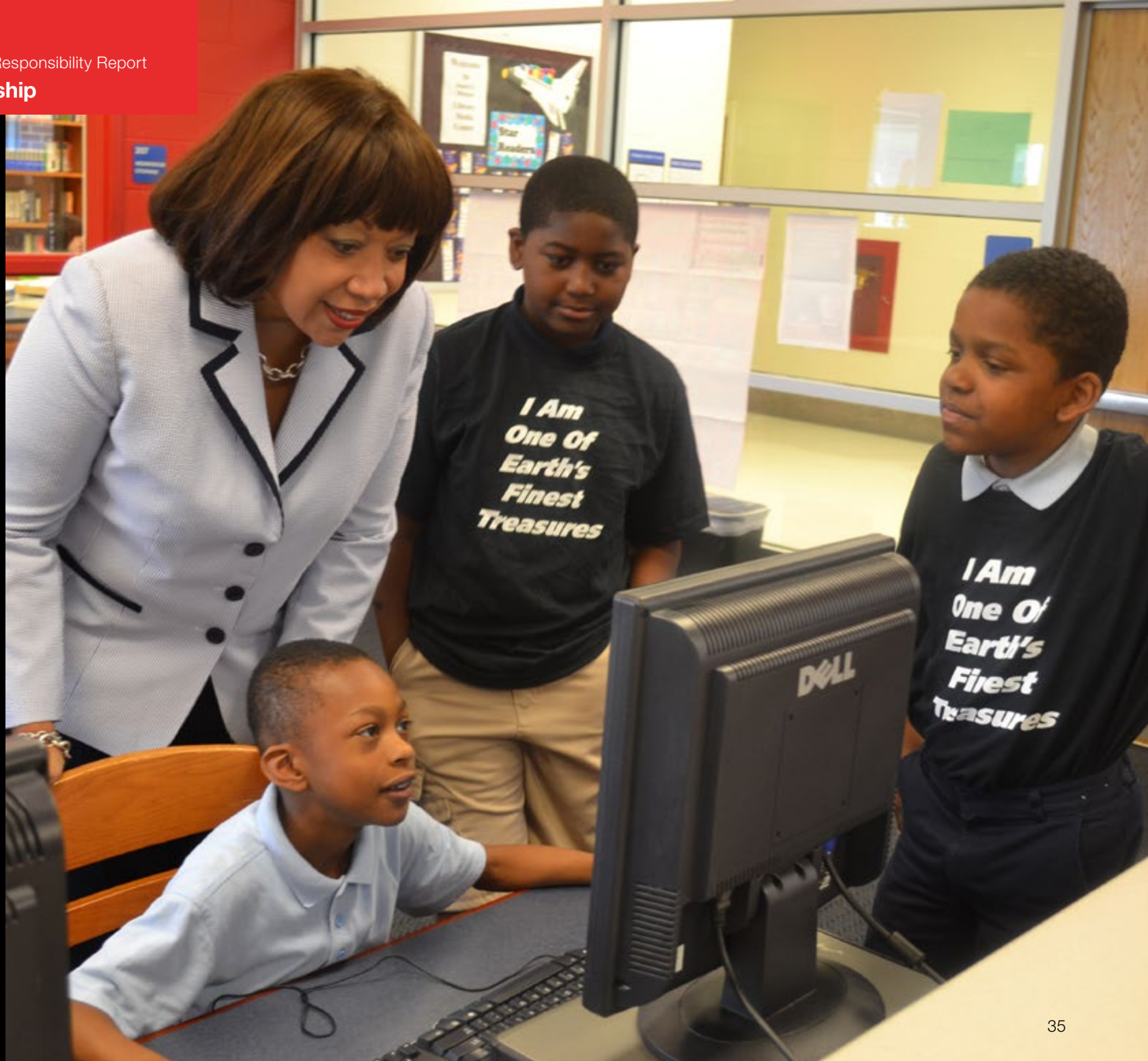
**Diversity:** Important to us are organizations that create environments where people of diverse backgrounds can succeed. Pictured are student recipients of The KeyBank Foundation Minority Medical Student Fellowship with KeyBank Foundation Chair Margot Copeland and KeyCorp Chairman and CEO Beth Mooney.

**Workforce Development:** Our grants support people entering or reentering the workforce or building their job skills. Pictured are college students who participated in Key's annual Minority MBA Business Case Competition.

## Supporting STEM

In support of the Cleveland Metropolitan School District's STEM (Science, Technology, Engineering, Mathematics) education program, KeyBank provided classrooms and computer labs at three high schools and nine K-8 schools with 1,900 refurbished computers. KeyBank is committed to ensuring that children in Northeast Ohio have the tools and education they need to become modern workforce leaders and succeed in high-tech careers.

*Pictured:* Margot Copeland, KeyBank Foundation Chair and Chief Diversity Officer, shares time with students from Daniel E. Morgan School at their newly donated computers.



## diversity and inclusion at Key

We believe that we are stronger when our company is made of diverse individuals with unique backgrounds, experiences, and ideas. A talented and diverse workforce also reflects the people, markets, and communities we serve and allows us to better connect with them.

### Diversity and Inclusion Council

Ensuring a diverse employee base and an inclusive atmosphere is so important to our business that at the end of 2012, we convened our first-ever Diversity and Inclusion Council at KeyBank. The Council, comprised of top executives from the Management Committee, is committed to the goals of increasing diversity, promoting an inclusive environment, and enhancing employee engagement with an eye toward productivity.

Key works diligently to create a work environment free of discrimination and harassment in which every employee is treated with respect. Key is committed to equal opportunity for employment for all individuals regardless of race, color, religion, gender, genetic information, sexual orientation, actual or perceived gender-related expression, identity, mannerisms or other gender-related characteristics, national origin, citizenship status, marital status, age, mental or physical disability, veteran status, or any other characteristic protected by applicable law.

### Key Business Networking Groups

Our Key Business Networking Groups (KBNGs) are critical partners in our diversity strategy. These employee groups have three purposes: to help us attract, recruit, and retain a diverse workforce that reflects the communities where we do business; to aid in the professional development of KBNG members; and to help us reach out to, and better understand, our clients and communities. Each KBNG is led by an executive sponsor and a team responsible for setting and monitoring the group's direction.

Our nine KBNGs are open to all employees:

- African American
- Asian
- Champions of People with Disabilities
- Hispanic / Latino
- Jewish Cultural
- Key Executive Women's Network
- Lesbian, Gay, Bisexual, and Transgender and their Allies
- Millennials
- Military Inclusion

### Key Diversity Thought Leadership Series

In partnership with The City Club of Cleveland, the nation's oldest continuing independent free speech forum, Key sponsors conversations about the positive effect of inclusive environments. The City Club KeyBank Diversity Thought Leadership Series speeches are broadcast live to more than 400,000 weekly listeners.

### Recognized for diversity

Since 2005, KeyCorp has consistently been named by *DiversityInc* magazine for excellence in diversity management and advocacy, CEO commitment, human capital, corporate communications, and supplier diversity. In 2012, we were named one of *DiversityInc*'s "25 Noteworthy Companies" and "Top 10 Regional Companies."

KeyCorp has also received five perfect scores of 100 on the Human Rights Campaign Corporate Equality Index, a national benchmark of how businesses serve and support LGBT (lesbian, gay, bisexual, and transgender) consumers, employees, and investors. KeyCorp is the only banking and financial services institution headquartered in Ohio to receive a perfect survey score.



## supplier diversity and economic inclusion

Not only do we strive for diversity within Key – we strive to work with diverse business partners, as well. We have a robust and disciplined way of engaging and hiring companies that can supply important products and services to Key, and we are especially focused on expanding relationships with minority-, women-, and veteran-owned businesses. Our ability to bring others with us on the diversity journey has made us an industry leader. In fact, our 2012 spend with diverse suppliers was 18 percent of our total procurement – more than twice the national average for publicly traded corporations.

We purchase a variety of goods and services from diverse companies, including: marketing, communications, information technology, construction, travel, office supplies, and legal and human resources. Our relationships with our suppliers benefit both us and them: while they help us deliver exceptional products and services to our clients, having our business allows them to succeed, provide jobs, and build wealth in our communities. We see diverse suppliers as engines of economic development, and we encourage their success.

By putting our potential vendors through a rigorous process, we are also better able to understand them should they become clients. Large diverse suppliers also bring us additional business, especially their own vendors and other diverse firms.

A great deal of thought goes into our approach to supplier diversity, and our disciplined Supplier Diversity team establishes a measurable corporate-wide supplier diversity procurement process that includes:

- Providing a level playing field for all suppliers
- Providing employees with access to diverse suppliers in their communities
- Helping primary suppliers track the secondary suppliers they use, as we require a percentage of secondary suppliers to be diverse

It's also important to us that our vendors share our diversity and inclusion values. Our supplier selection is rigorous and based on many requirements, including:

- Quality products and services
- Competitive pricing
- Technical capabilities
- Proactive product service support
- Effective follow-through
- Compliance with all laws, including human rights and child labor laws.

From 2008 through 2012, we spent more than \$609 million with diverse suppliers.

# 18%

Our 2012 **procurement spend with diverse suppliers** – more than twice the national average for publicly traded corporations.

## Inclusive by design

Vocon is a women-owned business enterprise and a leading design firm specializing in strategy, interior design, architecture, sustainable design, and technology. Vocon has partnered with KeyBank to create distinctive, productive, sustainable, and healthy work environments for our employees.

*Pictured:*  
Debbie Donley (right)  
Principal of Vocon, and  
Valerie Molinski, Vocon's  
Director of Sustainability,  
stand in the LEED Silver  
certified Cleveland District  
Headquarters located in  
Key Tower in Cleveland, OH.



## important community initiatives



### Neighbors Make The Difference® Day

Community service is embedded in Key's culture. On May 22, 2012, more than half of KeyBank's workforce volunteered at more than 1,000 nonprofit organizations, from Alaska to Maine, for KeyBank's annual Neighbors Make The Difference Day. Our employees mentored students, taught financial education courses, built and repaired facilities, packed food at local food banks, planted gardens, and cleaned up local parks. Originally a day when Alaskan employees went into their local communities to volunteer on several projects, the concept quickly spread throughout the company and is now an official day of service. KeyBank kicked off its 22nd Neighbors Day in 2012 with its first-ever flash mob, complete with paint cans and brushes: <http://www.youtube.com/watch?v=2ED1X38Nu-4>.



### Key to Safe Teen Driving

This mobile driving safety program uses professional driving instructors from the Mid-Ohio School and engages students at Midwest high schools located near KeyBank branches. Key offers the three-hour class in conjunction with local tire dealers, AAA clubs, and other organizations.

Teens participate in classroom instruction and learn how to brake on wet pavement or handle an emergency lane change. They then hop into the Honda Skid Car, specially designed to mimic a car that is skidding out of control.

Participants like the program and how much better they feel about their driving skills at completion, while parents are excited to see their teens developing more competence and confidence behind the wheel.



### Super Refund Saturday

Each year, hundreds of Key employees volunteer to help low- and moderate-income individuals file their federal tax returns and receive important refunds, free of charge. In 2012, more than 290 KeyBank volunteers helped hard-working people maximize their refunds and:

- Served 1,495 taxpayers
- Processed more than \$3.5 million in federal tax refunds
- Helped put \$1,480,000 of Earned Income Tax Credit back into the pockets of individuals who needed it most



## our employees

We believe we have the best employees in the industry. Because we value our employees and take care of them and their families, they are able to best care for you. Our employees demonstrate the Key values with each decision they make, and you'll see it when you interact with them. They are the face of Key in your community, and we are proud of them!

Our employees have told us they want to work for a company that directs resources to provide future generations with a healthy environment and stable economic and social conditions. We're proud that our employees are leading and participating in our sustainability efforts. In 2012, Key continued its employee **Green Network** and launched **project impACT**, a facility-based, team approach to empower employees to take action on sustainability. The program encourages employees to form teams at their workplaces to focus on improving the sustainability of those facilities or to address wellness or philanthropic initiatives.

Because we hire motivated, community-focused employees, we find they naturally spend time giving back to their communities. We encourage them to do their part and exercise the Key Values. Our 2012 employee volunteer efforts included:



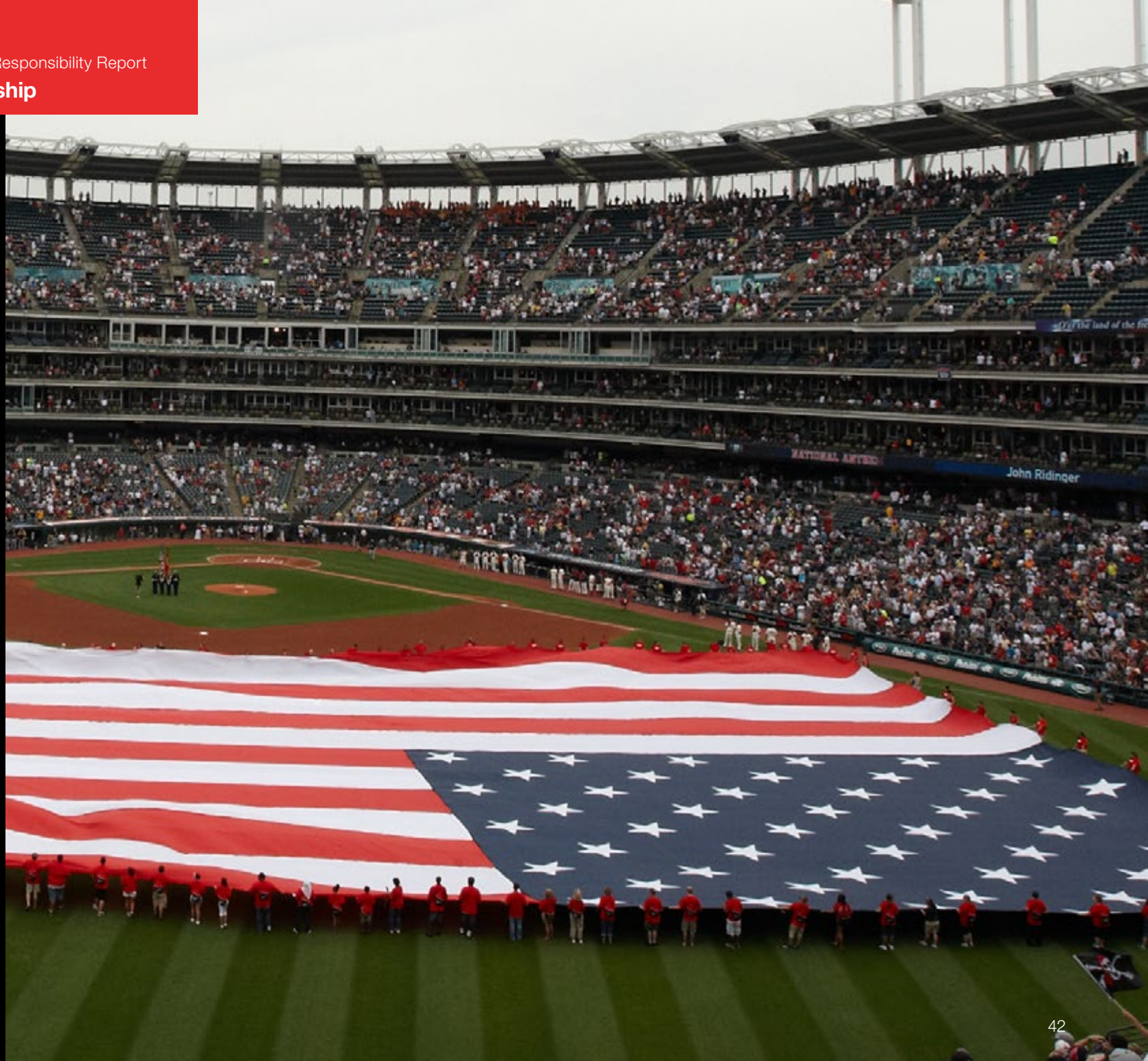
- On May 24, **Neighbors Make The Difference® Day**, an annual company-wide day of volunteerism in local neighborhoods, more than 7,000 employees volunteered a total of 32,000 hours, or nearly \$1 million in salary equivalency, on nearly 1,000 projects nationwide.
- More than 500 employees volunteered and were trained to teach KeyBank's free **Learn & Earn** curriculum to residents throughout Key's 14-state footprint.
- Our employees volunteered a total of 81,000 hours in the communities where we work and live, including providing financial education classes to 5,400 clients and non-clients alike.

Volunteerism is an excellent indication of employee engagement. We are proud to report that our engagement score climbed 5 percent from the previous year, despite the fact that 2012 engagement scores for companies declined by an average of 3 percent.

## Making a difference for our troops

In honor of Flag Day and Marine Week, more than 200 Key employees, friends and family members attended the June 16 Cleveland Indians/Pittsburgh Pirates game at Progressive Field in Cleveland, Ohio. The participants, many of whom belong to KeyBank's Military Networking Group (KBNG), took part in holding a giant American flag on the field during the National Anthem.

Key's Military KBNG leads multiple volunteer activities throughout the year, including collections and mailboxes for deployed service members, wounded warrior projects, and support for children of deployed members.



## part 4:

# responsible operations

Responsible operations include the infrastructure, processes, and systems that help us run our business. As with most financial institutions, buildings are the largest contributor to our environmental footprint and to climate change. Decreasing our consumption of natural resources and energy, reducing greenhouse gas emissions, and managing our waste responsibly has multiple benefits. We reduce our environmental impact, improve our efficiency, improve our communities, and deliver stronger value to our shareholders. In the following pages, we share five goals we've set toward improving our operations and the progress we've made.

## identifying risk, setting operational goals

Where our business intersects with the environment, we are keenly attuned to the risks posed to Key's survival, as well as our own effect on the planet. With a long-term view, we intend for Key and future generations to enjoy a healthy natural environment with stable economic and social conditions.

Although Key has identified numerous potential risks due to climate change, we believe any negative effect on our business operations and financial performance will be minimal over the next three to five years. Nevertheless, we carefully monitor issues of scarcity, pollution of natural resources, and volatile world economic conditions that may be driven by limited or polluting sources of energy. In addition, we note risks created by climate change, including changes in weather patterns that can cause significant property damage and drive commodities pricing, new regulation, and increased demand on natural resources.

We also recognize that our employees, clients, buildings, supply chain, and neighbors could be affected by water shortages, higher energy costs, power loss, or extreme weather, which could cause temporary or permanent branch or office closures. The probability, frequency, severity and impact of these events could vary by locality and facility, and we build contingency plans for all of the aforementioned scenarios.

More directly under our control are the direct effects of our own operations on the environment, and we are committed to addressing them and earnestly making improvements. In 2010, Key established five operational goals, targeted for 2016, to drive improvement and reduce our environmental impact. We have internal systems in place to measure, manage, and report our environmental and social performance, and we are continually improving these systems. While we are proud of our progress towards our goals, we believe there is no finish line, and we look forward to setting additional goals in the months and years to come. Our current goals and progress toward them in 2012 are highlighted in the following pages.

## GOAL #1:

**Carbon emissions: reduce our absolute carbon footprint by 20 percent by 2016 against a 2009 baseline.**

**Progress:** In 2012, we reduced our carbon footprint by 8 percent from the prior year. Key's total carbon footprint in 2012 was 84,246 metric tonnes CO<sub>2</sub>e\*, a reduction of 17 percent from the 2009 baseline and a reduction in Scope 1 and Scope 2 emissions of 6,433 tonnes CO<sub>2</sub>e over 2011 volumes. We are proud of this success but not satisfied. We look forward to setting a second generation carbon reduction goal much earlier than anticipated. In our third year of a seven-year plan, we are 85 percent of the way to our goal to reduce our absolute carbon footprint by 20 percent by 2016.

\*Carbon Dioxide equivalent (CO<sub>2</sub>e) is the measure used to compare the emissions from various greenhouse gases based on their global warming potential.



Key's environmental footprint:

**9,839,810**

rentable square footage

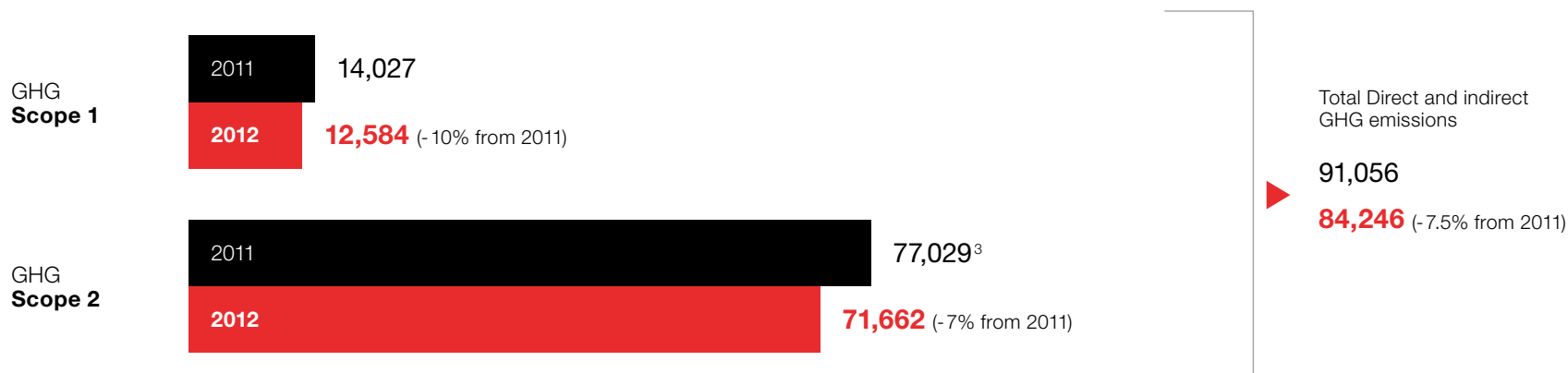
**15,589**

employees

Full year average as of December 31, 2012.

## CO<sub>2</sub>e<sup>1</sup> emissions:

### Direct and indirect GHG<sup>2</sup> emissions (mtCO<sub>2</sub>e)



### Indirect GHG emissions (mtCO<sub>2</sub>e)



<sup>1</sup>Carbon Dioxide equivalent (CO<sub>2</sub>e) is the measure used to compare the emissions from various greenhouse gases based on their global warming potential (GWP). The CO<sub>2</sub>e for a gas is derived by multiplying the tonnes of the gas by the associated GWP.

<sup>2</sup>Key calculates our GHG Emissions in accordance with the Greenhouse Gas Protocol (GHG Protocol), an internationally accepted accounting tool used to understand, quantify, and manage greenhouse gas emissions. The GHG Protocol categorizes direct and indirect emissions into three broad scopes: **Scope 1**: All emissions from sources that are owned or controlled by the reporting entity; **Scope 2**: indirect emissions from consumption of purchased electricity, heat or steam; and **Scope 3**: other indirect emissions not covered in Scope 2.

<sup>3</sup>Re-statements of prior year data: Where better quality information on prior year data becomes available, we restate prior years' figures using the latest available data. This enables us to make accurate comparisons between data year-over-year.

## energy consumption:

### Direct energy (GJ)



Natural gas



Jet fuel



Fuel oil



Propane



Direct renewable  
energy sources



Indirect green  
power offsets

2011  
**222,834**

2012  
**190,866**

(- 14% from 2011)

2011  
**22,366**

2012  
**25,442**

(+14% from 2011)

2011  
**13,865**

2012  
**13,467**

(- 3% from 2011)

2011  
**5,709**

2012  
**5,434**

(- 5% from 2011)

2011  
**0**

2012  
**0**

2011  
**0**

2012  
**0**

### Total direct energy consumption:

2011: **264,774**

2012: **235,208**

(- 11% from 2011)

### Indirect energy (GJ)



Electricity

2011  
**576,552**

2012  
**537,620**

### Total indirect energy consumption:

2011: **576,552**

2012: **537,620**

(- 7% from 2011)

All numbers are stated in gigajoules (GJ), a metric measurement of energy use.

## GOAL #2:

### **Energy efficiency: achieve ENERGY STAR certification for 50 percent of all Key facilities.**

**Progress:** ENERGY STAR is a U.S. Environmental Protection Agency (EPA) voluntary program that helps businesses protect the climate through superior energy efficiency. Only buildings achieving a score of 75 or higher, verified by a professional engineer or registered architect, are eligible for ENERGY STAR designation. In 2011 and 2012, Key earned the ENERGY STAR label for more than 200 commercial buildings, including corporate office buildings, retail branches, and critical sites.

In 2012, we invested approximately \$6 million in more than 200 energy conservation projects and implemented low-cost process improvements, including:

- Replacing boilers, furnaces, and compressors
- Installing energy-efficient upgrades to building controls
- Replacing and upgraded roofing and insulation
- Installing:
  - Solar panels
  - High efficiency HVAC and lighting systems
  - Uninterrupted power systems
  - Energy-efficient doors and windows

We continue to invest in energy efficiency initiatives, such as ENERGY STAR, in our facilities.



ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that helps organizations and individuals measure and manage energy performance and protect the environment through energy efficient products and practices.

## GOAL #3:

### Green building: achieve LEED certification for all new retail branches.

**Progress:** The LEED (Leadership in Energy & Environmental Design) rating system, developed by the U.S. Green Building Council (USGBC), is the leading program for the design, construction and operation of green buildings in the United States. Each building assessed by the USGBC must satisfy requirements and earn points to achieve one of four different levels of LEED certification. KeyBank has been a corporate member of the USGBC since 2005.

In order to provide our employees and our communities healthy, rewarding, and productive environments, we use the LEED rating system to develop design guidelines for interior office spaces, the performance of our existing buildings, and construction of new buildings. In 2012, we LEED certified two branches (in Dublin and Cleveland, Ohio), bringing our total number of LEED certified branches to five, and we developed plans for another 12 LEED locations.



LEED stands for Leadership in Energy and Environmental Design. Developed by the U.S. Green Building Council (USGBC) in 2000, the LEED rating systems are an internationally recognized mark of excellence for green building design, construction, operations and maintenance solutions.

With an eye on the future, we developed prototype plans for the construction of new branches and applied to the USGBC LEED Volume Build Program, to LEED certify the new prototype. Once the USGBC approves our application, all retail branches constructed in 2014 and beyond will qualify for LEED certification. Our new and remodeled branches feature a number of sustainable elements including: video merchandising, which reduces the need for paper, sustainable materials and finishes, native landscaping, high efficiency HVAC systems, and water saving technologies that promote sustainable building practices.

**Going Platinum:** Beyond our branch network, our corporate buildings also achieved recognition for sustainable practices in 2012. Two Tiedeman campus buildings in Brooklyn, Ohio achieved “Platinum” certification under the LEED for Existing Buildings: Operations & Maintenance (EBO&M) rating system, and our data center became the first in the U.S. to achieve Platinum EBO&M status. “Platinum” is the highest certification level buildings can achieve under the LEED rating system. Such a status puts our buildings in the top two percent of LEED EBO&M buildings in the world and in the top one percent in the United States.

**Green leases:** The majority of our workspace is leased, and we are building green requirements into all our new lease negotiations to increase Key’s operational control in leased facilities.

Our green leases require our landlords to address expectations in the following areas:

- Maintain LEED and/or ENERGY STAR building certifications
- Recycling programs
- Green cleaning programs
- Building efficiency upgrades
- Green energy procurement rights
- Adherence to an environmental management plan
- Periodic reporting to increase transparency

## Investing in our communities

From 2007 through 2012, we invested more than \$300 million in our communities through branch construction and renovation. Forty percent of our construction spend was with diverse firms.

*Pictured:* KeyBank's West 117th Street branch in Cleveland, Ohio was recognized for Leadership in Energy and Environmental Design by the U.S. Green Building Council. It is registered with the U.S. Green Building Council and has achieved LEED Certification at the Silver level.





## GOAL #4:

**Water: reduce consumption  
by 25 percent over 2009 baseline.**

**Progress:** We have reduced our water consumption by 9 percent since 2009 and are on track to achieve a 25 percent total reduction in consumption of water by 2016.

## GOAL #5:

**Waste: increase recycling  
at all locations.**

**Progress:** We recycle at 100 percent of our facilities and are continuing our efforts to include a broader range of recycling categories at all locations to increase our recycling rates and divert less waste to landfills. In 2012, we completed an initiative to consolidate more than 150 waste vendors in an effort to improve our understanding of Key's waste streams and our ability to measure and track total waste volumes. We also are investing in data measurement and management processes and systems that will drive improved performance in this area.

## In 2012, we recycled:

(in tons)

• Construction waste	164.8
• Carpet	72.4
• Plastic, glass, aluminum	164.2
• Paper	4,444.1
• Furniture	53.1
• Composting	2.4
• Metal	94.1
• Electronic waste	144.8

## Platinum effort

In 2012, two of Key's corporate facilities in Brooklyn, Ohio earned LEED Existing Buildings Operations and Maintenance (EB O&M) Platinum certification and became part of the 2.5 percent of LEED EB O&M facilities worldwide to achieve such certification. KeyBank's LEED and Energy Star facilities are the result of successful teamwork focused on providing beautiful and effective work spaces, cost savings, and good environmental stewardship.

Pictured in front on one of KeyBank's Tiedeman campus buildings in Brooklyn, Ohio:

**Richard Estremera**,  
Head of Critical Sites and  
National Operations

**Lisa Leemans**, Director,  
Corporate Procurement  
Third Party Management



## helping employees go green

At Key, work is an activity – not a place. Our Mobile@Key program helps employees use alternative workplaces and flexible schedules. Mobile workplaces reduce commuter mileage, carbon emissions, fuel consumed, and energy to run office equipment. When appropriate, we encourage employees to work remotely.

Our workplace design improves indoor air quality, access to natural light, and work-life balance. In addition to operational savings, these workplaces have a lower impact on the environment.

## helping clients go green

We're proud to offer our clients a greener way to bank. By investing in new processes and technology, we create more efficient ways of doing business, drive down our costs, and positively affect the customer experience.

### Online banking:

- Eliminates paper waste and the need to transport mail
- Conserves water – it takes six gallons of water to make a dollar's worth of paper
- Saves gas and carbon emissions
- Reduces printing and postage expenses

### Online statements

We introduced online statements more than a decade ago. Convenient and green, they reduce paper use, printing, postage, and transportation costs. Today, we deliver more than five million electronic statements each year, saving more than 20 million pieces of paper.

We receive 90 percent of our supplier invoices electronically, and pay them the same way. Paying 10,000 bills electronically saves almost 370 pounds of paper and more than 4,500 gallons of gasoline.

- Online Banking users: 850,000
- Mobile Banking users: 106,000
- Online Statement users: 900,000
- Online Bill Pay users: 90,000

Each year, Online Banking, Online Statements, Online Bill Pay, and Smart Print, our internal print-reduction program, save more than:

- 150 million pieces of paper
- 25,000 trees
- 30 million gallons of water
- 100+ tons of CO2
- 75 gallons of gas for every one of Key's 15,000+ employees

### Teller 21

This state-of-the-art teller platform lets tellers capture images and process checks at their workstations. Using Teller 21, Key electronically transmits approximately 200 million paper items and saves more than \$8 million in transportation costs each year.



## What you can do to help

We hope you've enjoyed this report on our corporate responsibility initiatives. We believe that we are in community partnership with you and that we affect each other in countless obvious and sometimes subtle ways. For those reasons, we promise to do our part to make our company and our environment more sustainable and to continue being the very best financial partner to you. If you are inclined, we encourage you to do whatever resonates with you to make your home and your community a little greener, too. Here are some resources that we especially like, suggested by our employees, to consider as you go green in your own life:

**Arbor Day Foundation:** [arborday.org](http://arborday.org) – “We inspire people to plant, nurture, and celebrate trees.” ADF’s site includes helpful tips under the “Take Action” section, as well as gift ideas, programs, information about trees, and natural inspiration.

**CDP:** [cdproject.net](http://cdproject.net) – “Driving Sustainable Economies.” Formerly known as the Carbon Disclosure Project, the CDP is an international, nonprofit organization providing the only global system for companies and cities to measure, disclose, manage, and share vital environmental information. Check out KeyBank’s scores!

**Earth Day Coalition:** [earthdaycoalition.org](http://earthdaycoalition.org) – “Our earth, our future.” EDC is a nonprofit environmental education and advocacy organization serving Northeast Ohio and the nation. The organization hosts the annual NEO Earth Fest, which KeyBank sponsors.

**Earthwatch Institute:** [earthwatch.org](http://earthwatch.org) – Earthwatch Institute’s mission is “to engage people worldwide in scientific field research and education to promote the understanding and action necessary for a sustainable environment.”

**EcoWatch:** [ecowatch.com](http://ecowatch.com) – “Transforming Green.” EcoWatch is the nation’s leading environmental platform reporting on environmental news, sustainable living, and green business. KeyBank has sponsored several EcoWatch events, including their Green Gala.

**ENERGY STAR:** [energystar.gov](http://energystar.gov) – ENERGY STAR is a U.S. Environmental Protection Agency voluntary program that helps businesses and individuals save money and protect our climate through superior energy efficiency.

**GoodGuide:** [goodguide.com](http://goodguide.com) – GoodGuide provides the world’s largest and most reliable source of information on health, environmental, and social impacts of consumer products.

**The Nature Conservancy:** [nature.org/greenliving](http://nature.org/greenliving) – “Green Living.” Find tips that make it easy to go green and a Carbon Footprint Calculator for individuals or households.

**Sierra Club:** [sierraclub.org/greenlife](http://sierraclub.org/greenlife) – “The Green Life.” A useful blog by the Sierra Club that focuses on nature and green living tips. Subscribe to email newsletters and daily green tips.

**Sustainable Cleveland:** [sustainablecleveland.org](http://sustainablecleveland.org) – “Together, we’re building a thriving green city on a blue lake.” Sustainable Cleveland is a 10-year initiative that engages people to “develop a thriving and resilient Cleveland region that leverages its wealth of assets to build economic, social, and environmental wellbeing for all.”

**SustainableTrip.org:** [sustainabletrip.org](http://sustainabletrip.org) – “A smart guide for savvy travelers.” All SustainableTrip hotels, tour operators, and other businesses are either verified by the Rainforest Alliance, certified by third-party programs recognized by the Global Sustainable Tourism Council (GSTC), or recommended by reputable organizations.

**US EPA:** [epa.gov/epahome/citizen.htm](http://epa.gov/epahome/citizen.htm) – “Learn about Green Living.” Our actions impact the environment. Each thing we do can help or hurt our planet in many ways. EPA helps you learn and understand the issues and reduce your environmental footprint.

**U.S. Green Building Council’s Green Home Guide:** [greenhomeguide.com](http://greenhomeguide.com) – Connecting you to ideas, advice, and green-home professionals.

**USGBC LEED:** [usgbc.org/leed](http://usgbc.org/leed) – Leadership in Energy & Environmental Design (LEED) is driving the green building industry and transforming the way our buildings and communities are designed, constructed, maintained, and operated. LEED provides third-party verification of green buildings and recognizes best-in-class building strategies. Learn more about LEED, the facts, and the LEED rating systems.

# awards and accolades

## demonstrating responsible banking: 2012 KeyBank awards

While this report was designed to explain our stance and progress in terms of corporate responsibility, we recognize that external validation can quickly speak volumes. The following is a list of awards and recognition we received in 2012 for initiatives tied to corporate responsibility:



### Top companies for diversity

Since 2005, KeyCorp has consistently been named to *DiversityInc* magazine's "Top 50 Companies for Diversity" or "25 Noteworthy Companies," based on excellence in diversity management and advocacy, CEO commitment, human capital, corporate communications, and supplier diversity. Our awards for 2012 include:

- *DiversityInc*: 25 Noteworthy Companies
- *DiversityInc*: Top 10 Regional Companies



### Human Rights Campaign: Best Companies for LGBT Equality

KeyCorp has received five perfect scores of 100 on the Human Rights Campaign Corporate Equality Index, a national benchmark of how businesses serve and support LGBT (lesbian, gay, bisexual, and transgender) consumers, employees, and investors. KeyCorp is the only banking and financial services institution headquartered in Ohio to receive a perfect survey score.



### Cleveland Commission on Economic Inclusion: Hall of Fame and Best in Class

Based on the annual Greater Cleveland Employers Survey on Diversity, the Cleveland Commission on Economic Inclusion has recognized KeyBank for achieving positive, measurable outcomes of demonstrated diversity and inclusion success in Northeast Ohio. KeyCorp is the only company to achieve two "Hall of Fame" designations.

Cleveland Commission on Economic Inclusion:

- 50 Top Companies for Diversity
- Hall of Fame – Supplier Diversity



### Excellence in supplier diversity

Key's supplier diversity programs have been recognized by national and local organizations as best in class. Key has continually expanded its yearly spend levels with Minority- and Women-Owned Business Enterprises (MWBs) and spends at more than twice the national average.

- *DiversityInc* Top 10 Companies for Supplier Diversity
- Northwest Minority Supplier Development Council (Seattle, WA) – Regional Corporation of the Year

"Awards and Accolades" continued next page.





### Outstanding corporate citizenship

We view diversity and inclusion as assets that help us win in the marketplace and the workplace and build opportunities in its communities. We are proud to be recognized by national and local organizations as a diversity leader.

- Bayaud Enterprises (Denver, CO) – Company of the Year
- City of Indianapolis Mayor’s Celebration of Diversity Awards – Community Relations Award
- Colorado Women’s Chamber of Commerce – Large Business Company of the Year
- Native American Community Services (Buffalo, NY) – Presenting Sponsor Award
- Ohio Diversity Council (Columbus, OH) – DiversityFIRST corporate award



### 2012 Greenwich Excellence Awards

- Small Business Banking: national award, Personal Banking Satisfaction
- Middle Market: national award, Treasury Management: Accuracy of Operations



### Commitment to building “green”

- In 2012, KeyBank earned LEED EB O&M Platinum certifications on three corporate facilities – two buildings at the Tiedeman campus, plus a new data center, all in the Greater Cleveland area.
- In 2012, Key applied to the USGBC LEED Volume Build Program, in order to LEED certify its new branch prototype.
- At the end of 2012, Key had five LEED retail branches with plans for another 12 LEED locations in progress.
- KeyBank had 100 ENERGY STAR locations in 2012 and another 100 under review for 2013.
- KeyCorp reported to the CDP (Carbon Disclosure Project) for the first time in 2012 and received an excellent inaugural score of 86/B.
- KeyCorp KeyBank has been a corporate member of the USGBC since 2005.



### Customer service

- Issued December 2012: 2011 American Customer Satisfaction Index (ACSI): KeyBank customer satisfaction continuously exceeds industry averages, topping scores received by leading U.S. money centers. Key exceeds industry averages in measures such as Customer Expectations, Customer Loyalty, and Overall Quality.
- JD Power & Associates 2012 Small Business Banking Satisfaction Study: KeyBank ranks among the top 15 banks for small business satisfaction.



### Corporate Bank Analysts

In 2013, KeyBanc Capital Markets Analysts Brad Thomas and Brett Hoselton were named two of *Wall Street Journal’s* “Best on the Street” for 2012.

# helping our clients and communities thrive.

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