

# Sustainable Financing Framework

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# 1 Introduction and Background

## Company Overview

M&T Bank Corporation (“M&T,” “we,” “our,” or the “company”) is a financial holding company headquartered in Buffalo, New York. M&T’s principal banking subsidiary, M&T Bank, provides banking products and services across the eastern United States from Maine to Virginia. Trust-related services are provided in select markets across the United States and abroad by M&T’s Wilmington Trust-affiliated companies and M&T Bank.

For more than 169 years, M&T has strived to take an active role in our communities and build long-lasting relationships with our customers.

## Sustainability at M&T Bank

Our commitment to sustainability extends from the top of the organization, with oversight from the Board, to the efforts of our employees who serve our customers and communities every day. We know that our sustainability as a business is dependent on our ability to meet today’s business and stakeholder needs without compromising our ability to create value in the future.

Focusing our efforts on where we can have the most significant impact is essential to our progress. To that end, we have seven sustainability priorities aligned with aspects of the UN Sustainable Development Goals<sup>1</sup>, which cross the enterprise and allow us to leverage our capabilities and align our enterprise strategy. Across these priorities, corporate governance structures create a culture of accountability, ethical behavior, risk management, and transparency, so that we act responsibly to serve all stakeholders. With the appropriate governance structures in place, we are better positioned to advance our sustainability priorities.

Moreover, our Sustainability Materiality Assessment helps us understand the perspectives of our internal and external stakeholders and focus on the most impactful and significant sustainability topics.

<sup>1</sup> [sdgs.un.org/goals](https://sdgs.un.org/goals)



### Sustainability Governance

Given the importance of sustainability to our organization and stakeholders, we have established formal roles and responsibilities for M&T’s sustainability risks, opportunities, practices, performance, and disclosure.

The Board of Directors is committed to overseeing the bank’s corporate sustainability and sustainability strategies and matters. To this end, the Board maintains oversight of sustainability-related topics through its committee structure.

The Sustainability Committee governs our Sustainability Program and is comprised of executive leadership spanning the organization who provide feedback on strategy, goals, targets, partnerships, and disclosure, as well as alignment across the enterprise and engagement in reporting and execution.

### Preserving Our Planet by Financing a Sustainable Future

We believe financial institutions have an important role to play in financing the transition to a low-carbon economy and the efforts to adapt to the physical impacts of climate change. We support climate action by focusing on four key priorities:



**Support Climate Resilient Communities**



**Grow Climate Finance**



**Reduce Our Environmental Impact**



**Integrate Climate Risk**

To support our priority of growing climate finance, we developed a sustainable finance taxonomy, which outlines our definition of sustainable lending and investment activities across categories such as clean transportation, energy efficiency, and green buildings. Using the taxonomy, we created and reported a baseline measurement of our Sustainable Finance activities, setting the stage to monitor and expand the capital we deploy to this essential work.

Since 2015, M&T has provided capital to support renewable energy deployment into the communities we serve. Additionally, we are committed to investing \$1 billion in renewable energy projects during 2022-2026 with a particular focus on initiatives in our geographical footprint.

We continue to evaluate and execute on the different ways we, as a community-focused bank, can play our part in tackling climate change.

### Fostering Prosperity

M&T is successful when the communities we serve are successful. Our destinies are interwoven: we live in, work in, volunteer in, and invest in our neighborhoods. We strive to help our communities prosper by focusing on two key priorities:



**Finance an Economy for our Communities**



**Understand Colleague and Customer Experience**

Safe, high-quality, affordable housing is key to tackling inequality and building communities. Overcoming this challenge requires long-term commitment from both the public and private sectors, and we are committed to both lending and investing in the creation and preservation of affordable housing. M&T Bank and M&T Realty Capital Corporation have teams dedicated to the financing of affordable housing (which has rent or income restrictions to help keep housing below market price), from construction and bridge loans to mortgages and tax credits.

For more information on Sustainability at M&T, please visit our website: [mtb.com/sustainability](https://mtb.com/sustainability)



## 2 Sustainable Financing Framework

### Scope

In accordance with our strategy, M&T has designed this Sustainable Financing Framework (“the Framework”), which will guide future issuances of green, social and sustainability notes, subordinated notes, and preferred stock by M&T Bank Corporation or any of its subsidiaries (each, a “Sustainable Financing”).

This Framework addresses the core components and key recommendations of the International Capital Markets Association (“ICMA”) Green Bond Principles 2021, Social Bond Principles 2023, and Sustainability Bond Guidelines 2021.

#### Core Components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

#### Key Recommendations:



- Sustainability Bond Frameworks
- External Reviews

These principles are voluntary process guidelines for best practices when issuing Green Bonds, Social Bonds and Sustainability Bonds.



### Use of Proceeds

For each Sustainable Financing, we intend to allocate an amount equal to the net proceeds to the financing or refinancing, in whole or in part, of existing or future Eligible Green Assets and/or Eligible Social Assets (together, “Eligible Assets”). Eligible Assets include assets funded by M&T Bank Corporation or any of its wholly owned subsidiaries related to one or more of the criteria listed below. Eligible Assets may include assets funded by M&T up to 18 months prior to the issue date of the applicable Sustainable Financing through the maturity of the applicable Sustainable Financing, unless otherwise noted in the respective financing documents.

Eligible Green Assets

Eligible Category	Eligible Criteria	UN SDGs alignment <sup>1</sup>
<b>Renewable Energy</b>	Financing for and investments in the construction, development, acquisition, maintenance and operation of: <ul style="list-style-type: none"> <li>• Renewable energy generation from solar or wind</li> <li>• Equipment, technology and infrastructure dedicated to the storage, transmission, or distribution of electricity from solar or wind generation</li> </ul>	 
<b>Green Buildings</b>	Financing for and investments in residential and commercial real estate projects that have received or are expected to receive third-party sustainable certifications or verifications: <ul style="list-style-type: none"> <li>• LEED Gold or Platinum</li> <li>• Energy Star 85+</li> <li>• Green Globes Three or Four</li> </ul>	

Eligible Social Assets

Eligible Category	Eligible Criteria	Target Population	UN SDGs alignment <sup>1</sup>
<b>Affordable Housing</b>	Financing for and investments in single and multifamily housing meeting national/regional affordable housing definitions in their applicable jurisdiction, including those which: <ul style="list-style-type: none"> <li>• Qualify under the Community Reinvestment Act (“CRA”) <sup>2</sup></li> <li>• Qualify for Low-Income Housing Tax Credits (LIHTCs), created by the Tax Reform Act of 1986, as amended <sup>3</sup></li> </ul>	Low- to moderate-income communities and individuals	 

<sup>1</sup> [sdgs.un.org/goals](https://sdgs.un.org/goals)

<sup>2</sup> Community Reinvestment Act (CRA) means the Community Reinvestment Act of 1977, which requires the Federal Reserve and other federal banking regulators to encourage financial institutions to help meet the credit needs of the communities in which they do business, including low- and moderate-income neighborhoods.

<sup>3</sup> Owners or developers of projects receiving LIHTCs agree to meet an income test for tenants and a gross rent test. There are three ways to meet the income test: 1) At least 20 percent of the project’s units are occupied by tenants with an income of 50 percent or less of area median income (AMI) adjusted for family size; 2) At least 40 percent of the units are occupied by tenants with an income of 60 percent or less of AMI; 3) At least 40 percent of the units are occupied by tenants with income averaging no more than 60 percent of AMI, and no units are occupied by tenants with income greater than 80 percent of AMI. As the projects are in progress, determination as to whether a project qualifies for LIHTC was based on the contractual agreement stating the project is being developed in a manner which satisfies, and will continue to satisfy, all restrictions applicable to projects generating tax credits under Section 42 of the Internal Revenue Code.

## Process for Project Evaluation and Selection

M&T has established a Sustainable Finance Review Group (the “Review Group”) comprised of representatives from the Office of Sustainability, Finance, Legal, Credit Risk, Business Lines, and other Sustainability stakeholder groups with applicable expertise. Eligible Assets are identified by our lines of business according to the criteria indicated above and then evaluated and approved by the Review Group.

M&T’s Risk Committee is responsible for oversight of our Enterprise Risk Framework, including the integration of climate risk. All Eligible Assets will adhere to our Enterprise Risk Framework, as well as our [Code of Business Conduct and Ethics](#).

## Management of Proceeds

So long as any Sustainable Financing remains outstanding, our Office of Sustainability and Finance Department will maintain an internal registry to show an amount equal to the net proceeds from the issuance of each Sustainable Financing as allocated to Eligible Assets. Pending full allocation, the unallocated portion will be managed according to our normal liquidity practices. If any Eligible Asset receiving allocation is prepaid, repaid at maturity, or deemed no longer eligible under our Framework, M&T will reallocate an equivalent amount to other Eligible Assets on a best-efforts basis.

M&T expects to allocate all or substantially all the proceeds from any future Sustainable Financing within two years from the issue date of such Sustainable Financing.

Payment of principal and interest on the Sustainable Financing will be made from M&T’s general funds and will not be directly linked to the performance of any Eligible Asset.

## Reporting

During the term of the Sustainable Financing, starting approximately one year post issuance we will provide, and keep readily available on a designated website, information on the allocation of an amount equal to the net proceeds and the impact of such allocated proceeds where feasible. Reporting will be updated annually until full allocation and as necessary thereafter in the event of material developments.

### Allocation Reporting

Allocation Reporting will include (i) amounts allocated to Eligible Assets, by category, (ii) the amount pending allocation (if any), and (iii) assertions by M&T’s management with respect to (i) and (ii).

### Impact Reporting

Where feasible, M&T will adopt the guidance in The Harmonized Framework for Impact Reporting (June 2024). Performance of estimated impacts will not be tied to the pricing or other characteristics of a Sustainable Financing under this Framework.

The Impact Report will include, on a best effort basis, (i) reporting focusing on quantitative environmental or social impacts of our Eligible Assets, and/or (ii) qualitative case studies with additional information on highlighted projects.

Where feasible, the methodology and material assumptions used to report on the environmental and/or social benefits of the Eligible Assets will be disclosed in the Impact Report. The Impact Report may include:

Eligible Category	Examples of Impact Metrics
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Annual renewable energy generation in MWh</li> <li>• Annual GHG emissions reduced/avoided in tons of CO2e</li> <li>• Capacity of renewable energy plant(s) constructed or rehabilitated in MW</li> <li>• Capacity of energy storage in MW</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Green building certification and level obtained</li> </ul>
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>• Number, dollar-amount of affordable housing units</li> <li>• Number, dollar-amount of affordable housing properties financed in majority-minority census tracts</li> <li>• Number, dollar-amount of mortgages provided</li> </ul>

### External Review

#### Second Party Opinion

M&T has commissioned Sustainalytics to conduct an external review of its Sustainable Financing Framework, and to issue a Second Party Opinion (“SPO”) on the Framework’s environmental and social credentials, and its alignment with the Green Bond Principles (2021), Social Bond Principles (2023), and Sustainability Bond Guidelines (2021). The SPO is available on Sustainalytics’ [website](#).

#### Verification

Each Allocation Report will be accompanied by a report from an independent registered public accounting firm in respect to its examination of management’s assertions conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

## Disclaimer

The information contained in this Framework is provided as at the date of this Framework and is subject to change without notice. M&T has no duty, does not assume any obligation, and does not undertake to update the information or data in this Framework, regardless of whether those statements are impacted by the outcomes of new information, future events or otherwise. This Framework is not intended to, nor can it be relied on, to create legal relations, rights, or obligations.

This Framework is intended to provide general, non-exhaustive information and may contain or incorporate by reference public information not separately reviewed, approved or endorsed by M&T Bank. Therefore, no representation, warranty or undertaking, either express or implied, is made and no responsibility or liability is accepted by M&T Bank as to the fairness, accuracy, reasonableness, or completeness of such information.

This Framework contains statements pertaining to M&T Bank's plans regarding potential issuances of green, social or sustainability bonds and other statements about future events and expectations, including with respect to M&T Bank's sustainability strategy, that are forward-looking statements. Such statements concern, among other things, our goals, commitments, targets, aspirations, and objectives, are based on the current beliefs and expectations of M&T Bank and are subject to substantial risks and uncertainties, which may change over time. Future events or circumstances may change M&T Bank's approach to possible green, social or sustainability bond issuances or result in changes to this Framework or to M&T's sustainability strategy. Accordingly, there can be no assurance that the financing for any Eligible Projects will be realized in the manner set forth in this Framework or achieve the results or outcome (environmental, social, or otherwise) originally expected or anticipated by M&T Bank or as contemplated by this Framework. In addition, the description of eligible categories set forth under the heading "Use of Proceeds" in Section 2 of this Framework is for illustrative purposes only and no assurance can be provided that the proceeds of any issuance of Sustainable Bonds by us will be allocated to fund transactions with these specific characteristics. M&T Bank's activities in general, which may affect any green, social or sustainability bonds that it issues, are also subject to certain risks and uncertainties that are described in M&T Bank's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. Those reports are available on M&T Bank's website ([ir.mtb.com/financial-information/sec-filings](http://ir.mtb.com/financial-information/sec-filings)) and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)). M&T Bank does not agree to update any forward-looking statements. None of the projections, expectations, estimates or prospective statements in this Framework should be taken as predictions or promises nor should they be understood as implying any indication, assurance or guarantee that the assumptions on which such projections, expectations, estimates or prospective statements have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. Third-party logos and product, service, business, and program names are trademarks and/or service marks of their respective owners. All third-party products, services, company names and logos are common law or registered trademarks that remain the property of the irrelative holders. Use of such trademarks does not imply any affiliation with or endorsement by the rights holders.

No representation is made as to the suitability of any issuance of green, social or sustainability bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser should determine for itself the importance of the information contained or referred to in this Framework or the relevant bond documentation pertaining to the use of proceeds and its purchase should be based upon such review as it deems necessary. Each potential investor should be aware that Eligible Projects may not satisfy the investor's expectations concerning environmental or sustainability benefits and may result in adverse impacts.

This Framework does not constitute a recommendation regarding any securities of M&T Bank. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by M&T Bank. Neither this document nor any other related material may be distributed or published in any jurisdiction in which it is not lawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. If any offer to sell or solicitation of any offer to buy any securities issued by M&T Bank is made, it will be done so pursuant to separate and distinct documentation in the form of a prospectus supplement, an accompanying prospectus or other equivalent document and a related pricing term sheet (collectively, the "Offering Documents"). Any decision to subscribe for or purchase any securities pursuant to such offer or solicitation should be made only after carefully evaluating such Offering Documents, including any documents incorporated by reference therein, and consulting with any legal, tax, financial and other advisors, as appropriate. No decision to subscribe for or purchase any securities of M&T Bank should be made on the basis of the information contained in this Framework.

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