



# Here for Good

Corporate Social Responsibility &  
Environmental, Social and Governance  
Impact Report

Published June 2022

 **FIRST HORIZON**  
CORPORATION

## Recent Awards

### World's Best Banks List

Forbes Magazine

### Best Banks to Work For

American Banker

### Best Companies for Multicultural Women

Working Mother Magazine

### America's Most Just Companies

Forbes Magazine

### U.S. Top 10 Most Reputable Bank

RepTrak

### 100 Best Adoption-Friendly Workplaces in America

Dave Thomas Foundation  
for Adoption

### Bloomberg Gender- Equality Index

Bloomberg

A full list of awards and  
recognition available on [page 71](#)

# Here for Good

## Highlights



Approximately  
**\$2 Million**  
invested in preservation  
and restoration of the  
environment in 2021



**\$1.2 Billion**<sup>1</sup>  
on lending to businesses in LMI  
communities and businesses  
with revenues ≤ \$1MM in 2021



**53%**<sup>3</sup>  
management roles  
occupied by women



**35%**  
board of directors' diversity  
in terms of race, gender or  
ethnicity



**9**  
Associate Resource  
Groups; 3 new in 2021



**\$1 Billion**<sup>2</sup>  
on home mortgage lending in  
LMI communities and to LMI  
borrowers in 2021



Approximately  
**90%**  
retention of identified critical  
talent/leadership since  
announcement of merger of  
equals with IBERIABANK



**82%**  
overall associate  
value rating in 2021



Over  
**18,500**  
public service hours volunteered  
by associates in 2021



**26%**  
reduction in Scope 1 & 2  
greenhouse gas emissions  
from 2019 baseline



Over  
**\$19 Million**  
distributed by the First Horizon  
foundations through non-profit  
partners in 2021



Provided capital in excess of  
**\$750 Million**  
to renewable energy project  
financings over the past 5 years

Data includes April 24, 2017 - March 31, 2022

Approximated numbers as of period-end 12/31/21 unless otherwise noted

<sup>1</sup>Based on the CRA-LR; small business lending includes originations in the bank's assessment areas

<sup>2</sup>Based on the HMDA-LAR; home mortgage includes home purchase, refinance and home improvement originations and purchases in the bank's assessment areas.

LMI: low- and moderate-income

<sup>3</sup>Management roles as of 1Q22



# What's Inside

Our Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) Impact Report highlights the progress we made in 2021 and in the first few months of 2022. While ESG priorities have been a focus for our company for many years, emphasis on ESG in the financial services sector continues to escalate, and we have likewise further enhanced our efforts and disclosures. Our progress is featured under our five interrelated pillars - **Governance, Associates, Clients, Communities and Environment** - that guide our business and represent matters that we believe add the most value for our stakeholders. We are particularly excited to include candid photographs of many of our associates showcasing a shared passion to make this world a better place.

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## About this Report

The Here For Good report covers our commitments, activities and programs regarding environmental, social and governance matters. Due to the continued evolution and enhancements of our ESG efforts, it covers our progress and programs for 2021 and the first few months of 2022. It is intended to provide a high-level overview with selected examples; it is not a comprehensive description, financial presentation or legal summary of those programs and involvements. This report presents information we believed was accurate at the time we released the report. We have no duty and make no commitment to provide later updates.

This report contains forward-looking statements identified by words such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “should,” “is likely,” “will,” “going forward” and other expressions that indicate our current views of future events, trends and aspirations. These may or may not be followed by or reference cautionary statements. A number of factors could cause actual results to differ materially from those in our forward-looking statements. These factors are outlined in our most recent quarterly and annual financial reports on Forms 10-Q and 10-K, available at [www.sec.gov](http://www.sec.gov).

# A Message from Our President and CEO

The past year brought many successes despite the enormous challenges plaguing the world around us. After more than two years of preparation, we completed the systems and branding conversions for the IBERIABANK integration in early 2022 with no significant client disruptions. While many impacts from the COVID-19 pandemic abated last year, labor and supply shortages worsened, accompanied by serious levels of inflation. In 2022, Russian military actions in Ukraine caused significant turmoil and hardship in eastern Europe, and exacerbated supply-chain and inflationary problems in the U.S. in several ways. On February 27, 2022, we entered into a definitive agreement for The Toronto-Dominion Bank (TD) to acquire First Horizon in an all-cash transaction. The transaction was overwhelmingly approved by our shareholders at a special meeting in late May. When the deal closes, First Horizon will join one of the largest banks in the U.S. and North America with over \$600 billion in assets in the U.S. and well over \$1 trillion in assets overall, giving our associates the resources to better serve our clients and communities.

During these times, our associates continued to persevere, helping to ensure that we successfully navigated the shifting landscape and seized opportunities to improve and support clients and communities with remarkable resolve.

As the world continues to change and our company grows, the role we play in supporting sustainable economic growth and societal progress remains critically important. Being HERE FOR GOOD for all our stakeholders is at the core of our organization, and I am excited to share the progress we have made in advancing our Environmental, Social and Governance (ESG) strategy and priorities and understanding the correlation with business resiliency, value creation and long-term organizational success.

Our ESG strategy is organized around five interrelated pillars – **Governance, Associates, Clients, Communities and Environment** – that guide our business and focus on matters that we believe drive enhanced performance for our shareholders.

## **Governance**

Over the past year, we expanded our ESG team to further advance our efforts and momentum. We formed an internal Corporate Social Responsibility (CSR) working group and various task forces to further integrate ESG into our overall strategy, help guide our work and drive progress. In July 2021, the Nominating and Corporate Governance Committee of our board of directors began to provide oversight of our ESG program to help ensure we keep pace with the evolving expectations.

In October 2021, our board of directors approved a three-year strategic plan designed to capitalize on our market-centric business model, geographic opportunities, competitive products and services and the talent and capabilities that differentiate our organization. Our ESG strategy and commitment to continued progress are key components of this plan.

To remain aligned with the investor community, we also continued to proactively reach out to shareholders to solicit their feedback and perspectives on a variety of ESG topics. As a result, we have further enhanced the transparency of our reporting and started to align our reporting efforts with the frameworks provided by the Value Reporting Foundation's Sustainability Accounting Standards Board ([SASB](#)) and the Task Force on Climate-Related Financial Disclosures ([TCFD](#)).



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## Associates

Throughout the past year, our associates' dedication to each other, our clients and communities shone brightly and remained the cornerstone of our culture and the key to our success. Through extraordinary change, our team continued to deliver on our purpose, which is to help our clients unlock their full potential through capital and counsel.

Despite continued pressures on the workforce, our associate value survey results in 2021 reflected an 82% favorability rating. While pleased with these results, we know we have to continue to adapt to the changing needs and expectations of our associates. As we have throughout the pandemic, we operated a hybrid work-from-home model and continue to explore ideas and solutions that complement our total rewards benefits programs to recruit and retain top talent.

## DEI

Advancing of our diversity, equity and inclusion (DEI) efforts and outcomes remains at the forefront of our priorities. Under the direction of our Chief DEI Officer, we made notable progress during the year by further infusing diversity, equity and inclusion into our internal and external programs and activities, and by taking actions to make sure that historically under-represented persons have opportunities to drive progress and contribute in key business units and leadership roles.

Our continued commitment to DEI starts at the top of the organization. In 2021, our Executive Management Committee was the first team to participate in a two-day intensive DEI training session at the National Civil Rights Museum's Corporate Equity Center in Memphis, Tennessee. During the year, our Associate Resource Groups expanded and engaged in crucial conversations, and we developed a framework and metrics to assist key leaders with developing DEI strategic plans and reporting progress against established goals. In May 2022, I committed to the CEO Action for Diversity & Inclusion™, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. By taking this action, First Horizon is pledging to further advance our DEI efforts.

## Clients

Another hallmark of our company is our commitment to serving clients in the face of adversity. I am incredibly proud of our people for their continuous service to our clients during the pandemic and for providing stability to small businesses through the SBA Paycheck Protection Program, all while working on the IBERIABANK integration.

In a world where strong cybersecurity and data protection protocols are paramount to financial stability, we strive to continuously refine and enhance our cyber risk management practices and provide tools to clients and associates to help mitigate risks.

## Communities

A pillar of our success is the active support of the communities where we live and operate. Through our First Horizon Foundation, Louisiana First Horizon Foundation, financial literacy programs, SBA lending, public welfare and community development investments and Community Reinvestment Act (CRA) activities, we invest in the long-term well-being of our communities and of the people who live there.

In 2021, our Foundations distributed over \$19 million through non-profits to fund opportunities for growth and development and to address important issues prevalent in our communities. We are pleased to highlight a few of these activities later in this report.

## Environment

Climate change is shaping the future of our world at a rapid speed, and we believe it is our responsibility to be a part of the solution. We are committed to managing and mitigating our risks and leveraging opportunities to improve our impact. With the guidance of environmental advisors, including a climate scientist, we have made substantial progress and have begun to align with the TCFD recommendations.

Across our operations, we are implementing initiatives that further reduce our environmental impact and help clients to do the same. In this report, our Scope 1 and 2 location-based greenhouse gas (GHG) emissions are reported for the first time. We highlight our efforts to use more environmentally-friendly products, reduce use, reuse and recycle. A fundamental aspect of our environmental strategy is community restoration, achieved through nature-based projects and strategic relationships.

Although the path to progress may not be a straight line, we stand ready to work tirelessly to navigate the road ahead. We recognize that the transition to a low-carbon economy must be balanced, taking into consideration the energy needs and economic realities of today while building for the future.

## Here for Good

As the world continues to change and our company evolves, we are Here for Good for our associates, clients, communities and the environment. During these extraordinary times, I am extremely proud of the strength and resiliency of our team and their unwavering dedication to our clients and to better the communities we serve.

Thank you to our board of directors for their guidance and oversight, our clients for their trust and loyalty and our shareholders for their continued confidence in our company.

Sincerely,



**D. Bryan Jordan**

President and CEO, First Horizon Corporation



*Big River Crossing project, Memphis, TN*



*Associates and community members at ribbon cutting for Moncus Park First Horizon Amphitheater in Lafayette, LA*



*Planting trees for Earth Day*



# A Message from **Our Nominating and Corporate Governance Committee Chair**

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The need for corporate leadership on ESG-related issues has never been greater. As directors, we are responsible for understanding how ESG factors impact the long-term interests of our stakeholders and are committed to ensuring that First Horizon's ESG strategy continues to deliver results and drive returns. In July 2021, the board charged the Nominating and Corporate Governance Committee with oversight of ESG matters, and since then, the ESG team has provided updates on progress and priorities at every meeting.

From the top of our organization, and throughout every facet of our business, we hold ourselves to the highest standards of ethical conduct, and that means doing what is right for our business, our associates, the environment and our communities. Doing what is right includes continuing to enhance our ESG strategy, identifying key focus areas and understanding our climate risks and opportunities.

As the chair of our Nominating and Corporate Governance Committee, I am incredibly proud of our company's efforts to date and am grateful to our board of directors for their continued guidance on ESG priorities. Finally, I thank you, our stakeholders, for your continued interest in and support of our progress.

Sincerely,



**John Compton**  
Chair, Nominating and  
Corporate Governance Committee

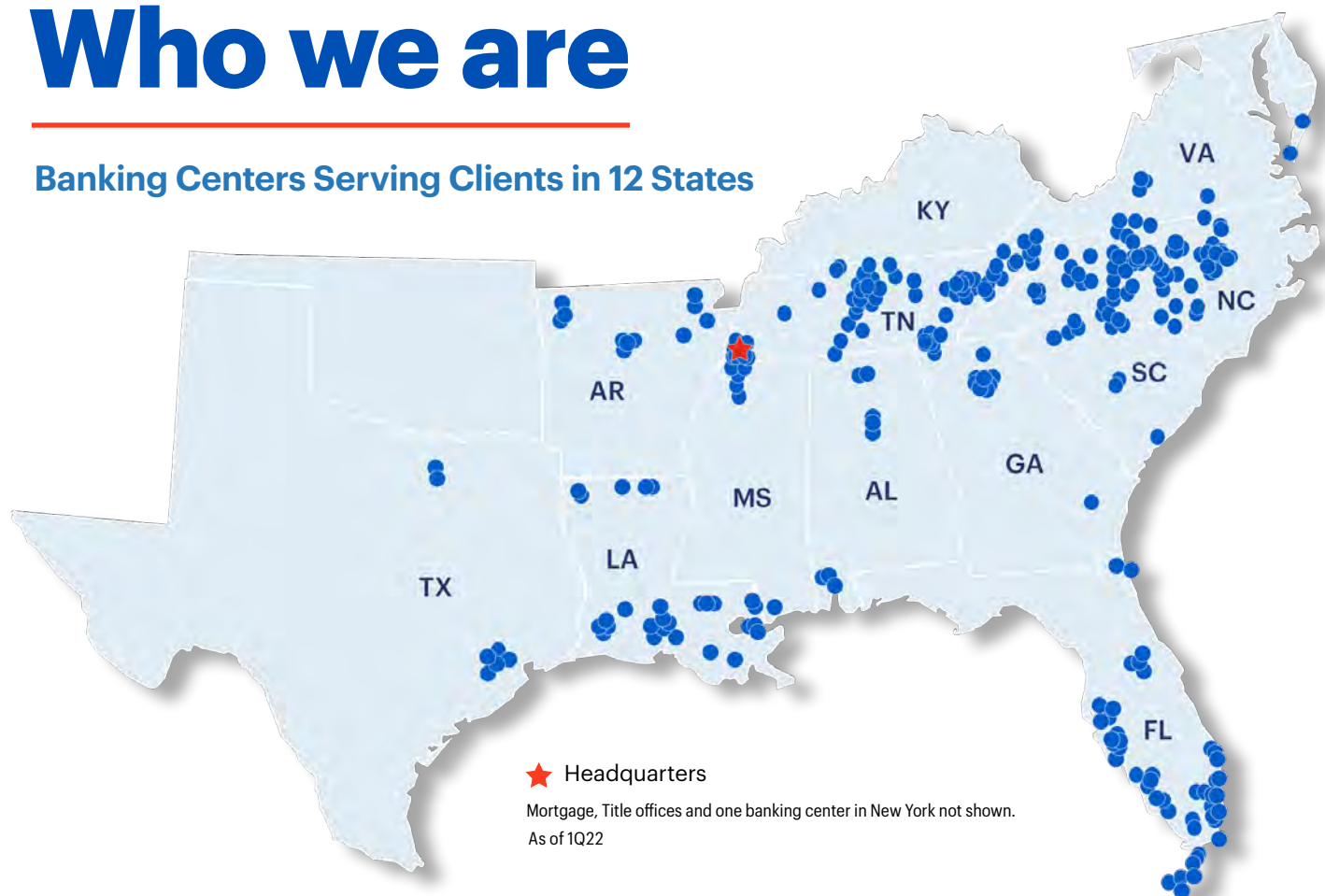


*John Compton, Chair, Nominating and  
Corporate Governance Committee*

## About First Horizon

# Who we are

### Banking Centers Serving Clients in 12 States



Since 1864, First Horizon Corporation (NYSE: FHN) has been known as a trusted choice for financial services and counsel and well-regarded for our dedication to strengthening the lives of our associates, clients and communities. We strive to foster human connections to build lasting relationships and empower people to achieve their dreams. At First Horizon, we bring this to life through our purpose and values.

Headquartered in Memphis, Tennessee, with \$88.6 billion in average assets, as of March 31, 2022, we serve clients through a team of approximately 7,900 associates and 417 banking centers in 12 states throughout the southeastern United States and serve clients nationwide through our commercial and specialty banking businesses.

In February 2022, after approximately two years of intense preparation, we completed the final systems conversion in connection with the IBERABANK merger of equals, creating a regional banking leader differentiated by a strong commitment to a high-quality client experience.

On February 27, 2022, First Horizon and The Toronto-Dominion Bank (TD) entered into a definitive agreement for TD to acquire First Horizon in an all-cash transaction valued at \$13.4 billion, or \$25 for each common share of First Horizon. This all-cash transaction represented one of the largest one-day market premiums for transactions greater than \$2 billion in the banking sector. The potential value created for all our key stakeholders through this combination with TD is undeniable. The transaction with TD has been unanimously approved by First Horizon's board of directors, and was overwhelmingly approved by our shareholders at a special meeting in late May.

We believe our highly regarded brand and the value we have created for our associates, clients, communities and shareholders provide a strong foundation from which to build an extraordinary future as we look to further transform through the transaction with TD.





**Bryan Jordan**  
President and CEO

## Executive Leadership Team

Our experienced executive team is dedicated to fostering an engaging, inclusive culture through our shared purpose and values. The team possesses deep industry knowledge, well-rounded business perspectives and the proven ability to adapt as the industry continues to rapidly evolve.



Our leaders bring a diverse mix of thoughts and experience with a people-focused culture that enables all associates to succeed. Through the challenges and opportunities of the past year, I am extraordinarily proud of everything we have accomplished together.



— Bryan Jordan



**Terry Akins**  
Chief Risk Officer



**Beth Ardoin**  
Chief Corporate Communications Officer



**Hope Dmunchowski**  
Chief Financial Officer



**Tammy LoCascio**  
Chief Operating Officer



**David Popwell**  
President of Specialty Banking



**Anthony Restel**  
President of Regional Banking



**Susan Springfield**  
Chief Credit Officer



**Vernon Stafford**  
Chief Audit Executive

## Financial Highlights

We delivered solid results in the first quarter of 2022 that reflect the underlying momentum of our balanced business model and attractive geographical footprint. Throughout the quarter, we focused on delivering enhanced product capabilities to attract new clients and deepen existing relationships. At the same time, we continued to drive progress across a variety of key performance indicators.

### 1Q22 Highlights

- While underlying momentum was muted by countercyclical impacts and seasonality, we delivered quality results aided by continued strong credit performance and a differentiated client-focused value proposition with a broader product set.
- We delivered net income available to common shareholders of \$187 million, down from \$219 million in 4Q21, driven by the benefit of the IBKC merger and exceptional credit quality as well as a strong focus on funding discipline and expense management. Our results were reduced by a net \$24 million of notable items largely tied to the IBKC merger and TD transaction compared to a net reduction of \$41 million in 4Q21. We delivered solid pre-provision net revenue of \$215 million in 1Q22 and \$246 million before the impact of notable items.\*
- Net interest income of \$479 million decreased \$19 million from 4Q21 driven by a \$23 million reduction tied to net merger-related and PPP benefits and day count. Core net interest income was up \$3 million before day count as the impact of lower loans to mortgage companies and consumer loan balances and spreads was more than offset by the benefit of higher investment portfolio income, other commercial and industrial loan balances and lower funding costs.
- As expected, we continued to see further moderation of fixed income and mortgage banking fees from exceptionally high levels in 2020 and 2021 given both the impact of higher long-term rates as well as additional pressure from our recent reduction in overdraft pricing.
- Our strong risk management focus continued to deliver improving asset quality trends highlighted by net loan losses of \$10 million, or seven basis points.
- We achieved \$116 million of annualized net cost saves in 1Q22 end and approximately \$60 million of annualized revenue synergies. We remain confident in our ability to deliver at least \$200 million in net annualized savings by the fourth quarter of 2022.
- We maintained healthy capital levels with a CET1 ratio of nearly 10%. Additionally, tangible book value per share decreased 5% quarter over quarter to \$10.46. We issued \$494 million of convertible preferred shares in connection with the TD transaction, which added approximately 80 bps to Tier 1 and Total capital ratios.
- We continued to deliver attractive shareholder returns with a return on tangible common equity of 13.0% and 14.7% on an adjusted basis.\*

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References to loans, deposits and total assets reflect average balances; loans include leases.

\*This report contains financial measures that are not presented according to generally accepted accounting principles (GAAP). Non-GAAP financial measures are noted in this report when used. Although most non-GAAP measures have no standard definition, our management believes the measures presented in this report are useful for understanding our financial results. Non-GAAP measures are reported to our management and board of directors through various internal reports. The non-GAAP financial measures used in this report are return on tangible common equity, adjusted return on tangible common equity, pre-provision net revenue and adjusted pre-provision net revenue. They are reconciled to GAAP measures on [page 74](#).

## By the Numbers

(As of March 31, 2022 for 1Q22)



**BANKING CENTERS**

**417**



**BANKING CENTER STATES**

**12**



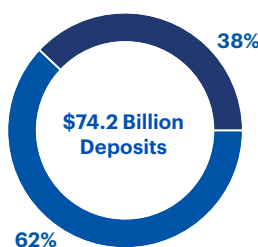
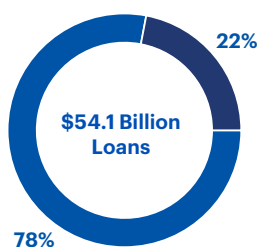
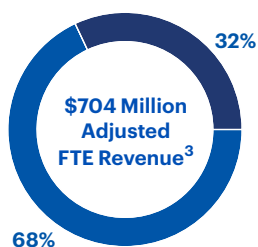
**ASSOCIATES**

**~7,900**



**ASSETS**

**\$88.6Bn**



### Key Financial Highlights First Quarter 2022

ROCE	9.92%
ROTCE <sup>3</sup>	12.98%
ADJUSTED ROTCE <sup>3</sup>	14.68%
ROA	0.90%
ADJUSTED ROA <sup>3</sup>	1.02%
DILUTED EPS	\$0.34
ADJUSTED EPS <sup>3</sup>	\$0.38

▶ Top 5 deposit market share in 12 of the Top 20 Southern MSAs<sup>1</sup>

▶ Top 15 MSAs projected to outpace national average population growth by 33%<sup>2</sup>

▶ Diversified business mix with regional and specialty banking focus

Source: <sup>1</sup>FDIC deposit data as of 6/30/21. Top MSAs determined by Company Total Deposits; <sup>2</sup>MSA weighted average population data based on 2021-2026 projected population change per SNL Financial as of 9/29/21; <sup>3</sup>Adjusted financial measures are Non-GAAP and are reconciled to GAAP measures on [page 74](#).

References to loans, deposits and total assets reflect average balances; loans include leases.



Commercial Banking Executive, Jerry Vasocu, accepts prestigious Charles Q. Harris award for 2021.



# What we do

Our diversified and market-centric business model with specialized capabilities in an attractive geographic footprint provides significant competitive advantages and growth opportunities and fosters client relationships that are strengthened by our depth of resources and industry expertise.

Segments	Teams	Business Lines	Products
<b>Regional Banking</b>	Business Banking Commercial Private Client Retail Small Business	Community Investment Group Corporate Healthcare Banking Energy Healthcare Sponsor Finance Music Industry Group Sports and Entertainment	Merchant Services SBA Wealth Management
<b>Specialty Banking</b>		Asset-Based Lending Commercial Real Estate Corporate Banking Correspondent Banking Equipment Financing/Leasing Franchise Finance Mortgage Warehouse Lending	Debt Capital Markets Fixed Income International Services Loan Syndications Title Treasury Management Services

Regional Banking	
ROA	<b>2.0%</b>
ROE <sup>1</sup>	<b>23%</b>
EFFICIENCY RATIO	<b>58%</b>

Specialty Banking	
ROA	<b>1.7%</b>
ROE <sup>1</sup>	<b>21%</b>
EFFICIENCY RATIO	<b>55%</b>

As of 1Q22

<sup>1</sup>Segment equity is allocated based on an internal allocation methodology

## Our Teams & Specialties

### Asset-Based Lending

Financing for working capital, expansion, equipment, refinancing or recapitalization for businesses specializing in wholesale distribution, manufacturing, transportation and logistics, commercial and consumer finance and factoring

### Commercial Real Estate

Short and long-term funding for large commercial real estate projects, including construction or renovation of retail, Class A office space, industrial and multi-family

### Community Investment Group

Public welfare investments in projects and businesses that qualify for federal low-income housing, new markets and historic rehabilitation tax credits

### Corporate Healthcare Banking

Customized financial service solutions to healthcare companies representing a wide range of the industry's sub-sectors and encompassing a nationwide geographical footprint. Supports a rapidly growing client base with capital for expansions, acquisitions, working capital, equipment, leasing and other debt and treasury management products and services

### Corporate Banking

A broad set of credit and treasury services to public and private corporations with revenues exceeding \$50 million

### Correspondent Services

A wide range of financial services to community banks and credit unions, including financing and credit needs, liquidity management and deposits and security safekeeping

### Energy

Financing for companies involved in the extraction and processing of oil, natural gas and refined products, as well as midstream infrastructure (gathering, processing, transportation and water gathering, disposal and recycling systems) and oilfield service companies

### Equipment Financing/Leasing

Loan and tax-advantaged leasing products for medium and large ticket equipment tailored to minimize upfront investment and optimize cash flow and tax objectives. Industry specialties include transportation, manufacturing, healthcare and construction

### Fixed Income

FHN Financial is an industry leader in fixed income sales, trading and strategies for institutional clients in the U.S. and abroad. With an average daily trading volume of over \$7 billion, FHN Financial transacts business with approximately one-half of all domestic depository institutions with portfolios larger than \$100 million. Complementing its unique distribution capabilities are a range of additional products and services, including debt capital markets, public finance, interest rate derivatives, loan trading and consulting, asset liability management, portfolio accounting and institutional investment advisory to assist with balance sheet management (For more details see [page 32](#) on FHN Financial)

<b>Franchise Finance</b>	Lending, deposit and treasury services for restaurant and fitness operators across the United States to support recapitalizations, acquisitions and new unit development and remodels
<b>Healthcare Sponsor Finance</b>	An array of financial products and services to leading private equity firms that invest in companies addressing our healthcare system's needs
<b>International Services</b>	Customized financial solutions to businesses operating internationally, including enabling international transactions and credit, funds transfer solutions and currency exchange
<b>Loan Syndications</b>	Leads, structures and arranges complex financing solutions for larger, middle market borrowers that are then funded by a group of participating banks. Partners with commercial lending, commercial real estate and specialty lending teams to offer customized debt capital structures that help clients achieve their strategic objectives, such as mergers and acquisitions, recapitalizations and capital expenditures
<b>Merchant Services</b>	From contactless payments to online ordering, First Horizon Merchant Services, in partnership with Clover, offers a wide range of innovative payment solutions designed to create efficiencies and convenience
<b>Mortgage Warehouse Lending</b>	Lines of credit to independent mortgage companies to fund residential mortgages sold into the secondary market
<b>Music Industry Group</b>	Offers loans and lines of credit, catalogue acquisition, songwriter contract advances, equipment financing, real estate financing and treasury and international services such as purchasing cards, letters of credit and foreign exchange to businesses and individuals operating in the music industry
<b>SBA</b>	Small businesses financing that is guaranteed by the U.S. Small Business Administration (SBA) through the SBA 7a program as well as SBA 504 loan products
<b>Sports and Entertainment</b>	Provides traditional private banking, lending and wealth solutions, primarily working with individual clients (music, entertainers, sports athletes and business professionals) with planning solutions and family office
<b>Title</b>	Residential and commercial real estate closings services. Offers title insurance products protecting real estate owners, leasehold interests and mortgage lenders
<b>Treasury Management Services</b>	A full suite of products and services to support payables, receivables, liquidity management and reporting, including ACH, wire, controlled disbursements, fraud protection, commercial card, vault and lockbox
<b>Wealth Management</b>	Wealth management expertise and customized assistance in investments, trusts, financial planning, insurance and more to help clients reach their financial goals



# Delivering on Our Purpose

As a newly combined team after the merger of equals with IBERIABANK, we enhanced our guiding principles. In late 2021, we introduced a new Purpose, Values and Commitment that reflect the core values and operating philosophies of our company.

Our Purpose, Values and Commitment capture who we are today and aspire to be going forward. Each and every day, we strive to create a great place for associates to work, build stronger communities and positively contribute to society overall. These corporate commitments are integrated throughout our ESG framework and pillars.

## Strategic Plan

In October 2021, our board of directors approved a three-year strategic plan designed to capitalize on our geographic opportunities, market-centric business model, competitive products and services and the talent and capabilities that differentiate our organization.

The experiences we have had over the last two years underscore the need for the rapid acceleration of digital capabilities and the importance of creating new client capabilities to remain competitive and relevant in the future. We made good strides during the year implementing new technology and digital enablement, upgrading operating systems and addressing operational efficiency opportunities to deliver a differentiated client experience across all aspects of our organization.

The strategic plan enables us to live our purpose while pursuing top quartile financial performance and aligns with our environmental, social and governance strategy.

## Three Key Components:

- **Grow the Core:** Execute Regional and Specialty bank plans to deliver sound, profitable growth and leverage recent investments to support growth
- **Selectively Transform:** Reduce cost of delivery and simplify processes, increase specialization to drive higher margins and enhance delivery models to increase productivity
- **Support People & Communities:** Be an employer of choice, attracting, developing and retaining top talent while supporting our communities through reinvestment and social responsibility

## Purpose

**At First Horizon Bank, we help our clients unlock their full potential with capital and counsel.**

## Values

- **Put Clients First** – Go above and beyond to listen, understand and solve the client’s needs. Follow through and exceed expectations every step of the way.
- **Care About People** – Treat others with respect and dignity. Foster a culture of collaboration. Demonstrate kindness and empathy for all.
- **Commit to Excellence in Everything We Do** – Conduct business with professionalism and dignity. Embody a “can do” spirit that gets results for our clients.
- **Elevate Equity** – Place equity at the center of our diversity and inclusion efforts. Create accountability and ensure accessibility and opportunity for all.
- **Foster Team Success** – Measure wins in terms of “we” not “me”. Take pride in company and success. Be invested in a shared vision for future growth.

## Commitment

**As teammates and as individuals, we *must own every moment*. We listen, understand and deliver.**

## ESG Commitment and Progress

Our ESG strategy continues to evolve in response to a dynamic external environment and increasing investor and other stakeholder attention. We recognize that reporting on ESG performance and progress transparently is integral to creating confidence for our stakeholders. Our primary ESG goals are to continue to improve what we already do well and enhance other areas in line with industry expectations to create long-term value.

With feedback from internal and external stakeholders, we built out our ESG framework based on five inter-connected pillars - **Governance, Associates, Clients, Communities and Environment** - adding focus areas in 2022. These focus areas will serve as guideposts to help measure both qualitative and quantitative progress.



Prioritizing sustainability today delivers long-term value creation for our key stakeholders. It's exciting to see the enhanced awareness and progress being made in corporate America.



— **Mary Lakey**  
ESG Officer



### Governance

Lead with sound governance practices

#### FOCUS AREAS

- [Risk Management](#)
- [Enhanced Disclosure](#)
- [Stakeholder Outreach](#)



### Associates

Invest in our associates and foster an inclusive and collaborative culture

#### FOCUS AREAS

- [DEI Strategic Priorities](#)
- [Advancement & Retention](#)
- [Development Programs](#)
- [Health, Financial, Family & Career Wellness](#)



### Clients

Serve clients extraordinarily well and dedicate resources to the underbanked

#### FOCUS AREAS

- [Privacy & Cybersecurity](#)
- [Financial Literacy](#)
- [Equity](#)
- [Access & Inclusion](#)



### Communities

Strengthen our communities through strategic partnerships and investments

#### FOCUS AREAS

- [Access to Housing](#)
- [Economic Development & Opportunity](#)
- [Financial Capability & Stability](#)
- [Volunteerism](#)



### Environment

Operate responsibly and positively influence our value chain

#### FOCUS AREAS

- [Preservation & Restoration](#)
- [Reducing our Carbon Footprint](#)
- [Sustainable Practices](#)

## Recent ESG Progress and Performance (2021-2022)

We enhanced our organizational efforts to advance our ESG priorities. Some of those efforts include:



### Governance

- Identified ESG as a key priority and delegated oversight to Beth Ardoin, Chief Communications Officer and a member of the Executive Management Committee
- Named Mary Lakey ESG Officer
- Retained two ESG advisors, including a climate scientist, to help guide our strategy
- Assigned ESG oversight to the Nominating and Corporate Governance Committee of the board of directors with regular updates to the full board of directors
- Provided the Executive and Risk Committee with periodic environmental and social updates
- Operationalized ESG priorities through CSR Working Group and Task Forces
- Developed focus areas aligned with our ESG pillars
- Developed associate education and engagement practices around ESG
- Started alignment with Task Force on Climate-related Financial Disclosures ([TCFD](#)) recommendations and Sustainability Accounting Standards Board ([SASB](#)) disclosures



### Environmental

- Calculated and reported Scope 1 & 2 location-based GHG emissions using 2019 as baseline year
- Conducted initial loan portfolio analysis looking at physical and transition risks and opportunities
- Piloted an environmental risk tabletop exercise with key leaders across the organization
- Reduced and eliminated certain products internally for more responsible resource use
- Supported environmental, community and nature-based projects
- Launched environmentally focused Associate Resource Group (ARG)



### Social

- Expanded DEI team
- Launched enterprise-wide DEI Council
- Committed to the CEO Action for Diversity & Inclusion™
- Named women to key leadership roles: COO, CFO and CHRO
- Participated in the W.K. Kellogg Foundation's Expanding Equity program
- Launched three new Associate Resource Groups: Hispanic Outreach and Latino Alliance, Eco Champions and Black Inclusion Guild
- Executive Management Committee participated in DEI training at National Civil Rights Museum's Corporate Equity Center
- Continued to provide tools, resources and support to promote associates' financial, mental and physical well-being
- Received CRA ratings of "High Satisfactory" in Lending and in Service, "Outstanding" in Investment and "Satisfactory" overall in most recent CRA exam conducted by the Federal Reserve Bank of St. Louis
- Continued to support financial literacy through Operation HOPE, Junior Achievement and other programs



# Stakeholder Communication

## Shareholder Outreach

We remain committed to ongoing dialogue with our shareholders, and in late 2021, we proactively reached out to shareholders (representing 54% of our outstanding common shares) to solicit feedback on areas of interest to them regarding corporate governance. Lead director Colin Reed, Compensation Committee Chair Rick Maples and members of the legal, compensation, investor relations and ESG teams subsequently held discussions with firms holding approximately 18% of our outstanding common shares. The feedback received was shared with the Nominating and Corporate Governance Committee and provided valuable insights into our shareholders' perspectives on various topics related to the merger of equals with IBERIABANK, board composition, executive compensation and ESG matters.


## Key Stakeholder Engagement

Common ways we engage with stakeholders are listed below.

Stakeholder	Engagement	Sample Topics
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Investor meetings/Roadshows</li> <li>Sell-side conferences</li> <li>Earnings calls</li> <li>Outreach calls/meetings</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>ESG</li> <li>Board and strategy</li> <li>Merger integration</li> </ul>
<b>Associates</b>	<ul style="list-style-type: none"> <li>Surveys</li> <li>Intranet website</li> <li>Mentor program</li> <li>Wellness program</li> <li>Quarterly check-ins/Year-end reviews</li> <li>Matching gifts program</li> <li>Leadership grants</li> <li>Volunteer opportunities</li> <li>Weekly newsletters</li> <li>Quarterly earnings calls</li> <li>Associate Resource Groups</li> </ul>	<ul style="list-style-type: none"> <li>Benefits and wellness</li> <li>ESG</li> <li>Community engagement</li> <li>Diversity, Equity and Inclusion</li> <li>Training and leadership development</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>Frequent meetings/Touchpoints</li> <li>Client surveys</li> <li>Client emails, mailings and videos</li> <li>Frequent merger communication</li> </ul>	<ul style="list-style-type: none"> <li>PPP assistance</li> <li>ESG</li> <li>Challenges and opportunities</li> <li>Economic environment</li> <li>Integration updates</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>Target examinations</li> <li>CRO and executive meetings</li> <li>Ongoing monitoring reports</li> </ul>	<ul style="list-style-type: none"> <li>Risk programs</li> <li>ESG</li> <li>Integration and conversion updates</li> <li>Corporate changes</li> <li>Regulatory updates</li> </ul>
<b>Communities (non-profits)</b>	<ul style="list-style-type: none"> <li>Funding support of community programs and initiatives</li> <li>Volunteer, community service and board membership by associates</li> <li>Local market advisory boards</li> <li>National Community Advisory Board</li> <li>Foundation support</li> <li>Events and sponsorships</li> </ul>	<ul style="list-style-type: none"> <li>Financial literacy</li> <li>ESG</li> <li>Education and leadership</li> <li>Affordable housing</li> <li>Human and health services</li> </ul>



# Here *for* Our Associates



**At First Horizon, we believe that to achieve our goals, we must empower our associates to achieve theirs. Bringing together diverse people, ideas and perspectives helps us open up opportunities and builds a more inclusive and equitable world. We are dedicated to fostering a connected workforce where everyone feels a sense of belonging. It is critical that we invest in talent, provide competitive benefits and rewards, offer development programs and opportunities and communicate effectively.**

*Dress for Success event in Texas*





## Health

- ✓ Health, dental and vision coverage
- ✓ Wellness program with up to \$400 in annual awards and up to \$200 in spouse awards
- ✓ Medical ally services
- ✓ Lifestyle coaching
- ✓ Chronic disease management and support
- ✓ Flexible spending accounts



## Financial

- ✓ First Horizon 401(k) savings plan
- ✓ 100% company match, up to 6%
- ✓ Health Savings Accounts, up to \$1,200 employer contributions
- ✓ Short and long-term disability
- ✓ Flexible dollars, up to \$5,600 per year
- ✓ Free checking and financial services
- ✓ Discounts



## Family

- ✓ Associate relief program
- ✓ Classroom visitor program
- ✓ Company-provided group life insurance
- ✓ Adoption reimbursement, up to \$15,000 per adoption/\$30,000 per year
- ✓ Family leave, up to 12 weeks
- ✓ Paid holidays and vacation, up to 4 weeks
- ✓ Sick/emergency pay
- ✓ Vacation donation program
- ✓ Parental leave



## Career

- ✓ Career development library
- ✓ Computer-based training
- ✓ Associate mentoring program
- ✓ Education assistance program, up to \$3,500 per calendar year

## Associate Value Survey

We solicit associate feedback on a regular basis to better understand how we can create a dynamic and competitive workplace. In September 2021, we conducted our annual associate value survey to identify associates' motivators and opportunities for improvement. Motivators included clients focus, meaningful work, compensation and benefits, teamwork and communication. We began work immediately to address opportunities for improvement including more resources, a focus on cross-team collaboration, communication and training and learning opportunities.

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**72%** of associates responded with an **82%** overall favorability rating on the survey

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## Wellness and Benefits

Our Total Rewards Benefits Program is designed to provide tools and resources that support the financial, mental and physical well-being of our associates. Through our SmartFHR app associates can access their benefit-related information and key resources 24/7 to build healthier habits and lifestyles.

**WellnessFirst:** Our corporate wellness program is designed to promote the importance of leading a healthy lifestyle, establishing a medical home, knowing health numbers and participating in health education and awareness programs. The program focuses on four key components of wellness – mental health, financial wellness, nutrition and physical wellness. The wellness program is supported by the company's Wellness Council, which is charged with helping to create and deliver programs and education that address the physical, emotional and financial needs of our associates and their families. In addition to the Council, over 500 associates serve as Wellness Champions who help deliver the messages and programming across the company's diverse footprint. Associates can earn up to \$400 in wellness incentives annually and are eligible for quarterly prizes. Up to four family members can participate in health and wellness activities with spouses being eligible for up to \$200 in annual wellness incentives. Health plan participants can earn up to \$1,200 in company contributions to their health savings account by practicing healthy lifestyles and managing their individual well-being.

**Total Rewards:** First Horizon's Total Rewards program is designed with our people in mind. Our company is committed to rewarding and retaining associates with competitive compensation and benefits. Through Total Reports, the company is able to provide a personalized view of associates' cash compensation and company provided benefits to help build personal wealth and provide financial protection.



## Employee Assistance Program (EAP) and Concierge Services

We understand the challenges of life and are dedicated to helping our associates embrace both work and personal responsibilities. We offer associates and their family members enhanced work/life benefits called ComPsych – a full-service support network that offers life counseling through an EAP concierge service. ComPsych’s confidential services are provided by our company at no cost to our associates.

## Development Programs

### Internship Program

Our internship program consists of a nine-week program of professional training and mentoring by a subject matter expert. In 2021, we employed 30 interns in multiple locations across our footprint, including Tennessee, Florida, Louisiana, Texas and North Carolina. To provide increased flexibility due to the ongoing pandemic, we also offered virtual internships. Interns participate in networking opportunities, community service activities, professional development workshops, meetings with market leaders and executives and a final project indicative of knowledge, skills and experience acquired. Our recent interns worked in a variety of areas including business banking, commercial strategy, digital banking, international banking, mortgage, private banking, corporate security and wealth management. The internship program not only benefits the student, but also benefits the organization as we gain perspective about the workforce of the future and build a pipeline of young talent.

### Mentoring

Our corporate mentoring program is designed to support the development of associates who are interested in leadership, coaching and career progression. Associates are matched with mentors within the company based on application similarities, primarily those related to career paths and goals. To support career development, the company provides participants with developmental tools and resources such as informational sessions to receive information regarding roles and expectations and periodic newsletters, workshops and assessments.

Our smart matching software, powered by Together Platform, takes goals, skills and participant preferences into account so that mentors and mentees have a successful mentorship experience.

In 2021, the program had 437 participants with a 3.8 average feedback score out of 4.0.

“The mentoring program is an essential thread of the great cultural fabric we have at First Horizon. It weaves throughout the entire organization and allows for greater bonds of understanding, connectivity, knowledge sharing and opportunity. It truly is one of the best gifts that our associates share with each other.”



— **Dr. Mario Brown**  
Chief Talent Development Officer

## Supporting Our Associates

### Associate Relief Fund

First Horizon’s Associate Relief Fund provides grants to help our associates recover from natural disasters, family deaths or other qualifying events. Last year, we faced a number of natural disasters and other challenges that affected our footprint. Through our Relief Fund, we provided 118 grants to our associates in need.

**Providing support to our associates, especially during tough times, is in our DNA.**

## Hurricane Ida

Hurricane Ida made landfall on Sunday, August 29, 2021, near Port Fourchon, Louisiana, just outside of New Orleans, as a Category 4 storm with sustained winds of 150 mph. Ida brought heavy rainfall, tornados, flooding and extremely dangerous storm surge along the coasts of Louisiana, Mississippi and Alabama. Ida threatened lives, destroyed homes and left more than one million people without electricity, some for over two weeks in the hottest parts of the summer.

Immediately following the storm, First Horizon distributed essential supplies as well as financial support through our Associate Relief Fund to approximately 600 impacted associates. Additionally, Louisiana First Horizon Foundation made a pledge of \$1 million to help communities impacted by Hurricane Ida. These funds were distributed through non-profit partners to address the needs of people in affected areas including Bayou Community Foundation, Krewe of Red Beans, St. Bernard Project, United Way agencies, Second Harvest, Rebuilding Together and Junior Achievement.

In addition to corporate support, First Horizon associates volunteered over 1,000 hours toward the relief and recovery efforts. Volunteers distributed water, ice, food and supplies, as well as 10,000 gallons of fuel.



With First Horizon’s commitment to the revitalization of Ida-impacted communities, St. Bernard Project will ensure that the recovery process can continue moving forward at a prompt and predictable pace, fortifying impacted families against future disasters and fostering a renewed sense of hope.



— Elizabeth Egle

Chief Development Officer of St. Bernard Project

## Junior Achievement of Greater New Orleans

After the devastation of Hurricane Ida, **First Horizon provided a \$50,000 grant** to Junior Achievement (JA), supporting seven schools and reaching over 4,600 students. Junior Achievement partner schools needed basic school supplies, uniforms, back packs and personal items such as hygiene kits for their students to return to school. First Horizon and JA recognized that they must do everything they can to reconnect students to their education and support educators by ensuring they have the tools necessary to do their vital work.



## Diversity, Equity and Inclusion

At First Horizon, we are committed to diversity, equity and inclusion at all levels of the company. DEI is a business imperative, not a stand-alone initiative, and embedded in the daily operations of our business and our corporate culture. Our ability to excel as a company and as an employer of choice is rooted in this commitment.

We continue to refine and elevate our DEI strategy and priorities, and we are leaning in on one of our new shared values: “elevating equity”. Equity is about providing accessibility, opportunity, fairness and action. We use a quantitative approach to measure success and ensure our decision making is grounded in being Here for Good and guided by timely and relevant data analytics and insights.



*Our executive leadership team was the first group to officially participate in the National Civil Rights Museum’s Corporate Equity Center’s leadership program. Programs at the Corporate Equity Center highlight and explore how inequities within companies are obstacles to advancement for Black employees. Through this experience, our team gained additional information and tools that can be used to address inequities within talent management processes and to continue to build a diverse team at every level in our organization.*

## DEI Strategic Priorities

We believe that leveraging the power of diversity, equity and inclusion through our four strategic priorities - **workforce, workplace, marketplace and community** - is crucial in order for us to build a culture that fosters innovation while maximizing business results.

### Workforce

Increasing, developing and promoting multicultural talent



- ✓ Enhance talent funnel to increase representation of professionals of color at all levels
- ✓ Require diverse interview panels and candidate slates for mid-tier management positions
- ✓ Develop programming that directly addresses the “broken rung” on our corporate leadership ladder

### Workplace

Embedding diversity and inclusion into the fabric of our culture



- ✓ Add more robust DEI-related training to our catalogue and add as an annual requirement for all associates by reducing gender, race and disability-based disparities in Associate Value Survey (AVS) scores
- ✓ Identify conditions that drive promotion and attrition rates, particularly for associates of color
- ✓ Evaluate HR policies through an equity lens to ensure equity and inclusivity

### Marketplace

Acquiring multicultural clients, vendors and community partners



- ✓ Advance products, programs and services to expand access to capital to borrowers from historically disadvantaged populations
- ✓ Partner with marketing to build more inclusive branding and diversify marketing spend

### Community

Serving clients, businesses and communities in all geographic markets where we have presence



- ✓ Increase percentage of contracts awarded to Minority, Women and Disadvantaged Business Enterprise
- ✓ Apply a DEI lens to our community investment strategy

## DEI Resources and Tools

We have a dedicated internal webpage for associates that includes a growing list of carefully curated resources including articles, videos, webinars, events and podcasts on topics such as overcoming bias, women's history, Black history, LGBTQ pride, autism acceptance, financial literacy and education and Asian American and Pacific Islander heritage. These resources are frequently updated and content evolves with the changing needs of our workforce.

## Diversity Talent Initiative Overview

In 2021, we launched an initiative aimed at increasing diversity in our talent pipeline. The purpose of this initiative is to increase diversity within our commercial banking line of business, enabling us to better serve the diverse client base of our communities. Recruitment is prioritized internally by identifying high-potential, high-performing talent. The initiative facilitates career development and advancement across lines of business, translating into better retention of high potential associates. Within our seven targeted markets, we created approximately 12 new Credit Analyst positions through this initiative. Our teams partner with the Center for Talent Development to provide credit and cashflow training through the ASCEND talent development program.



*Top 40 Under 40 Urban Elite Professionals Awards honor African American rising Memphians who offer unique and innovative solutions to social problems, as well as those who shine in their respective professions. This awards gala serves to not only spotlight these remarkable Top 40 Under 40 Urban Elite Professionals and their outstanding achievements but provides an opportunity for the City of Memphis and surrounding areas to increase their diverse talent pools.*

## DEI Council

The Diversity, Equity and Inclusion Council is composed of associates and leaders from across the company who represent a wide range of business lines, associate levels and backgrounds. Its purpose is to discuss the company's current strategic plan for emphasizing diversity, equity and inclusion throughout our organization. The Council is led by executive sponsors who serve as strategic leadership partners.

## Historically Black Colleges and Universities (HBCU)

First Horizon understands the importance of education and is proud to support Historically Black Colleges and Universities (HBCUs). In 2021, we provided over \$50,000 to HBCUs to provide first generation college students access to a first-rate education.

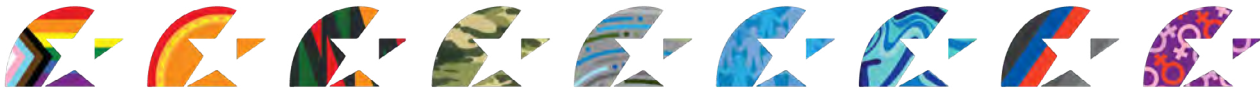


## Associate Resource Groups

We work to embed diversity, equity and inclusion into the fabric of our culture. To help connect our associates, we utilize Associate Resource Groups (ARGs) to drive leader and associate engagement, foster support and provide networking and leadership development opportunities. These groups may be developed around any theme or affinity that promotes respect, awareness and inclusion. We believe ARGs are central to our success as they provide outlets for associate belonging, engagement and development.



*Tiffany Futch and Tanya Hart were the recipients of the 2021 DEI Impact Award. These awards are presented to an associate and a leader who consistently make a measurable impact on the diversity, equity and inclusion of our workforce, workplace, marketplace and communities.*



**We currently offer the following nine ARGs:**

**Alliance and Allies:** Dedicated to the support of diversity, equity and inclusion for lesbian, gay, bisexual and transgender associates as well as their parents, families, friends and cisgender and straight allies

**\*Black Inclusion Guild (BIG):** Committed to fostering the inclusion and advancement of First Horizon associates who identify as Black or of African descent and to undertake internal and external activities to attract, retain, empower and inspire African American associates

**Diversity Networking Association (DNA):** Provides a collaborative and inclusive networking experience for First Horizon associates by affording members access to career and community-focused networking and professional development opportunities

**\*Eco Champions:** Serves as a network of environmental advocates who are passionate about fostering awareness, education and engagement related to the environment and climate while working toward a more sustainable future

**Gen Now:** Fosters professional development and engagement among young associates to become future leaders as well as encourages inclusion and innovation in a multigenerational workforce

**\*Hispanic Outreach and Latino Alliance (¡HOLA!):** Dedicated to championing diversity and inclusion by serving as a key resource to our community and organization's shared values. Focuses on pertinent issues concerning Latinos in the workplace and brings awareness to both challenges and opportunities across the organization

**Military Community:** Formed by veterans in the company to provide guidance, support, professional development and networking opportunities to veterans

**Women's Initiative:** Promotes the success of women across our organization and within our communities

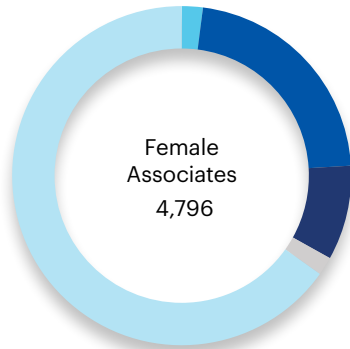
**Working Parents and Caregivers:** Provides support, encouragement and guidance to associates who serve as caregivers. This includes, but is not limited to, caregivers for children, aging parents, siblings and individuals with disabilities

\*New in 2021

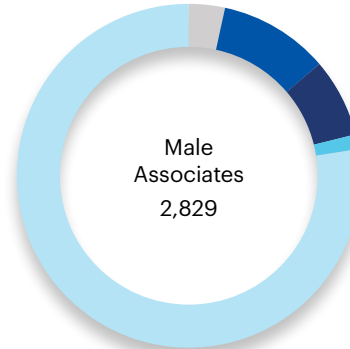
# Workforce Demographics

## By the Numbers

(As of March 31, 2022)



### Associate Gender and Ethnicity



- 2% Other
- 2% Asian
- 9% Hispanic or Latino
- 22% Black or African American
- 65% White

- 1% Other
- 3% Asian
- 8% Hispanic or Latino
- 9% Black or African American
- 78% White



- 45% Female
- 55% Male

- 91% White
- 9% Black or African American

- 53% Female
- 47% Male

- 1% Other
- 2% Asian
- 7% Hispanic or Latino
- 11% Black or African American
- 79% White

Based on company EEO data as of 3/31/22. Numbers may not foot due to rounding.

Other includes Native Hawaiian, Pacific Islander, American Indian, Alaskan Native, Two or More Races or Not Specified  
Managers consists of Executive/Senior/First/Mid-level Officials and Managers



# Here *for* Our Clients



**We believe our clients' success is our success, and we value the trust that they place in us to serve their financial needs. We also know that it is imperative that we continue to grow and change to meet their needs and expectations. Our extensive suite of products and services delivered by a talented team helps us remain competitive in a rapidly changing environment. As the COVID-19 pandemic raged on in 2021, we helped our clients access support through the SBA Paycheck Protection Program demonstrating our ability and commitment to not only be here for good, but also when clients need us most.**

*Atlanta Presidents, Bryan Jordan and local client*



## CX Objectives



Create satisfaction and loyalty with our **most valuable clients**



Become **ever more relevant** throughout the client's lifecycle with the bank



Uphold and help activate our new brand promise, "**Unlock client's full potential with capital & counsel**"



**Ignite growth and compete** in new markets and segments

## Client Experience (CX)

### CX for First Horizon

We believe a client-focused culture and mindset results in a win-win for clients and the company through strong relationships, loyalty and profitable growth. Our 2019 diagnostics of First Horizon's CX revealed an opportunity to further enhance client satisfaction by focusing on the most valuable clients and their most impactful interactions with the bank. First Horizon established a CX organization made up of three disciplines - **Design, Insights and Strategy/Innovation**.

### Initial Performance

A short-term priority was to improve First Horizon's Net Promoter Score (NPS) measuring client loyalty. CX facilitated partnerships across the organization to address key client pain points and implemented a new Client Experience Measurement (CEM) platform that includes ten listening programs.

We have surveyed over 40,000 clients of which 14,000 have indicated a desire to participate in future research and/or client labs. First Horizon has seen our overall NPS score improve by 15 points since establishing NPS.

### Our Approach

- CX to drive growth and innovation vs. complaint resolution and reporting
- Proactive design vs. reactive 'fixing' of failures
- CX as a strategic differentiator vs. tactical cost center
- Start with client empathy vs. build it and then test it
- Inclusive experimentation approach vs. siloed island approach



Client at ATM



Associate working with client at Settlers Trace in Lafayette, LA



## Paycheck Protection Program (PPP)

Throughout the pandemic, First Horizon continued to provide essential relief funds to small businesses through the SBA Paycheck Protection Program, while working through the IBERIABANK integration. This relief allowed businesses to avoid shut-downs and maintain stability in the face of uncertainty brought by the pandemic. Additionally, we proactively used targeted marketing to reach businesses in LMI census tracks. Total PPP funding in 2020 and 2021 was over \$6 billion, with approximately \$1.6 billion of that in 2021.

### 2021 PPP By The Numbers\*:

Approximately  
**\$1.6**  
billion loans

Over  
**18,000**  
loans

Supporting over  
**180,000**  
client employees

**43%**  
sole proprietors

\*Inclusive of 2021 only. Does not include 2020 PPP numbers.

## Client Protection

In an increasingly digitalized world, the importance of data protection and cybersecurity is top of mind. As a result, we continue to invest in cybersecurity systems and practices and publicly share information on our cyber risk management practices.

### Cybersecurity

First Horizon remains committed to safeguarding clients' personal and financial data. Our business practices, processes and controls, designed for the protection and privacy of client data, are subject to numerous federal regulations, including the Gramm-Leach-Bliley Act. The bank's Information Security Program is governed by a Three Lines of Defense model, which includes control validation by internal audit and regular examinations. Additionally, select business segments are subject to PCI DSS Assessment, Swift Assessment and SOC Audits annually.

Continuous investments in new technologies and cybersecurity professionals strengthen our defenses, mitigate cybersecurity threats and adhere to regulatory requirements. We dedicate substantial resources to cybersecurity to protect the confidentiality, integrity and availability of systems and data. Our associates and contractors receive fraud prevention and information security training annually, while dedicated personnel monitor First Horizon systems and networks.

#### Our cybersecurity strategy includes:

- Robust governance and oversight to enforce adherence to cybersecurity policies and standards
- Top-down focus on cybersecurity from our board of directors, executive management and senior leadership
- Working with federal regulators, law enforcement and threat intelligence organizations to continuously review and improve systems controls and practices. When necessary, First Horizon works with these organizations for investigations, knowledge sharing and information requests
- Implementation of cybersecurity through highly skilled personnel, leveraging proven technologies to identify and mitigate threats
- Deployment of multilayered defenses to identify, protect, detect, respond and recover
- Promotion of cybersecurity through associate awareness and job-specific training
- Communication of data protection guidance to clients
- Mature vendor management program to validate cybersecurity requirements are met

## Policies/Standards

The company utilizes established IT data security policies and standards which are applicable to directors, officers, associates and agents of the company, as well as direct and indirect subsidiaries and vendors. Data security policies and standards are designed to ensure security and privacy of information, provide requirements for the collection, use and sharing of data, help protect against any anticipated threats or hazards to the security or integrity of information and protect against unauthorized access to, or use of (including disposal of), information that could result in substantial harm or inconvenience to First Horizon or its clients.

Management and Board Risk Committees oversee the company's Information Security function and annually review the IT data security policies and standards.

## Information Security Risk Assessments

Our information security program and internal control structure is built upon the ISO 27001 framework which is aligned to the National Institute of Standards and Technology (NIST) Cybersecurity Framework. Internal and external control assessments are performed regularly to assess maturity levels relative to regulatory guidance, control frameworks and industry standards/best practices. We have a comprehensive and mature risk assessment process whereby regular assessments are conducted to identify and address IT security risks and threats at multiple levels throughout the organization. Additionally, the bank performs self-assessments annually through cybersecurity tabletop exercises, red teaming, network and application penetration testing and participates in the annual FS-ISAC Cyber Attack Against Payment Systems exercises.

## Multi-Layer Defense

Our comprehensive, risk-based, information security program includes multi-layered controls of network intrusion detection and prevention, malware protection, threat monitoring and least privileged access rights limiting users to minimum permissions for their job roles.

## Threat Management and Incident Response

Our Threat Management Team has developed a management program to regularly assess threats and vulnerabilities to systems to maintain an appropriate control environment to effectively mitigate risk. This layered defense program includes network intrusion detection and prevention, malware protection, advanced persistent threat monitoring and data protection. The company utilizes anti-bot services to adapt to the ever-changing landscape of bot attack trends and methods to detect and mitigate internet-based traffic from malicious bots. Additionally, regular tests are performed on detection and response capabilities through incident response exercises, regular internal and external penetration tests, vulnerability scans and risk assessments. The Threat Team also has established comprehensive incident response plans which define organizational structure, processes and procedures to properly identify and handle incidents that may affect the safety and security of First Horizon IT resources.



*Middle TN associates*



*Associate in Memphis, TN*

## Business Continuity Plan (BCP)

The BCP defines required actions, procedures, processes, personnel, facilities and system resources necessary to ensure the safety and resiliency of associates, clients and corporate assets. The goal of the BCP is to make sure critical business functions resume operations within 24 hours following a business interruption with minimal data loss following unanticipated interruptions. Our Disaster Recovery Plan and backup procedures include control requirements that enable appropriate prevention, protection, detection and reaction to conditions that could adversely affect the confidentiality, integrity and availability of our information resources. One purpose of these procedures is to confirm critical computer and network resources are available and promptly recovered following unanticipated interruptions.

## Vendor Management

Our Third-party Risk Management Program provides a systematic approach to managing risk and assessing adequate due diligence and oversight of third-party relationships while ensuring regulatory requirements are being met. The program increases focus on those relationships that could have a significant impact on client confidential information, impact bank operations or pose material cybersecurity or compliance risks.

## Cyber Talent/Training

First Horizon associates are required to take annual information security training. In 2021, our associates completed over 16,000 hours of training in a variety of cyber and privacy-related courses. Associates participate in phishing simulations based on real world events. Specialized security awareness training for developers and users with privileged access is required.

## New Technology

We onboarded new technology to improve the speed at which we can meet clients' needs, including:

- nCino platform deployment for loan origination and Treasury Management
- New wire system
- Pipeline management capability
- Client relationship management system
- Imaging system
- Cloud-based core (Finxact) with API enabled apps for VirtualBank
- Advanced data governance tool set
- Anti-bot services intelligently detect and mitigate internet-based traffic from malicious bots
- Cloud-based consumer/small business mobile app



### All associates are trained annually on:

- Company ethics and policies
- Privacy and identity theft training
- Corporate records management (biennial)
- Fraud and security awareness training
- Bank secrecy act/anti-money laundering training, including know your client training
- Fair lending and equal treatment training
- Information security

### Targeted and job-specific training for associates includes:

- Bank secrecy act/anti-money laundering (in-depth)
- Commercial loan fraud
- Consumer lending
- Cybersecurity awareness
- Electronic marketing using phone, fax and e-mail
- Financial officer/advisor code of ethics
- HIPAA privacy and security training
- Regulatory foundations for lenders
- Regulation CC
- The S.A.F.E. Act (NMLS Registration/Renewal)
- Regulation O
- Foreign Account Tax Compliance Act
- Treasury management risk

## Client Investment Capabilities

In addition to traditional banking services, we operate two specialty groups that provide investment opportunities and solutions: FHN Financial and First Horizon Advisors.

### FHN Financial

FHN Financial plays an important role in providing leading services, product solutions and expert commentary to help clients manage their fixed income investment strategies and portfolios. As ESG principles become more important investment considerations, FHN Financial is preparing to have the solutions and support to ensure our clients achieve their ESG goals.

To anticipate needs in this rapidly evolving market, FHN Financial created an ESG Task Force in May 2021 with representatives in each product area and key services areas. The goals of the Task Force are to define our role in the ESG market, align with the bank's ESG strategy, educate our associates and clients and identify solutions to generate revenue. The Task Force's efforts have produced and supported a number of product innovations, educational materials and initiatives over the past year.

<b>Portfolio Strategies</b>	In the summer of 2021, FHN Financial published a series of product primers to educate our clients on the role of ESG securities in each of our core markets. In addition to security-specific guidance, FHN Financial is also well-positioned as a resource on ESG regulations and plans continued education on this topic in 2022.
<b>Public Finance</b>	The Public Finance group works with state and local governments to identify and finance sustainable infrastructure projects that align with each issuer's unique needs and values. Recent projects include renewable energy, micro grids, electric vehicle charging infrastructure and community broadband, among others. As the municipal ESG market continues to expand and mature, the Public Finance group will be ready with new and innovative financing solutions to meet issuers' needs.
<b>Municipal Products</b>	FHN Financial's Municipal Credit Strategies Group developed a tool to help clients assess portfolio exposure to various climate risks, including hurricanes, wildfires and sea level rise, among others. The product officially launched in August 2021 but continues to undergo enhancements that include refinements to data sources, more actionable summaries for portfolio managers and single issuer analysis for pre-purchase due diligence. Additional initiatives in the municipal area include tracking of ESG deals to identify trends in issuance and pricing and expansion of our CRA platform to include green-, social- and sustainability-labelled securities.
<b>Debt Capital Markets</b>	FHN Financial's Debt Capital Markets Group routinely works with issuers to describe the benefits of structuring and executing ESG transactions in the corporate bond market. As the market for ESG transactions continues to grow, our team is poised to assist clients efficiently execute transactions in the marketplace.
<b>Corporate Products</b>	FHN Financial's Corporate Credit Strategies Group provides clients with comprehensive investment ideas across the \$130B+ corporate bond ESG landscape. Applying the sector, issuer and bond level analytics of the Corporate Credit Review engine, the team has developed a dynamic ESG model portfolio that guides portfolio construction with corporate bonds that carry specific ESG covenants. Additionally, the team publishes a quarterly Corporate ESG Update, highlighting the latest trends and opportunities in the growing and evolving ESG narrative.
<b>Talent Initiative</b>	FHN Financial has built a successful global fixed income business because of its people, its platform and its culture. The Capital Markets Talent Initiative aims to harness these core advantages to build a best-in-class training program. Using a deliberate approach to diversity, the program will focus on hiring and developing the next generation of talent to maintain and grow our position in a competitive marketplace while promoting an inclusive and sustainable culture.

### First Horizon Advisors

With 52 trust officers, 115 financial advisors and 11 financial planning professionals, First Horizon Advisors' mission is to provide clients with access to a range of resources that can help them build the financial future.

We have an Investment Committee (IC) that educates our investment advisors, financial planners and portfolio strategists on the basic concepts of socially responsible investing (SRI) and ESG investing. Members of the IC have done extensive research and have written several articles and research notes on this topic. We continue to evaluate SRI/ESG screening/scoring tools and have ongoing discussions with asset managers about their offerings and capabilities in this area.

Additionally, we are still working through the process to become a signatory to the United Nation's Principles for Responsible Investment (PRI), currently focusing on the implementation of proxy voting for client accounts.



# Here *for* Our Communities



Supporting communities has always been part of how we define our company. For more than 150 years, we have strengthened communities by collaborating with non-profit, community development and civic partners to meet community needs and encourage and support sustainability.

We continue to strive to strengthen our communities through strategic partnerships and investments by focusing on expanding access to housing, supporting economic development and opportunity, improving financial capability and stability and promoting associate volunteerism.

*Habitat for Humanity Women Build event in Lafayette, Louisiana*



# Supporting Our Communities

## Community Investment Strategy

Through financial support, in-kind donations, volunteerism and leadership, we are dedicated to building strong partnerships and investing in programs and initiatives that uplift and enrich the communities we serve:



Small Business



Specific Products



Qualified Investments



Strong Partnerships



Community Development Lending



Affordable Housing



Service and Leadership Opportunities

## Our Foundations

First Horizon Foundation, the private, charitable foundation of First Horizon Corporation, was founded in 1993 to better serve the communities in which we operate. Most recently, we established the Louisiana First Horizon Foundation to meet pressing community needs in the state of Louisiana.

To date, more than \$130 million has been invested in non-profits across our communities, positively impacting the lives of millions.

### 2021 Contributions:

**Total from First Horizon Foundation**

Over

**\$16 million**

with approximately

**1,600 grants**

**Total from Louisiana First Horizon Foundation**

Over

**\$3 million**

with approximately

**200 grants**



First Horizon Foundation supports Black Mountain Home for Children in Black Mountain, NC

Our Foundations provide funding across the Southeast with the goal of responding to community needs and promoting progress and prosperity among these impact areas:

- **Arts & Culture:** Emphasizing excellence and enrichment in the arts
- **Education & Leadership:** Educating and developing the next generation of leaders
- **Environment:** Promoting a more sustainable world
- **Financial Literacy:** Investing in the financial future
- **Health & Human Services:** Improving the well-being of our communities and organizations across our footprint

## Volunteerism

We have a number of associates that support our communities by serving on non-profit and civic boards of directors. To recognize our associates for their service, we reward those who sit on non-profit boards by providing Leadership Grants to their respective organizations. In 2021, we provided approximately \$124,000 to 164 organizations across our footprint.

## Community Reinvestment Act (CRA)

Providing better access to financial resources to low- and moderate-income individuals, businesses and communities is an integral part of our Corporate Social Responsibility (CSR) efforts. Our national CRA advisory board provides regular feedback and invaluable insight into the most pressing needs of our communities.

Through our CRA program we:

- Expand access to housing, support economic development and economic opportunity and improve financial capability and stability
- Serve our clients with appropriate CRA mortgage products, loan assistance and financial literacy/homebuyer's education
- Recruit and train high-performing, diverse CRA mortgage lenders
- Provide ongoing CRA sales and product training to mortgage team
- Participate in offering appropriate local and state bond and subsidy programs to our clients
- Continue to review our internal CRA product offering for potential enhancements
- Host Affordable Housing Symposia in our largest projected full scope markets
- Partner with key community stakeholders to collaborate on serving the needs of LMI markets in our footprint

**Our associates  
donated more than  
18,500  
public service  
hours in 2021,  
supporting over 780  
organizations**



Children's Museum of the Lowcountry in Charleston, SC



Associates volunteering for Hurricane Ida relief



Commercial Bankers volunteer their time at Catholic Charities in Tennessee

## First Horizon CRA Pillars

Our national CRA Advisory Board provides regular feedback and invaluable insight into the most pressing needs of our communities. Our CRA pillars were developed last year to shape our strategy and enable us to maximize our impact going forward.



### Expand Access to Housing for low- to-moderate income (LMI) individuals

by financing safe, affordable housing and home rehabilitation programs, including flexible and affordable mortgages, and supportive housing initiatives to reduce homelessness



### Support Economic Development and Community Revitalization in LMI communities

by providing small business and commercial financing, technical assistance, job training and creation, and workforce development initiatives, as well as resources to support infrastructure improvements, disaster recovery and neighborhood revitalization initiatives



### Improve Financial Capability and Stability in LMI communities

through banking products and services, volunteerism, financial support for critical community services and financial literacy education programs

## CRA Mortgage and Mortgage Grants

First Horizon offers a CRA mortgage product line that consists of five distinct mortgage products. Three of these mortgage products are exclusive to First Horizon Bank. In 2021, CRA mortgage unit credits increased year-over-year by 10%, and mortgage origination units improved by 9%. In 2022, we expanded our CRA mortgage products across the bank's footprint. This includes all counties and parishes in states where we have mortgage offices.

First Horizon also offers CRA down payment assistance grant programs:

### First Responder Grant

- Down Payment Assistance Grant
- First Responders, Medical/Health Care Workers or Educators
- Grant amounts from \$6,000 - \$10,000

### Homebuyer Grant Program

- Down Payment Assistance Grant
- Grant amounts from \$4,000 - \$8,000



Habitat for Humanity Build Day



Associate with client in Memphis, TN

First Horizon CRA Mortgage Product Line	
<b>First Horizon Home Start Mortgage</b>	Portfolio Product - Exclusive to First Horizon
<b>CRA Home Ready</b>	Exclusive to First Horizon/Derivative of Fannie Mae
<b>Home Ready</b>	Fannie Mae
<b>CRA Home Possible</b>	Exclusive to First Horizon/Derivative of Freddie Mac
<b>Home Possible</b>	Freddie Mac



## Financial Access and Inclusion

### Operation HOPE

Through our alliance with Operation HOPE, First Horizon offers free credit and money management workshops that cover topics such as increasing credit scores, creating a budget, improving financial health and starting small businesses. The workshops help strengthen the financial foundation of our communities and elevate individuals and families through better access to financial education, products and services.

Our HOPE Inside partnership includes 30 coaches working in banking centers across the footprint. Their primary objective is to improve the financial health of individuals, entrepreneurs and families. In 2022, we added an Operation HOPE coach to the New Orleans market and launched a hub and spoke model in Louisiana to test the capabilities of using technology to reach more clients.

#### In 2021, we also pledged support for Operation HOPE's new initiatives:

- **1 Million Black Businesses (1MBB) initiative:** First Horizon has committed to providing 500 associate service hours
- **Financial Literacy for All (FL4A):** a national initiative to support embedding financial literacy into American culture via the workplace

## Goodness Gracious Luxe Cookies

"I was looking to grow my business and needed help on how to properly structure it and run it. I heard about First Horizon's Operation HOPE program and enrolled. I was so grateful that it was a free program and spread out over a couple of weeks. This was affordable and perfect for my busy life as a single mom, especially since my daughter was a senior in high school at the time.

Classes were amazing and held at the historic Mason Temple Church of God in Christ where Dr. King delivered his final speech! Each week we had knowledgeable and dynamic speakers that covered topics from accounting to marketing. Midway through the classes I faced some tough moments and had made my mind up to quit. My coach encouraged me to continue. Her willingness to toss me a lifeline at a time when I was drowning showed me that she was not just a teacher but a true friend. A couple of months after graduating, I received a call from 'The View'. Unsure if I should take the opportunity, Mrs. Trudy was the first person that I called. She immediately encouraged me to go for it, giving the courage to pursue what turned out to be one of the biggest moments for my business. She stayed in touch with me during the entire process, informed me of an Operation HOPE grant that I applied for and won, and she connected me to Janetha Brown, who helped me understand the funding options through First Horizon. After finishing the Operation HOPE program, I became certified as a minority owned/woman owned business, partnered with Amazon.com to sell my Cookie Mixes on their global platform, and I hope to continue growing my brand in the years to come.

I will forever be grateful to First Horizon, Operation HOPE, John Hope Bryant, Mrs. Trudy, Janetha Brown and all the guest speakers who equipped me and my business for success."

— **Megan Mottley,**

Owner and Founder of Goodness Gracious Cookies, Inc. and Operation HOPE Client



### Operation HOPE 2021 Stats

**30**

HOPE Inside locations

**7,466**

clients served

**48,254**

financial empowerment services provided including counseling enrollments, follow-up coaching sessions, group education, disaster services and referrals and bank referrals

**4,118**

credit and money management group education classes

**356**

entrepreneurial training program services

**~20**

point credit score improvements

**189**

small businesses created with **86** applying for loans

**7,582**

COVID-related services & referrals

**2,790**

enrolled in credit counseling

## Partnering for Progress

Our entire organization is involved in making a difference in the communities we serve. While it is impossible to highlight all our efforts, we are excited to feature a few examples of the great work to advance our ESG, DEI and CRA strategies.

### STREAMWORKS

Located at East Tennessee State University on the Valleybrook campus near Gray, TN, STREAMWORKS is an educational organization dedicated to providing students with exciting opportunities to participate in project-based programs that focus on science, technology, engineering and math (STEM) skills, inspire innovation and foster well-rounded life capabilities.



Photo Credit: STREAMWORKS



With the gracious support of First Horizon, STREAMWORKS survived the COVID-19 pandemic and kept our doors open and programs in motion. In 2021, over 500 students were afforded the STEM opportunity experience. As we emerge from the pandemic, it is estimated that our programs will impact over 2000 youth in 2022 and 2023. These opportunities do not magically appear. It takes hard work and money, none of which would have been possible had it not been for the financial support of First Horizon. We look forward to continuing (and expanding!) our mission of providing relevant STEM initiatives in communities and specifically ensuring socio-economically disadvantaged youth populations are given equal opportunities.



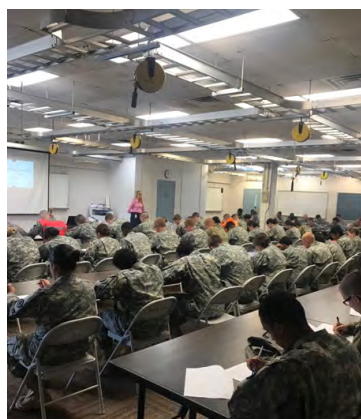
— **Dennis M. Courtney**  
Executive Director  
STREAMWORKS

### Military @ Work

First Horizon's Military @ Work program is a customizable financial wellness program tailored to the military community. We offer financial education workshops and one-on-one financial guidance on a variety of military bases and recruiting offices. Trainings include financial literacy, financial wellness, budgeting, preparing for deployment and retirement and are available for active duty members, veterans and their spouses.

We are proud to partner with a variety of organizations to support the military community. Through United Service Organizations (USO) Fort Campbell/Nashville, we offer financial literacy, resume building and mock interviews for military personnel. Through our partnership with American Corporate Partners (ACP), we provide resources and mentorship to service members transitioning from active duty. We are also a member of Veteran Benefits Banking Program (VBBP) and the Association of Military Banks of America (AMBA) to provide additional banking and direct deposit options to veterans who are unbanked.

We are proud to employ over 130 veterans and support them through our Military Community ARG.



Teaching financial literacy at TN Army National Guard



Ribbon cutting at new USO at Fort Campbell

## Martha O'Bryan Center

In 2021, First Horizon donated \$120,000 to the Martha O'Bryan Center which empowers children, youth and adults in poverty to transform their lives. This organization helps prepare students for college through Academic Student Unions at high schools and provides mentoring services to current college students through the First Horizon Success Generation program. Most of the students in this program are the first in their families to go to college. Since 2015, the foundation has invested \$650,000 in the center's education programs.

“The statistics have shown that over the last six years, we've had a 261% increase in college enrollment and a whopping 1,400% increase in students actually graduating from college.”

— Carol Yochem  
Middle Tennessee Regional President



## 2021 Highlights

Over **\$19 million** invested in our communities through CRA and non-CRA charitable contributions

Matched more than **\$600,000** in donations from First Horizon associates, executives and directors

Over **18,500** public service hours volunteered by associates in 2021 (CRA and non-CRA)

## The American Red Cross

The American Red Cross prevents and alleviates human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors. Through its strong network of volunteers, donors and partners, The American Red Cross provides support in times of need, including natural disasters throughout our footprint. In 2021, First Horizon donated over \$35,000, and our associates contributed nearly 80 volunteer hours.

## Big Brothers Big Sisters

First Horizon has partnered with Big Brothers Big Sisters since 1999. In 2021, we contributed \$90,000 in grants, and our associates have dedicated over 350 volunteer hours. By partnering with parents/guardians, volunteers and others in the community, Big Brothers Big Sisters helps each child in the program achieve higher aspirations, greater confidence, better relationships and avoidance of risky behaviors and attain educational success.

## Girls Inc.

Girls Inc. inspires all girls to be strong, smart and bold. In partnership with schools and through 77 local organizations, Girls Inc. focuses on the development of the whole girl. A combination of long-lasting mentoring relationships, a pro-girl environment and research-based programming equips girls to lead fulfilling and productive lives, break the cycle of poverty and become role models in their community.



### Mental Health Association

The Mental Health Association of East Tennessee is dedicated to the promotion of mental health awareness, wellness and recovery in our communities. Our grant in 2021 was used to provide the Mental Health 101 program in schools based in East Tennessee where the majority of youth are from lower income families and receive reduced or free lunch. Mental Health 101 Early Intervention B4Stage4 is an early school-based intervention program serving our most vulnerable youth. It empowers students to intervene with fellow students, their peers who are struggling with untreated mental illness and helps prevent unnecessary suicide attempts. First Horizon has supported this organization for nearly 20 years.

### Junior Achievement (JA)

Through the dedication and commitment of our associates, we bring JA programs into the classroom to teach students about career readiness, financial literacy and entrepreneurial training, giving them practical steps needed to succeed. In 2021, the First Horizon Foundation contributed approximately \$65,000 in financial support and associates gave approximately 775 hours of service in the form of financial literacy and board and committee participation.

### United Way

United Way advances the common good in communities with a focus on education, income and health. First Horizon has been a proud supporter of United Way for over 20 years and has contributed over \$11 million in that time.

Our overall corporate support last year totaled over \$1 million and our associates also dedicated over 1,530 volunteer hours, including board and committee involvement, technical assistance, financial literacy and home buyer education.



Mid-Atlantic Second Harvest community service



Junior Achievement donation in Lafayette, LA



Teaching financial literacy on Teach a Child to Save Day



United Way support in Naples, FL



## Community Development Highlights

First Horizon Community Investment Group (FHCIG) makes community development investments that qualify for Low Income Housing Tax Credits (LIHTCs), New Markets Tax Credits (NMTCs) and Historic Tax Credits (HTCs). FHCIG works in coordination with our CRA team to evaluate community development tax credit equity investment opportunities. FHCIG supports markets and partners with commercial lenders to create both community development debt and tax credit equity investment opportunities for First Horizon.



### 2021 Community Development

**\$146m**  
community development investments

**\$350m**  
community development loans

**\$28m**  
total \$ of tax credit/PWI

### Second Harvest

In December 2021, FHCIG made a nearly \$6 million New Markets Tax Credit equity investment in a regional food bank serving 18 counties of northwestern North Carolina. The investment supports the development and operation of a 139,000 square foot facility that will house Second Harvest of Northwestern North Carolina, Inc. a 501(c)(3) organization. Second Harvest addresses the immediate and root causes of hunger in its region through an array of hunger relief strategies, nutrition education and culinary training. Once construction is completed at 3330 Shorefair Drive, Winston-Salem, North Carolina, Second Harvest will have over 100 full-time employees working at this location.



Associates volunteering at Second Harvest Food Bank of South LA



Second Harvest volunteers from Knoxville Plaza, TN



### School Days

In January 2022, HRI Communities, LLC (HRIC) began an extensive renovation of the School Days apartment complex in New Iberia, Louisiana. The nearly \$14 million project includes renovation of the 65 existing one-bedroom units, all of which are designated for seniors that are 55 or older and have affordability restrictions. The design-builder, Impetus, will lead construction on the complex.



First Horizon’s investment in School Days reflects our ongoing commitment to the communities we serve. We are excited to be part of the preservation and restoration of this historic New Iberia property that will provide affordable, updated and quality housing for seniors.



— **Jerry Prejean**  
Acadiana President  
for First Horizon



### Our House

In April 2022, FHCIG made a New Markets Tax Credit equity investment of over \$3 million in Our House, a non-profit in Little Rock, Arkansas, that serves homeless individuals and families. Our House empowers homeless and near-homeless families and individuals to succeed in the workforce, in school and in life through hard work, wise decision-making and active participation in the community. Our House works equally with parents and children to help whole families build the skills, resources and confidence to break the cycle of poverty and achieve their highest goals in life. Children thrive in the Children’s Center after-school and developmental programs. The investment from First Horizon will enable Our House to undertake a 27,300 square foot expansion, more than double housing, increase childcare by 100%, create dedicated physical and mental health services and expanded space for career services.





### Tillman Cove

Tillman Cove is located in the center of Memphis on Binghampton’s primary north/south corridor, Tillman Street. The Binghampton Development Corporation (BDC) has recognized Tillman as the lynchpin of this historic urban core neighborhood. Over the last decade, the community has witnessed community liabilities become neighborhood assets as blight is abated through strategic investments. The BDC has invested \$9.5 million on Tillman Street in two affordable apartment complexes, two parks/greenspaces, a grocery-anchored shopping center, a commercial office and outreach center.



FHCIG was the tax credit investor and committed to invest nearly \$15 million to the project for the construction, which includes the creation of a high-quality affordable living community with the goal of improving the quality of life for Binghampton residents and those in the surrounding area. The project scope includes the development of 219 units that are a combination of family, independent and senior living units. An integrated neighborhood retail space, surface parking lot and other amenities will be included as well.

This new development will provide affordable and workforce housing to those in the community making less than 70% of the area median income.



Chattanooga Food Bank donation



Junior Achievement of New Orleans



Associates volunteer their time for Rebuild NOLA in New Orleans

## National CRA Community Advisory Board

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### **Ruby Bright**

Executive Director/Chief Administrative Officer  
Women's Foundation for a Greater Memphis

### **Joe Crocker**

Retired  
Kate B. Reynolds Charitable Trust

### **Bob Dickerson**

Executive Director  
Birmingham Business Resource Center  
Immediate Past Board Chairman  
National Community Reinvestment Coalition

### **Dr. Norman C. Francis**

President Emeritus  
Xavier University of Louisiana

### **Oliver L. Gross**

President/CEO  
New Urban Development

### **Eugene A. Ludwig**

Chairman/Founder  
SpringHarbor Financial Group

### **Alden J. McDonald, Jr.**

President/CEO  
Liberty Bank & Trust Company

### **Marc H. Morial**

President/CEO  
National Urban League

### **John O'Callaghan**

President/CEO  
Atlanta Neighborhood Development Partnership (ANDP)

### **Lauren Taylor**

Vice President of Programs and Learning  
Hyde Family Foundation

### **Melinda Taylor**

Executive Director  
Habitat for Humanity International, Lafayette, LA

### **Jesse Van Tol**

CEO  
National Community Reinvestment Coalition

### **Luke Yancy**

President, Chief Executive Officer  
Yancy Financial Group, Inc.



## First Horizon Foundation Board of Directors

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**Beth Ardoin**

Chief Communications Officer  
First Horizon Corporation

**Clyde Billings**

Assistant General Counsel  
First Horizon Corporation

**Charles Burkett**

Chairman  
First Horizon Foundation

**Gregg Lansky**

Corporate Tax  
First Horizon Corporation

**Tammy LoCascio**

Chief Operating Officer  
First Horizon Corporation

**Hope Dmunchowski**

Chief Financial Officer  
First Horizon Corporation

**Dave Miller**

Regional President, East Tennessee  
First Horizon Bank

**Charles Tuggle**

General Counsel  
First Horizon Corporation

## Louisiana First Horizon Foundation Board of Directors

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**Beth Ardoin**

Chief Communications Officer  
First Horizon Corporation

**Charles Burkett**

Chairman  
First Horizon Foundation

**Daryl Byrd**

Executive Chairman  
First Horizon Corporation

**John Casbon**

Executive Vice President  
First American Title Insurance Company  
FHN Board Member

**William Fenstermaker**

Chairman and Chief Executive,  
C.H. Fenstermaker and Associates, LLC  
FHN Board Member

**Karl Hoefler**

Regional President, Louisiana and Texas  
First Horizon Bank


**Judy Reese Morse**

President and Chief Executive Officer  
Urban League of Louisiana

**Stewart Shea**

FHN Board Member

# Here *for* Our Environment



**The consequences of climate change are difficult to fully predict, but we are committed to being part of the solution. We also recognize that the transition to a low-carbon economy must be balanced, taking into consideration the energy needs and economic realities of today while building for the future. Throughout our journey, we continue to look for tangible ways we can enact change and bring that to life through internal focus and reduction efforts, as well as important partnerships and support of nature-based projects and science-based solutions.**

*Memphis, Tennessee Big River Crossing*



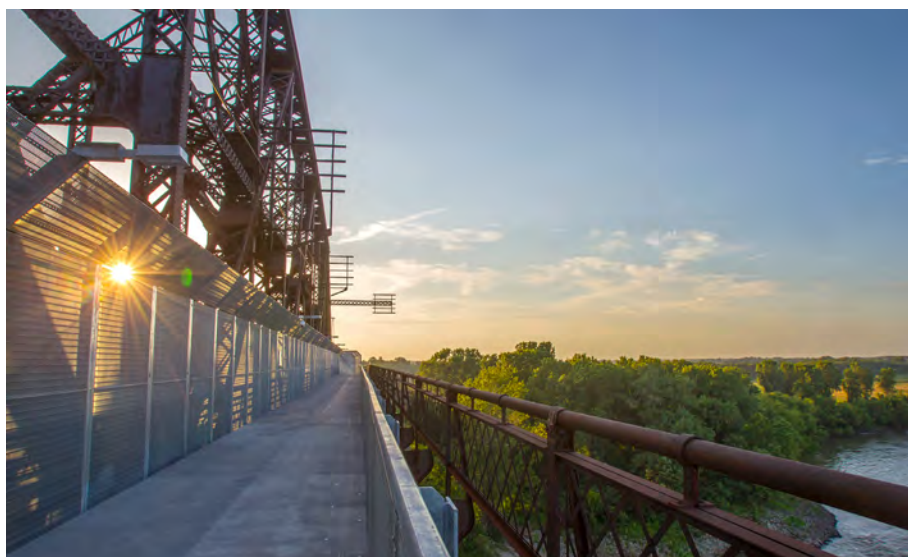
## Environmental Overview and Context

Environmental issues including weather events and climate impacts are growing in financial severity. Understanding the risks and opportunities this creates is important for our associates, clients and communities and to the sustainability of our business. We are committed to the journey to manage and mitigate climate risks and impacts. However, we recognize that the transition to a low-carbon economy must be balanced, taking into consideration the energy needs and economic realities of today while building for the future.

First Horizon continues to explore our own climate-related risks and opportunities and hold ourselves accountable. While we are still in the early stage of our journey, we have made substantial progress working with environmental advisors, including a climate scientist, as well as collaborating and engaging with peers, non-governmental organizations and environmentally-focused working groups.

This marks the beginning of our efforts towards implementing the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) framework in our CSR reporting. In 2017, TCFD released recommendations to help companies provide such information voluntarily and consistently. We recognize that addressing climate change requires significant effort and collaboration across all industries, including financial services. Our intentions are to be clear and transparent in our own operations and be a resource for our clients in their transition to a low-carbon economy.

We also understand that evaluating and measuring our Scope 3 emissions specific to our financed portfolio will help us assess our long-term alignment with the Paris Agreement and the transition to a low-carbon economy. An important initial step in accomplishing this goal is evaluating various methodologies, including the one developed by the Partnership for Carbon Accounting Financials (PCAF).



*First Horizon supports Big River Crossing*



## Recent Environmental Accomplishments

- Established an environmental framework and presented to the board
- Provided our board with two climate risk educational sessions (full board and Executive and Risk Committee)
- Included a heavy environmental focus in quarterly Nominating and Corporate Governance (NCG) Committee meetings
- Engaged a climate scientist and advisor with environmental law and sustainability experience to advise us and the board on ESG, specifically the "E" component
- Added climate as a key risk in our risk appetite statement and began evaluating how climate change-related risks and opportunities should be considered in our broader strategic planning and risk management processes
- Conducted a qualitative environmental risk assessment with key leaders throughout the organization
- Held Environmental Task Force meetings with key leaders across the company in an effort to drive meaningful progress in education, risk management, operations and reporting

# Environmental Framework

In 2021, we laid out our environmental framework, which is built around five strategic priorities:

- 1) Governance and oversight of environmental matters
- 2) Alignment with TCFD
- 3) Evaluate First Horizon environmental impacts
- 4) Assess client-related risks and opportunities
- 5) Support environmental transition for our company, vendors and clients

	Goal	Progress
1	<b>Governance and oversight of environmental matters</b> <ul style="list-style-type: none"> <li>Discuss and review environmental risk appetite</li> <li>Adapt existing enterprise-level and other risk management processes and policies to take account of environmental risk</li> <li>Formalize board and committee level of environmental oversight (tie with overall ESG oversight)</li> </ul>	<ul style="list-style-type: none"> <li>Working with risk team on risk appetite statement</li> <li>Oversight of ESG assigned to NCG Committee</li> <li>Continued discussions with advisors</li> <li>Conducted monthly environmental task force meetings</li> <li>Held monthly internal disclosure discussions (since August) with legal, risk and accounting</li> </ul>
2	<b>Alignment with TCFD framework</b> <ul style="list-style-type: none"> <li>Review and educate working group and environmental task force on TCFD disclosure</li> <li>Gap analysis regarding the four pillars of TCFD</li> </ul>	<ul style="list-style-type: none"> <li>Educated task force on TCFD</li> <li>Identified key partners to help with TCFD disclosure</li> <li>Conducting gap analysis regarding four pillars of TCFD</li> </ul>
3	<b>FHN environmental-related impacts</b> <ul style="list-style-type: none"> <li>Review FHN operations and footprint and determine areas we can improve and are doing well</li> <li>Assess cost-save opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Calculated Scope 1&amp;2 GHG emissions</li> <li>Working with environmental task force, corporate properties and procurement to assess cost save opportunities as well as understanding our operational footprint impact</li> </ul>
4	<b>Assess client-related environmental risks and opportunities</b> <ul style="list-style-type: none"> <li>Initiate process for identifying and assessing environmental risks on credit, markets and operations (leverage TCFD)</li> <li>Task force to engage in conversations around potential client impact</li> </ul>	<ul style="list-style-type: none"> <li>Initial loan portfolio overview of potential climate exposure</li> <li>Client facing members of task force continue to discuss client-related opportunities</li> </ul>
5	<b>Support environmental transition for our company, vendors and clients</b> <ul style="list-style-type: none"> <li>Engage in conversations around how decisions today impact the future</li> </ul>	<ul style="list-style-type: none"> <li>Continue to utilize task force and advisors to come up with opportunities around the transition</li> <li>Forming strategic partnerships</li> <li>Held qualitative table-top exercise</li> <li>Developed mission statement and focus areas</li> </ul>



Associate Earth Day activities



## Environmental Strategy and Analysis

As a financial institution, we lend to and invest in companies operating in a diverse array of industries and physical locations. It is critical for us to understand and assess the potential impacts not only to our own operations but to our associates, communities, vendors, clients, shareholders and the greater markets we serve. We are focused on defining and obtaining the right information to identify and evaluate material climate-related risks and exposures.

### Science, Nature and Collaboration

The health of the global economy is inextricably linked to ecosystem services, and the risk of nature loss poses both risks and opportunities for business. We need to better understand how climate and nature risks impact our immediate and long-term financial performance. We know that better information enables us to evaluate risks and opportunities as part of our strategic planning, risk management and asset allocation decisions. This requires a greater understanding of science and creating opportunities for public/private collaborations that can drive positive change. To help us with these complexities, we engaged a climate scientist and an expert in environmental law and sustainability to help guide our journey and build strategic collaborations.

### SUSTAINABILITY MISSION

Preserve, restore and contribute to the prosperity of the communities we serve

## Blue Carbon

Coastal wetlands have been the focus of conservation and restoration efforts for over a century with the goal of preserving biodiversity and generating benefits to local communities. More recently, coastal wetlands have also been recognized for their carbon storage and sequestration value. The wetlands sequester billions of tons of carbon from our atmosphere at concentrations up to five times greater than terrestrial forests. The carbon sequestered and stored in these coastal wetlands is called “Blue Carbon”.

Governments, international actors (NGOs and academia) and local communities around the world are now increasingly supporting coastal wetland restoration and conservation as a climate change mitigation strategy. Better carbon management of coastal wetlands (mangroves, salt marshes and seagrass meadows) will not only enhance carbon sequestration and avoid GHG emissions, but also provide co-benefits to local communities such as resiliency and biodiversity, creating a win-win.

With our footprint surrounding many larger waterways and along coastlines, we believe engaging with Blue Carbon experts and learning more about this space provides mid-to-long-term benefits to First Horizon and the communities that we serve. Indeed, we see that ESG is driving a natural convergence of the interests of scientists and non-governmental organizations (NGOs) in the Blue Carbon space and companies seeking to maximize positive environmental impacts. Our status as a trusted financial institution ideally positions us to serve as a catalyst for such collaboration within our footprint, and given the non-linear impacts of climate innovation, we are cognizant that these efforts can create benefits around the world.



Source: oceanpanel.org

## Climate Risk Assessments

Risk assessments, scenario analysis, stress testing and other qualitative and quantitative and metrics are important to effectively identify risks. Our risk management team captures risks across our seven risks types: Strategic and Reputational, Credit, Market, Operational, Compliance, Legal and Liquidity as well as Capital Adequacy. As outlined in the table below, and as it relates to climate, we have classified potential climate risks into physical and transition risks, aligned with TCFD guidance and common risks across the industry.

Physical risk mitigation focuses on responding to tornados, hurricanes, floods, sea level rise in coastal areas and more. We believe banks serve a vital role in the economy and provide critical infrastructure when disasters strike. We must ensure we are adequately protected and have response plans in place. With climate change increasing the risk of natural disasters and given our exposure along the Gulf Coast, Carolinas and Florida, we remain focused on this risk and being prepared. Our Business Continuity and Corporate Properties teams serve critical roles in our operational climate resilience.

Transition risk involves the process of moving to a low-carbon economy and responding to changes in policy, technology, pricing and consumer behavior. These have potential short-and longer-term consequences for our business and clients, particularly in carbon-intensive sectors.

Quantification and methodologies of performing a climate risk assessment continue to evolve, particularly as science advances and new data is captured and evaluated. First Horizon's approach to climate risk assessment is deliberate and prioritizes the work of identifying risks and opportunities related to climate change. Our next steps will include additional monitoring and action plans as climate risk assessment methodologies mature.

FHN Risk Type	Risk Type Definition	Physical (failure to adapt to physical impacts)	Transition (failure to adapt to changes in policy, market and tech)
<b>Strategic &amp; Reputational</b>	Reputational risk is the potential for negative publicity regarding an institution's representatives and/or business practices. Strategic risk is the current and prospective impact on earnings, capital, credit ratings, or equity valuation arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes, technology changes, changes in client behaviors or other competitive forces.	Impact of stakeholder opinions based on the bank's climate commitments; inadequate planning or strategy regarding climate risk	Impact of stakeholder perception and opinions of financing and/or progress toward climate commitments
<b>Credit</b>	Credit risk arises from the potential that a borrower or counterparty will fail to perform on an obligation.	Impact on repayment capacity and collateral value as a result of climate impacts	Asset quality deterioration of clients within carbon-intensive industries resulting from climate change-related policy, legal or market impacts
<b>Market</b>	Market risk is the risk to a financial institution's condition resulting from adverse movements in market rates or prices, such as interest rates, foreign exchange rates, commodity prices or equity prices.	Devaluation of assets due to physical impacts	Elevated market dysfunction and price volatility
<b>Operational</b>	Operational risk arises from the potential that inadequate or failed internal processes, people and systems, or external events will result in losses.	Impact of extreme weather events on facilities, associates or vendors; resiliency of the bank's technology	Increase in operating costs to incorporate requirements for regulatory and legislative changes; change management associated with processes
<b>Compliance</b>	Compliance risk is the risk of regulatory sanctions, fines, penalties or losses resulting from failure to comply with laws, rules, regulations or other supervisory requirements.	Noncompliance due to business and market disruptions from extreme weather events	Long-term impacts of new climate-related regulation and guidance
<b>Legal</b>	Legal risk arises from the potential that actions against the institution that result in unenforceable contracts, lawsuits, legal sanctions or adverse judgments can disrupt or otherwise negatively affect the operations or condition of a banking organization.	Perceived or real client or associate harm from climate event claims	Increased time and costs allocated to efforts to support climate disclosures as well as climate-related litigation due to stranded assets, climate events or market price declines
<b>Liquidity</b>	Liquidity risk is the potential that the company will be unable to meet its obligations as they come due because of an inability to liquidate assets, obtain adequate funding, and/or easily unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruptions.	Impact of availability and accessibility of capital in markets for certain sectors and industries	Impact of climate events on economic activity, deposit trends and other funding matters
<b>Capital Adequacy</b>	Capital adequacy risk is the potential that capital levels are inadequate to preserve the safety and soundness of the company, support ongoing business operations and strategies and provide support against unexpected or sudden changes in the business/economic environment.	Incremental capital needed to absorb significant losses from climate change; physical climate change events may impact bank valuations	Adverse market movements resulting from transition risks such as legislative change, or from government fiscal responses; longer-term climate change risks may adversely impact the bank's safety and soundness; cost of capital increases due to systemic changes in capital markets

## Portfolio Overview of Potential Climate Exposure

We have begun conducting loan portfolio analysis of potential climate and extreme weather exposure. These exercises help us identify industries and geographies that are more vulnerable to climate-related risks and serve as a starting point to better understand the potential impact on our clients, our profitability and our credit portfolio. Additionally, this should provide a baseline to further assess and price risk and opportunity now and in the future. We have included examples of initial assessments and findings we have conducted to date.

### Transition Analysis

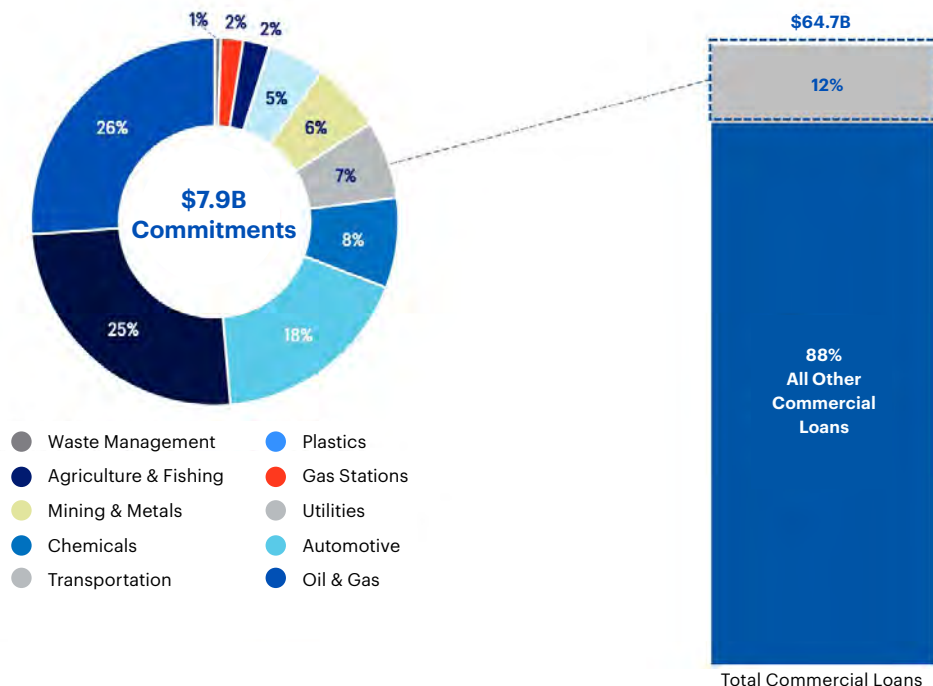
While climate-related risks and the transition to a lower-carbon economy impact most economic sectors and industries, we have identified the portion of the loan portfolio that is likely to have the most potential exposure to climate risk from a transition standpoint.

For potential climate exposure industry selection, we utilized the Task Force on Climate-Related Financial Disclosures (TCFD) and The Sustainability Accounting Standards Board (SASB) frameworks, as well as internal analysis, peer disclosures and advice from advisors.

Industry	Transition Risk Rationale	Transition Opportunity
<b>Agriculture</b>	Agricultural production requires energy, either directly in the form of fossil fuels or electricity or indirectly through energy-intensive inputs such as fertilizer. Intensity of greenhouse gas (GHG) emissions varies depending on the agricultural product.	Investment in alternative proteins (i.e., non-meat), synthetic biology solutions, regenerative agriculture and new land use methods to improve yields and decrease the use of agrochemicals.
<b>Automotive &amp; Gas Stations</b>	Continued de-carbonization of the sector is a priority. While the number of electric cars entering the market is small, evidence shows their share will likely increase over the next several years, putting increased transition risk on the traditional automotive and gas stations.	Opportunities exist for this industry to increase efficiency of internal combustion engine vehicles and convert a significant portion of production to electric vehicles. Other transition opportunities such as rideshare and autonomous driving have the potential to create efficiencies.
<b>Chemicals</b>	Currently the key basic steps of chemical production produce substantial GHG emissions. Organic chemical manufacturing currently relies heavily on non-renewable carbon feedstocks.	The chemical sector is carbon intensive but is also an enabler of the low-carbon transition. The sector has significant opportunities to develop its activities and products and to minimize its carbon emissions especially as it transitions to a circular economy and develops lower carbon feedstock via synthetic biological routes.
<b>Oil &amp; Gas</b>	Increasing government and shareholder pressure is on the sector to reduce fossil fuel activities such as offshore exploration, gas flaring, and phase out the internal combustion engine. The commitment to renewables and clean energy alternatives is also putting pressure on this industry.	The pace of transition, while accelerating, is still going to take some time. That said, companies have become highly focused on transition plans and developing a strategy of providing solutions by investing in clean-tech and renewable solutions.
<b>Mining &amp; Metals</b>	Declining demand for coal in power generation as well as investors withdrawing or limiting exposure to coal. This sector also requires large energy use in the manufacturing of product.	Lower carbon energy systems tend to be more metal-intensive and some companies in this sector could provide solutions in the energy transition.
<b>Plastics</b>	Pressure to eliminate single-use plastic could put pressure on demand for plastic products and manufacturing. This sector currently uses a large amount of non-renewable carbon feedstocks and faces transition risk.	Those that find a way to materially participate in the circular economy are likely to outperform.
<b>Transportation</b>	Pressure around air emissions and carbon regulation could add increased cost of capital and research and development. This sector has traditionally relied heavily on fossil fuels and policymakers may make strict targets for emissions and fuel efficiency from transportation carriers.	Opportunities exist to use new technologies to address lower-emissions standards and increased fuel efficiency requirements, including transport vehicles (cars, ships, planes, rail) that run on a range of traditional and alternative fuels.
<b>Utilities</b>	Power generation is the single largest use for fossil fuels and thus a central source of climate-altering emissions. Increase in renewable energy investment and buildout is putting pressure on the utilities and power generation sector.	Biomass, solar, hydropower, geothermal and wind can now provide electricity. Technology advancements such as smart grids will also allow for better power systems.
<b>Waste Management</b>	Waste management contributes directly by emitting greenhouse gases. The fleets often rely on fossil fuels.	Opportunity for deploying lower-carbon technologies and identifying geographic-area targets for driving the circular economy and green projects.



## Transition Risk: Potential Commercial Loan Exposure



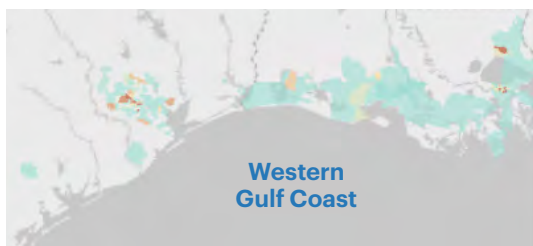
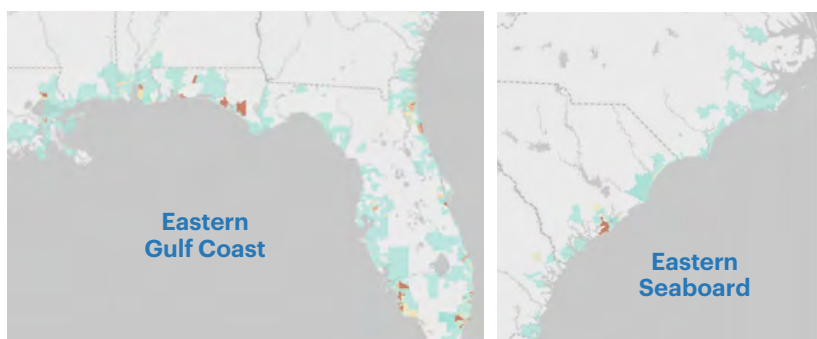
As of 3/31/22. NAICS (North American Industry Classification System) codes were used to filter the loan population. Excludes PPP. This analysis was primarily done by screening at the sub-industry level. This screening may be refined as the industry forms more uniform standards. We cast a wide range in this analysis. However, there is opportunity to get more granular on the industry selection and exposure may change as a consequence.

## Physical Location Analysis

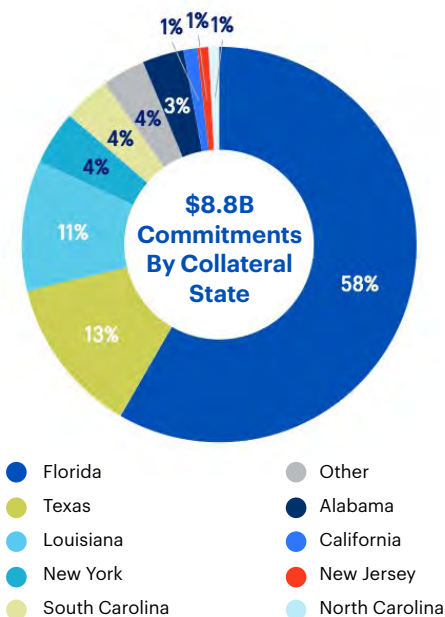
For the initial review of clients potentially exposed to physical climate risk, we concentrated on coastal geographies. Exposure was determined by using U.S. Census Bureau coastal county data. We looked at exposure in our commercial loan portfolio using commitments by real estate collateral location.

### Commercial Clients Located in Coastal Areas

Out of \$64.7B in total commercial loans



As of 3/31/22. \$ commitments by coastal zip code. Some states not pictured above. Does not include PPP.



Other includes VA, GA, MA, MD, MS, WA, AK, DE, CT & HI with commitments at or under 1% of total loans.

## Scenario Analysis / Stress Testing

In January, 2022, with the help of advisors and key leaders, we conducted an initial internal qualitative risk assessment with the intention to use some of the findings in future scenario analysis and stress testing activities.

We are working on better understanding climate transition scenarios and acknowledge the advancements in scenario analysis methods, data and tools over time. We are engaged in conversations around integrating climate risk scenarios into our stress-testing processes and continue to review a variety of recommended scenarios such as IPCC and NGFS to ensure that we are aligning with industry best practices.

## Client Strategy

Given the rapidly changing environment, we understand the need to be a valuable resource to our clients by having a meaningful dialogue about their own climate-related risks and opportunities. Our well-diversified commercial portfolio mitigates over-exposure to any particular industry. We also believe that some of the most important advancements in energy transition may occur through those industries that are more carbon intensive as they have the technology, equipment and resources to develop carbon capture and other technologies needed for the future. We continue to work closely with our clients on climate risk as it relates to their business and look forward to providing additional guidance as information evolves.



“ We know that a key to managing climate risk is a deeper understanding of local climate impacts. Producing climate models capable of sufficiently downscaled output over relevant time scales will necessitate more collaboration, greater data collection and a sharper focus on climate action. ”

— **Dr. Carol Anne Clayson**  
Associate Director for Research Strategies  
and Senior Scientist at Woods Hole  
Oceanographic Institute



*Blue Carbon Roundtable hosted by First Horizon in early June 2022 included representatives from Woods Hole Oceanographic Institute, East Tennessee State University, Sea Grant, US Geological Survey, Baker Donelson, Resource Environmental Solutions and University of Georgia.*

## Renewable Energy Project Financing

First Horizon’s Equipment Finance Division provides project financing and tax equity for solar and wind renewable electric generating facilities. Since 2017, the team has provided capital in excess of \$750 million to renewable energy project financings. This investment represents over 3,800 megawatts of generating capacity between facilities directly financed or where First Horizon was a participant. The renewable energy space is important to us and we are committed to building the business. We are targeting an investment of \$250 million annually between tax equity and project financing originations. We will continue to target financing utility scale and distributed generation facilities with utility, corporate and municipal, as well as community solar power purchasers under long-term power purchase agreements.



Solar project off I-75 in Elko, Georgia

*This 90MW PV solar facility that First Horizon helped finance will provide low cost, clean energy for generations while providing economic benefits in the form of property tax revenue, job creation and land management using planned sheep grazing. The facility has the annual capacity to power up to 11,000 homes.*

**Committed over**  
**\$337**  
million to solar and wind construction financing

**Provided capital in excess of**  
**\$750**  
million to renewable energy project financings over the past five years

**Generating capacity of over**  
**3,842**  
megawatts of renewable energy

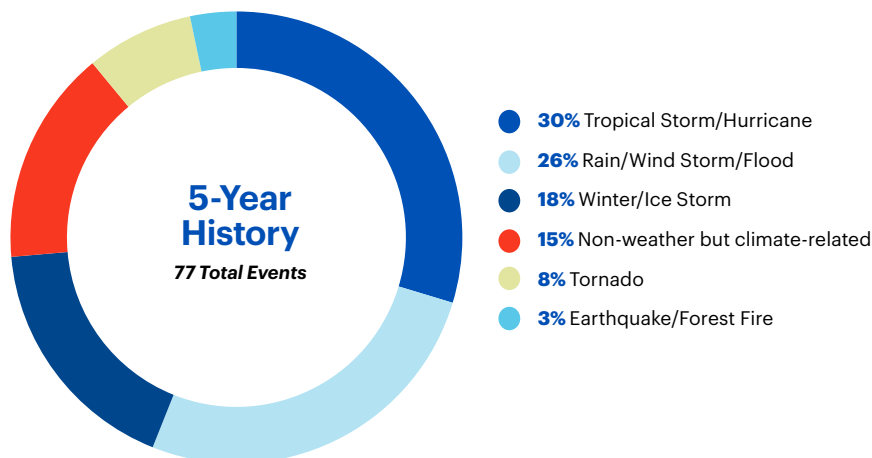
Footnote: data includes total from April 24, 2017 - 1Q2022

## Business Resilience

Our business resiliency planning focuses on preparing for impacts on First Horizon locations, people, technology and vendors. To improve the resiliency of the bank’s technology, we take several risk factors including climate and environmental conditions into consideration when selecting data center locations. The impact of natural disasters and the resulting costs and revenue losses from physical damage also feed into other operational risk management processes. If a business disruption does occur, we conduct reviews to evaluate the efficiency and quality of the bank’s response so that we can learn from the experience.

We believe that our experience navigating past weather events positions us well to mitigate and respond to risks in the near future. We do recognize these risks are of increasing importance to our bank and the communities we serve and plan to continue to monitor them closely.

### 5-Year History of FHN Climate and Weather Events (2017-2021)





## Metrics and Targets

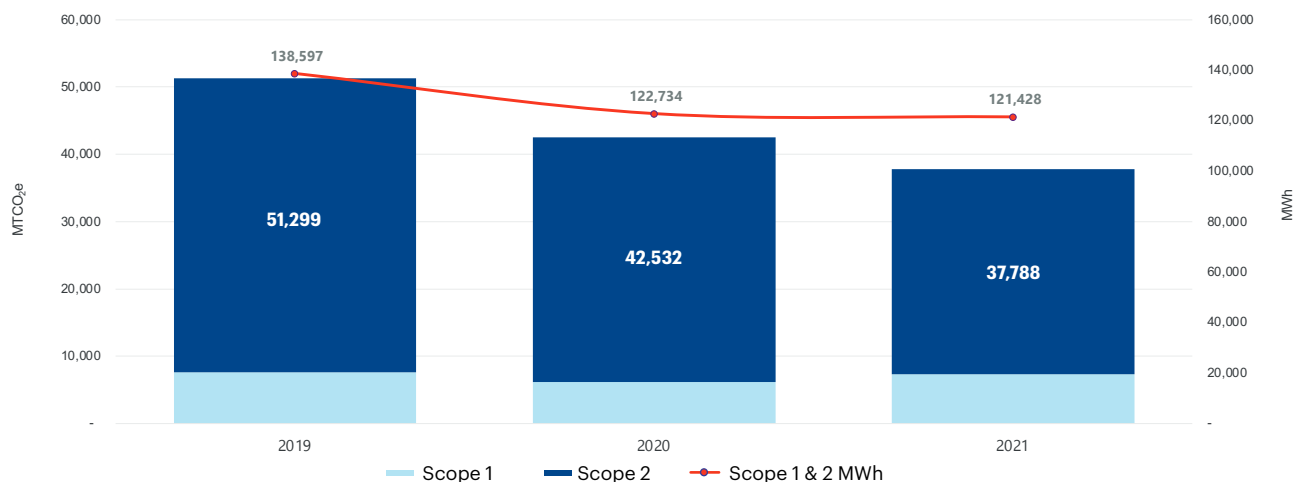
We are dedicated to reducing our environmental impact across our operations. In this report, you will see our Scope 1 and 2 location-based GHG emissions for the first time.

Evaluating and measuring Scope 3 emissions specific to our financed portfolio is imperative and will help us assess alignment with the Paris Agreement. We continue to evaluate methodologies available for measuring these emissions, including the Partnership for Carbon Accounting Financials (PCAF).

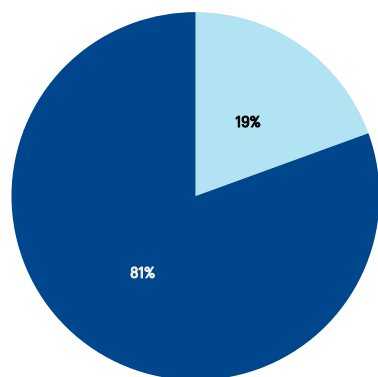
We reduce emissions from our own operations by investing in energy-efficient buildings and technology, improving our energy management, managing our business travel and influencing behavior within our organization. We continue to proactively invest in energy reduction initiatives across our operations and continue to focus on efforts that decrease energy consumption.

Our recent work on our Scope 1 and 2 emissions reflects a 26% reduction from our 2019 baseline, some of which is attributed to the impact of the COVID-19 pandemic, banking center closures and changing client preferences. Continued progress is a priority, and we are working on a roadmap that will help us identify reduction targets, timing and processes supported by science and data.

### Enterprise GHG Emissions and Usage Historical Trending Summary



### Enterprise GHG Emissions by Scope



Emissions (MTCO <sub>2</sub> e)	% Change				
	2019	2020	2021	YOY	Baseline
Scope 1	7,661	6,189	7,349	18.7%	-4.1%
Scope 2	43,639	36,343	30,439	-16.2%	-30.2%
<b>Total GHGs (MTCO<sub>2</sub>e)</b>	<b>51,299</b>	<b>42,532</b>	<b>37,788</b>	<b>-11.2%</b>	<b>-26.3%</b>

Usage (MWh)	% Change				
	2019	2020	2021	YOY	Baseline
Scope 1	39,306	32,820	38,490	17.3%	-2.1%
Scope 2	99,291	89,914	82,938	-7.8%	-16.5%
<b>Total MWh</b>	<b>138,597</b>	<b>122,734</b>	<b>121,428</b>	<b>-1.1%</b>	<b>-12.4%</b>

Source: Engie. Uses operational control approach. Note: Actual data makes up nearly 76% of total emissions in First Horizon Bank's inventory. The remaining 24% of emissions were modeled based on actual square footage and usage intensity factors for natural gas, electricity and water usage. Excludes Scope 1 fugitive emissions, title sites, land and parking. Calculations were based on GHG inventory consistent with generally accepted carbon accounting principles.



## Resource Efficiency

We continue to work to reduce our carbon footprint

### 2021 By The Numbers

**~1,400**  
PC/laptops  
recycled

**~1.5 million**  
pounds of paper  
recycled

## Water Usage

We have both the responsibility and opportunity to decrease our water usage in an effort to achieve long-term water security for our business, natural ecosystems and local communities. Because of the energy, water and food nexus, we also know that reducing water consumption reduces energy usage. Now that we have the data and better understand our water consumption, we are focused on reductions and efficiencies in water usage.

### First Horizon Consumption

2019	2020	2021
175,986	104,419	181,356

Source: Engie; Measured in kGal

## Circular Economy

We will continue to look for ways to support the circular economy through our own operations by reducing, replacing and more efficient utilization of resources, including water, plastics and through supplier sustainability.

## Net Zero

We believe efforts to pursue a net-zero-carbon economy is of significant value. Corporate pledges to achieve net zero are gaining momentum and are instrumental to achieving climate stability. We are in the early stages of formulating our roadmap, recognizing the majority of our carbon footprint will be our Scope 3 category 15 financed emissions.



Levee trail next to Mississippi River

“Climate change and other societal challenges pose significant investment risks that are increasingly recognised by the financial sector. In the wake of businesses and governments, a growing number of financial institutions and investors have started to identify the circular economy as a positive framework to address these global issues. In turn, finance can play a decisive role in helping to catalyse and support this shift.”

— ©Ellen MacArthur Foundation (2022), [www.ellenmacarthurfoundation.org](http://www.ellenmacarthurfoundation.org)

## Internal Progress

Part of our overall environmental strategy includes putting our best foot forward in terms of our environmental impact. With this in mind, we continue to focus on reducing, reusing and replacing in addition to making other positive changes in our footprint.

### Reduce, Reuse and Recycling Progress

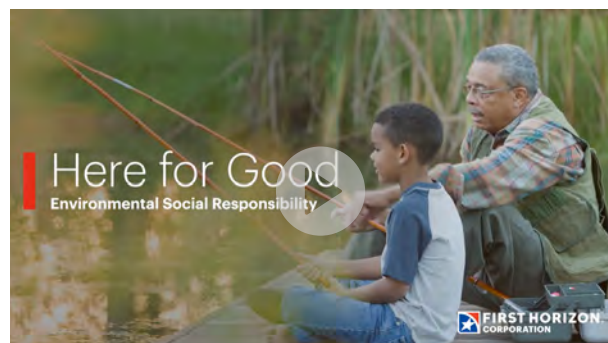
Current Status	Working Towards
<ul style="list-style-type: none"> <li>✓ On-going lighting upgrades and HVAC replacements</li> <li>✓ Recycle 100% of end-of-life laptops, PCs and phones</li> <li>✓ Eliminated use of polystyrenes</li> <li>✓ Client incentives for e-statements</li> <li>✓ Paper recycling program</li> <li>✓ Digital delivery and signing of documents</li> <li>✓ Default to double-sided printing</li> </ul>	<ul style="list-style-type: none"> <li>✓ Further eliminate single-use plastics</li> <li>✓ Reduce paper use and source sustainably</li> <li>✓ Company-wide recycling programs</li> <li>✓ Ongoing discussion on sustainable suppliers/products</li> </ul>



## Associate Engagement

Associate education and engagement are critical to our progress. We have ramped up efforts to inform, educate and provide engagement opportunities for associates throughout the organization. Progress over the last year included:

- Launched an internal ESG video, with heavy environmental lens
- Hosted live virtual event, supported by Clean Memphis
- Promoted various sustainability efforts
  - Plastic Free July
  - People's Eco Challenge
  - New Year, New Habits
  - Sustainable Holiday Tips
  - Earth Day E-Statement Campaign



## The Environmental Task Force

In May 2021, we launched our Environmental Task Force to support and guide the implementation of First Horizon's environmental strategy. Monthly meetings were conducted that focused on climate-related topics such as risks, opportunities and operational ideas. The group is composed of senior leaders from business and corporate support areas across the organization including risk, business resilience, marketing, credit, procurement, corporate properties, communications and client-facing bankers.

## Eco Champions

In January 2022, we launched our first environmentally focused Associate Resource Group with over 90 members who are engaged in ongoing associate sustainability initiatives and education. The group has participated in MLK Day of Service, community clean up (virtually in all markets), Ijams River Rescue (Knoxville) and World Water Day Pollution Prevention Cleanup (Memphis).



## Community Sustainability

### Earth Day

In April 2022, we hosted a variety of events and initiatives in support of Earth Day. To encourage less paper use, the First Horizon Foundation pledged to donate \$5 to The Nature Conservancy for every client that switched to e-statements during the month of April. As a result, we donated nearly \$40,000, tripling the results from the prior year. Through the year, we organized and encouraged our associates to participate in various community service projects, from planting trees, to educational events and community cleanup projects. Strong participation across our company and associates demonstrates the importance of supporting our communities and the planet.



*Volunteers planting trees in New Orleans for Earth Day*



*World Water Day Wolf River cleanup*



*Planting trees for Earth Day*

### Zero-Waste Conversion: Recycle, Reuse or Donate

As a part of our ongoing commitment to raise environmental awareness and find new ways to positively impact the communities we serve, our ESG team led a Zero-Waste Conversion initiative. The effort encouraged all associates to creatively recycle, reuse or donate legacy IBERIABANK materials through our existing corporate recycling programs. IBERIABANK signage and equipment was recycled through vendor programs.

Other IBERIABANK branded items were repurposed throughout our footprint or donated to organizations including United Way, CASA of Madison County, Rose of Sharon Soup Kitchen and UCP Huntsville.



*Zero-Waste conversion donations*

# Moncus Park

We are proud to be one of the original investors in Moncus Park with contributions totaling over \$1 million. The park is a non-profit, independent park in the heart of Acadiana in Lafayette, Louisiana. With approximately 100 acres of rolling hills, open meadows and forested ravines, spotted with large live oak trees, it is the last remaining significantly sized piece of beautiful undeveloped public property located within the city. The park provides the community with programming that focuses on arts/culture, health/wellness and environmental education.

Through a year-long community engagement process, sustainability emerged as one of the community's values and helped shape the park's master plan. Designed to achieve Sustainable SITES "Gold" standard, Moncus Park strives to embody sustainability in all that it does.

## Phases 1 and 2:

- Solar lighting manufactured by a Louisiana company
- Large rain garden to help clean pollutants from the parking lot before entering local waterways
- Focus on native and naturalized plantings for better performance despite a changing climate
- Hundreds of new trees, shrubs and pollinator species for urban habitat restoration
- Sustainable water source for new 4-acre lake from adjacent neighborhood runoff; additional pollutants cleaned out by wetland plants within lake
- All on-site irrigation water recycled from the new 4-acre lake, instead of a potable municipal source
- Full recycling and composting program, including food waste recycling
- Integrated Pest Management with bat boxes on site for mosquito control and pollinator gardens
- Invasive species removal program throughout site

**Phase 3** (construction to begin in 2022) includes the Farmer's Market Pavilion, which is designed with passive ventilation, a solar array, a rainwater harvesting system for non-potable water usage throughout the facility, as well as a rain garden for on-site stormwater management.

**Phase 4** is currently in design and includes a second tiered pond and native plantings to serve additional flood mitigation goals for the City and Parish of Lafayette.





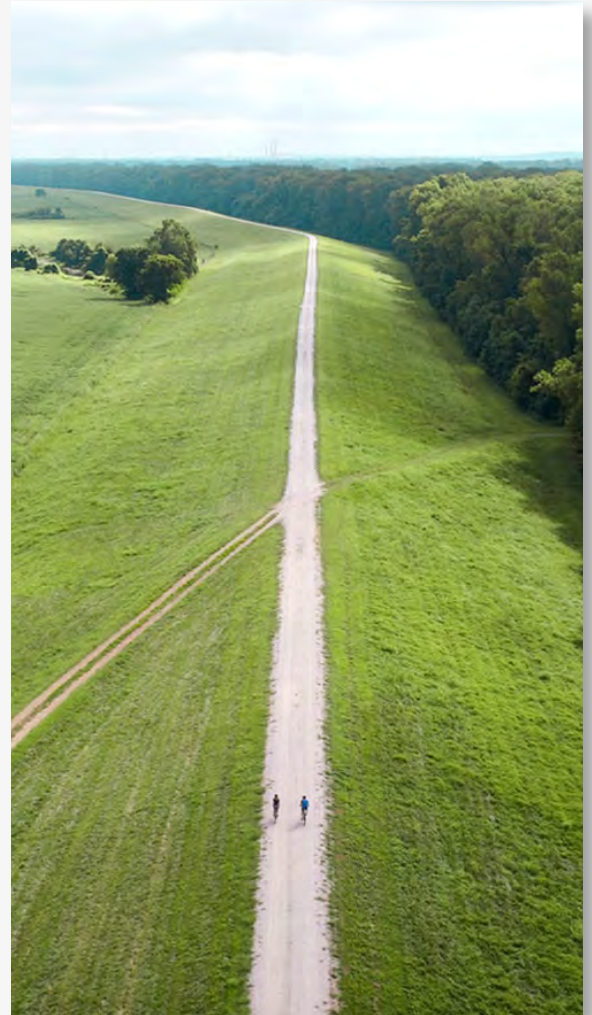
## Big River Project

In 2021, the First Horizon Foundation announced a strategic contribution to bolster the organization's environmental focus on the Mississippi River helping to create Big River Conservancy.

First Horizon's donation of \$1 million dollars provided Big River Conservancy; Ducks Unlimited, the world's largest non-profit waterfowl and wetlands conservation organization; and TennGreen Land Conservancy, the oldest accredited statewide land conservancy in Tennessee, the ability to purchase and restore 1,500 acres of land along the Mississippi River. The property is located between the Hernando DeSoto bridge and Big River Crossing on the Harahan bridge, all within a short distance of First Horizon's corporate headquarters.

The vast land along the Mississippi River had changed for agricultural uses, consisting of wetlands and flood plains. Restoration plans will allow for the flood plains to absorb and hold rising waters as the level of the Mississippi River fluctuates throughout the year. Through this process, the flood plain plants will serve as a filtration system to remove pollutants, degraded farm soils and debris from flood waters before returning cleaner water to the river.

Through First Horizon's commitment to safeguard and focus efforts on the Mississippi River, this initiative and partnership will conserve the land, re-establish native vegetation and recreate functioning wetlands that should help restore natural ecological processes.





# Governance *and* Ethics

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We remain focused on delivering long-term shareholder returns and conducting our business on a foundation of good corporate governance and uncompromised ethics. First Horizon's board of directors is comprised up of dynamic and experienced leaders from a variety of industries and backgrounds that provide oversight and direction to help ensure our long-term success. The board is actively engaged in overseeing the conduct of the business, including setting annual compensation targets, approving budgets and strategic plans, reviewing and assessing risk and monitoring performance.

*Corporate headquarters in Memphis, Tennessee*

## Board Composition and Governance

Our board of directors is comprised of 17 leaders whose collective experience, qualifications and skills allow the board to satisfy its oversight responsibilities effectively. The board conducts annual evaluations to determine whether it and each of its committees and members are functioning effectively and identify opportunities to enhance its effectiveness. The board members recognize the importance of ongoing refreshment to ensure the board includes diverse perspectives and a range of expertise.

Practice	First Horizon
Number of directors	17
Independence % of directors	82% (14 of 17)
Independence on key* board committees	100%
Is there majority voting for directors (in uncontested elections)?	Yes
Must director tender resignation if fails to receive majority vote?	Yes
Average director's age	65 years
Average director's tenure	6.5 years
Board refreshment	11 new directors in the past 5 years
Does the company disclose a director skills matrix?	Yes (see following page)
Gender diversity % of directors	24% (4 of 17)
Racial/ethnic diversity % of directors	24% (4 of 17)
Are CEO and Chairman of the board separate?	Yes
Is the Chairman of the board independent?	No
Is there an independent Lead Director?	Yes
Director terms	All directors are elected for a term of one year
Does the company disclose stock ownership guidelines for directors?	Yes
Mandatory retirement age**	72, for non-employee directors
Retirement age waivers	Board may waive each year for up to 3 additional terms
Resignation tender if director has major job change (other than promotion)?	Yes
Directors on more than two other public company boards	None
Annual board & committee self-evaluations?	Yes
Annual individual director evaluations?	Yes
Third party engaged to conduct board and director evaluations?	Yes; every 3 years or as determined by the Nominating & Corporate Governance Committee
Director attendance at board & committee meetings	Average attendance > 96%
Total board meetings held in 2021	6
Total board committee meetings held in 2021	34
Do directors meet in executive session without management?	Yes, generally at each regular board meeting

Per the merger agreement with IBERIABANK, Mr. Byrd will step down as Executive Chairman and a director of First Horizon and the Bank effective July 1, 2022.

\* Key board committees are Audit, Compensation and Nominating and Corporate Governance.

\*\* Under the provisions of the merger agreement with IBERIABANK, the mandatory retirement provisions will not apply to any of the current director nominees until after the third anniversary of the merger of equals (July 1, 2023).

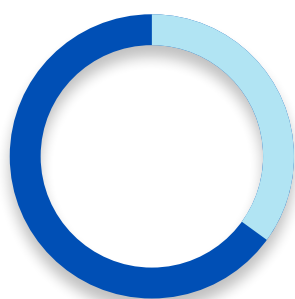
## Director Skill Matrix

	Barton	Burdick	Byrd	Casbon	Compton	Davidson	Fenstermaker	Jordan	Kemp	Maples	Palmer	Reed	Shea	Stewart	Subramaniam	Sugranes	Taylor	
<b>Director Skills Matrix</b>																		
<b>CEO/President.</b> Experience as CEO, President or similar position at a firm or major operating division.		x	x		x	x	x	x	x			x	x	x	x	x	x	
<b>Finance/Accounting.</b> Audit company financial expert, CFO, or experience (including oversight experience) in accounting or financial planning and analysis.	x	x	x					x		x	x	x	x					x
<b>Banking/Financial Services Industry.</b> Executive experience in banking, investment banking, broker-dealer or insurance.		x	x	x				x		x				x				x
<b>Strategic Planning/Leadership.</b> Experience defining the strategic direction of a business or organization; service in a significant leadership position.	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
<b>Public Company.</b> Experience as a public company director or executive officer.	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
<b>Racial, Ethnic or Gender Diversity.</b> As identified by the director.						x			x		x			x	x	x		
<b>Information Technology/Cybersecurity.</b> Experience implementing information technology and cybersecurity systems or managing a business in which such systems play a significant role.		x	x	x			x	x	x			x			x			x
<b>Digital Innovation/Fintech.</b> Experience in the use of technology to facilitate business operations and customer service.				x	x			x		x		x		x	x			x
<b>Environmental Matters.</b> Experience understanding, evaluating and managing environmental risks and opportunities.				x	x	x	x		x			x			x			x
<b>Human Capital Management.</b> Experience in workforce management, compensation, inclusion and diversity efforts, culture, succession planning and talent management.				x	x	x		x		x	x	x	x		x	x		x
<b>Risk Management.</b> Experience with understanding and managing risk in a large organization.	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			x
<b>Legal/Regulatory/Ethics/Compliance Matters.</b> Experience (including oversight experience) managing legal, regulatory, ethical and compliance risks and obligations.	x	x	x	x	x		x	x				x	x	x				x
<b>Marketing/Retail Distribution.</b> Experience in building and maintaining client relationships.		x	x		x	x		x				x		x	x	x		x



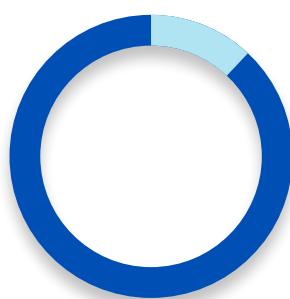
## Diversity on Our Board

We understand that diversity, inclusive of gender, ethnicity, race and experience, is a critical attribute of a well-functioning board of directors and a measure of sound corporate governance. First Horizon values diversity and believes it is important to the effective functioning of the whole organization, from the newest associates to the board of directors. This belief is reflected in the composition of our board.

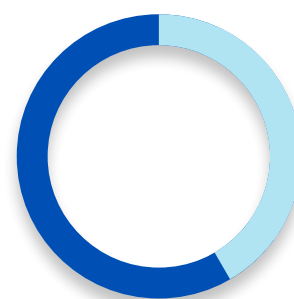


● **35%** diverse in terms of race, gender or ethnicity

- **24%** Ethnically diverse
  - **12%** African American
  - **6%** Hispanic
  - **6%** Asian



● **12%** both women and ethnically diverse



● **40%** of standing board committees are led by women

## Our Board at a Glance

**13**

have experience as a CEO/President

**9**

have finance or accounting experience

**7**

have experience in banking/financial services industry

**17**

have served as a director or executive officer of another public company

**9**

have experience in information technology/cybersecurity matters

**8**

have experience in digital innovation/fintech

**13**

have experience in human capital management

**17**

have strategic planning/leadership experience

**6**

are diverse in terms of race, gender or ethnicity

**10**

have marketing or retail distribution experience

**11**

joined the board within the past 5 years

**11**

have experience in legal/regulatory/ethics/compliance matters

**16**

have experience in risk management

**8**

have experience in environmental matters

\*Please see the matrix on the previous page for additional information on the scope of each category.

## Board and Management Oversight of ESG

We believe a solid governance structure is critical to managing ESG risks and identifying new opportunities to continue to improve. We have established disciplined and transparent ESG governance and continue to educate and engage the board.

### BOARD OVERSIGHT

#### Board of Directors

Oversees the company's management of ESG matters, receiving regular reports on the company's diversity, equity and inclusion program and on climate and other environmental matters impacting the company

#### Nominating and Corporate Governance Committee

Formally charged with oversight of the management of all ESG matters. The chair of the committee reports to the board on a regular basis regarding these matters.

#### Executive and Risk Committee

Assists the board in its oversight of risk management, which includes Environmental and Social risks and business resilience as well as our risk appetite statement, which includes climate risk as a key risk

### MANAGEMENT OVERSIGHT

#### Management Risk Committee

Reviews and approves First Horizon's Enterprise Risk Management framework which identifies a variety of risks, including climate-related issues and other environmental and social factors

#### ESG Leadership Team

Provides strategic direction and develops and executes ESG strategy

### ESG WORKING GROUPS

#### CSR Working Group

Cross-segment team that informs overall ESG strategy and goal setting; meets quarterly to help verify we are considering all risks and opportunities as we focus on climate risk and other ESG initiatives

#### Task Forces

Act as a support and advisory body to oversee the implementation of First Horizon's strategy around climate and other ESG topics to discuss risks and opportunities and operationalize the strategy

#### Environmental Task Force

Ensures successful implementation of environmental efforts, operationalizes ideas and focus areas, and identifies areas of additional opportunity

#### Social Task Force

Brings together key leaders from CRA, DEI and ESG to confirm that we are aligned on focus areas and priorities

#### Disclosure Task Force

Provides monthly check-ins with legal, financial reporting, risk, investor relations and ESG team to discuss disclosure, regulatory updates and other important matters

## Responsible Risk Management

First Horizon’s operating philosophy is soundness, profitability and growth, in that order. Risk taking must be viewed in the context of safety and soundness considerations, business environment, return to shareholders, rating agencies and our capabilities to understand and manage risk in a prudent manner. The company’s Risk Management organization (Risk Management Group) is headed by the Chief Risk Officer (CRO) and Chief Credit Officer (CCO) and provides objective oversight of risk, including climate risk. They translate the company’s overall risk appetite into approved limits and formal policies and are supported by corporate staff functions.

## Risk Management


### Risk Management Role

The Risk Management Group proactively works with business units, senior management and functional experts to establish appropriate standards, monitor business practices in relation to those standards, and ensure that management continuously focuses on key risks in the company’s business and emerging trends that may change the company’s risk profile.









The Management Risk Committee (MRC) is the management committee responsible for overseeing the company’s adherence to the risk management policies and procedures governing its operations. The MRC is a forum for reviewing the activities of supporting committees that manage and oversee specifically identified areas of potential risk and addressing any other risks separately identified by the MRC. The MRC reviews and approves First Horizon’s Enterprise Risk Management framework which identifies a variety of risks, including environmental and social factors.

The CSR Working Group, which meets quarterly, includes representatives from various aspects of the company to help ensure we are considering all risks and opportunities as we focus on climate risk and other ESG initiatives.

### Risk Management Framework Overview


Risk Culture

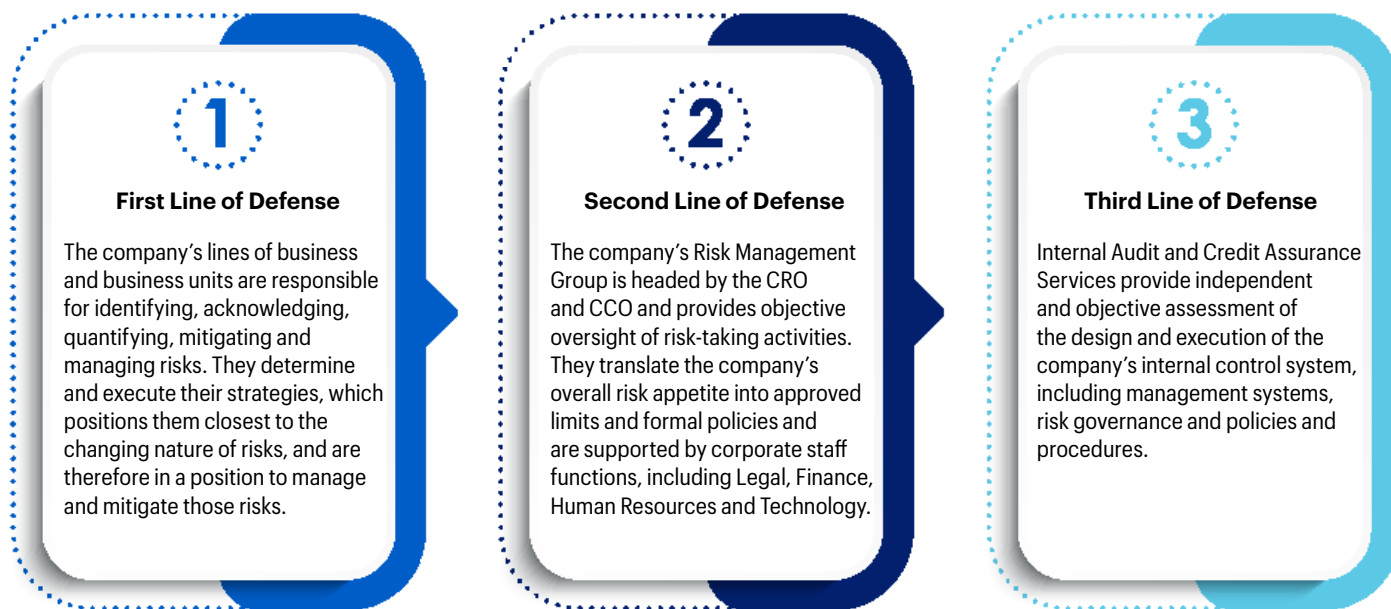
- Tone from the Top
- Board & Management oversight
- Key Leadership Assessment
- Aligned Incentive Plans
- Risk Training
- Risk Partnership Model

Dimension	Overview	Dimension	Overview
<b>Risk Coverage</b> 	<ul style="list-style-type: none"> <li>• Established risk taxonomy</li> <li>• Risk identification process for new and emerging risks</li> </ul>	<b>Control Environment</b> 	<ul style="list-style-type: none"> <li>• Robust control inventory aligned to Risk Taxonomy</li> <li>• Quarterly control attestations on all SOX controls and key non-SOX controls</li> </ul>
<b>Risk Appetite</b> 	<ul style="list-style-type: none"> <li>• Corporate risk appetite statement with qualitative and quantitative statements</li> <li>• Aligned to Strategic Planning process</li> </ul>	<b>Risk Monitoring</b> 	<ul style="list-style-type: none"> <li>• 3 Lines of Defense framework</li> <li>• Assurance and testing functions</li> <li>• Risk events tracking &amp; root cause analysis</li> <li>• KRI &amp; limits performance</li> </ul>
<b>Governance &amp; Policies</b> 	<ul style="list-style-type: none"> <li>• Robust corporate governance structure for Board and Management oversight</li> <li>• Board and Management policies to govern risk throughout company</li> </ul>	<b>Risk Data &amp; Reporting</b> 	<ul style="list-style-type: none"> <li>• Enterprise Risk Report (ERR)</li> <li>• Issues Management reporting</li> <li>• Risk dashboards</li> </ul>
<b>Risk Assessment &amp; Measurement</b> 	<ul style="list-style-type: none"> <li>• Enterprise Risk Assessment process</li> <li>• Measurement based on Enterprise Risk Rating Methodology</li> <li>• Supplemental Risk Assessments</li> </ul>	<b>Stress Testing</b> 	<ul style="list-style-type: none"> <li>• Enterprise-wide capital stress testing process</li> </ul>



## The Bank uses a “Three Lines of Defense” approach to risk management

The “Three Lines of Defense” model for managing internal controls enhances clarity regarding risks and controls, ensures proper segregation of duties and helps improve the effectiveness of overall enterprise-wide risk management.



## Compliance Overview

First Horizon aims to implement a comprehensive, effective and efficient Compliance Management Program that facilitates a strong compliance culture to protect the company, its associates, board of directors and shareholders from significant regulatory and reputational risk while ensuring our clients are provided with exceptional service and protected from harm.

### The objectives of the company's Compliance Management Program are to:

- Provide compliance oversight and a monitoring framework sufficient to ensure that compliance risks and issues are detected, mitigated and, as appropriate, remediated
- Ensure that regulatory requirements are incorporated into business processes, as appropriate, and that line of business management and associates understand their responsibility to meet these requirements
- Ensure that the bank’s products and services are designed, offered and administered on terms consistent with applicable regulatory requirements
- Provide an effective and efficient framework to disseminate information throughout the organization and respond to regulatory changes in a timely manner
- Reduce regulatory risk through the promotion of a strong compliance culture and continued high-quality client service
- Develop and maintain a sound compliance management system that is integrated into the overall framework for product design, delivery and administration (i.e., throughout the entire life cycle of the product or service)

The board of directors is ultimately responsible for the company’s Compliance Management Program. The board of directors expects management to take primary responsibility for complying with all regulations. The board of directors delegates responsibility for oversight of compliance policies and the Compliance Management Program to the Chief Compliance Officer.

## Policies and Statements

### Anti-Bribery and Anti-Corruption Statement

Our ethical business practices prohibit our associates from participating in bribery and accepting improper payments. We operate in compliance with all applicable regulations and laws which include the U.S. Foreign Corrupt Practices Act and similar laws that prohibit improper payments. We have a board-approved Prohibited Receipts and Payments Policy that states that no officer, director, associate, agent or attorney of First Horizon Corporation, First Horizon Bank or any of their direct or indirect subsidiaries shall corruptly solicit, demand, accept or agree to accept anything of value (excluding compensation and expenses paid in the usual course of business) for himself or herself or a third party, intending to be influenced or rewarded in connection with any transaction or business of First Horizon.

No officer, director, associate or agent of First Horizon shall directly or indirectly give or offer a bribe, kickback or similar payment or consideration to any person or entity for any reason.

### Bank Secrecy Act (BSA)/Anti-Money Laundering (AML)/Office of Foreign Assets Control (OFAC)

First Horizon is dedicated to being a trusted financial institution and combating money laundering practices. We diligently work to ensure that our banking services are used responsibly, ethically, and verify our clients' identities to prevent any misuse of our bank. All associates are required to complete an annual BSA/AML/OFAC training. Board members also receive annual BSA/AML/OFAC training. In addition, targeted training is provided covering Fraud and Security Awareness and Commercial Loan Fraud.

The purpose of our board-approved BSA Policy and Program (which also covers AML and OFAC) is to ensure First Horizon's compliance with the related regulations through its BSA/AML/OFAC Compliance Program. The policy and program establish steps that must be taken to meet the requirement of the regulations. Key processes addressed includes collecting and verifying the identify of clients for the Customer Identification Program (CIP); establishing processes for the monitoring, identification and reporting of suspicious activity; and performing initial and ongoing sanctions screenings on all clients. The Enterprise Bank Secrecy Act Compliance Officer, in conjunction with the Compliance Risk Working Group, formulates the BSA Policy and Program with recommended changes as appropriate. The policy and program are reviewed at least annually and any recommended changes are approved by the board.

### Code of Business Conduct and Ethics

The board-adopted Code of Business Conduct and Ethics outlines the overarching principles that guide the conduct of our business. Among other topics, the code covers conflicts of interest, confidentiality, insider trading, political activities and associate matters. Our Code of Business Conduct and Ethics applies to all associates, officers and directors of First Horizon and its subsidiaries and, in certain cases, to its agents and representatives as well. First Horizon has also adopted a Code of Business Conduct and Ethics for Senior Financial Officers, a Compliance and Ethics Program Policy and many other policies with specific guidance on ethical matters. Our human resources, legal, compliance and corporate security teams work together to oversee the handling of hotline submissions, Electronic Incident Reports and annual training on matters relating to these ethics codes and policies. Associates can anonymously report unethical or illegal activity in the workplace via the Ethics Hotline at 800-217-3031.

### Code of Business Conduct for Suppliers

First Horizon seeks to outperform competition fairly and has a legacy of succeeding with honest business practices and superior performance. Consistent with the First Horizon Code of Business Conduct and Ethics that sets the basic standards for associate conduct, we adopted a Code of Business Conduct for Suppliers that establishes our expectations for our suppliers (i.e., third parties that provide goods or services to First Horizon). The Code of Business Conduct for Suppliers defines our expectations for suppliers related to conducting their business legally and ethically and covers topics such as bribery, confidentiality, fair dealing, human rights, non-discrimination and harassment, recordkeeping and reporting.

## Fair and Responsible Banking and Marketing

The company's Fair and Responsible Banking policy covers Fair Lending, Marketing and UDAAP (Unfair, Deceptive, or Abusive Acts or Practices) to create a consistent and common focus on treating all clients fairly. The commitment of First Horizon is to ensure that the principles of fair and responsible banking are incorporated into its overall client business strategy. Fair lending and UDAAP are integral parts of the company's policies and procedures, marketing efforts and relationships with third parties involved in banking processes. The company's management believes that this commitment to fair and responsible banking is a good and sound business practice that allows it to serve a wide range of clients and communities, which is essential to the economic vitality of its communities and the company. To fulfill its commitment to Fair and Responsible Banking, the company has empowered each of its officers, associates and agents to use their best personal and professional efforts and resources to continue to make meaningful services available to clients and communities on a fair and equitable basis. The company will not tolerate noncompliance by any of its officers, associates or agents in serving its clients and potential clients. Internal controls, system automation and monitoring by the three lines of defense are in place to ensure compliance.

## Firearms Statement

We continue to follow all laws, acts and applicable regulations in accordance with federal law related to the manufacturing, sale and use of firearms. We believe gun policy and the associated applicable regulations are best addressed through the cooperation of the American public and policymakers.

## Immigration Policy Statement

We also believe topics related to immigration policy are best addressed through the cooperation of the American public and policymakers. For 158 years, we have built our bank by valuing our people, standing behind our clients, strengthening our communities and being committed to fair lending practices. We have considered both the implications of providing financing to organizations that provide government-funded services in support of immigration policy along with honoring current contractual commitments to our clients. For us, good corporate citizenship includes maintaining our clients' privacy and, as such, we are not at liberty to discuss individual client business. As we move forward and consider new commitments, our decisions will continue to be guided by our evaluation process that takes into account current lending regulations as well as our business goals, values and obligations to our stakeholders.

## Political Involvement

Our Code of Business Conduct and Ethics includes the following statement on political matters: The company is subject to certain limitations and/or prohibitions under federal and state law concerning political contributions and political activities. In addition, the company is allowed to engage with federal, state and local officials, but may be required to register as a lobbyist when doing so, and there are restrictions on the gifts that company associates may give to government officials. Because applicable federal and state laws and regulations in this area are quite technical, company directors, officers and associates should seek the guidance of the company's General Counsel before engaging in any political activities that involve the company.

Certain associates may also be solicited for contributions to the First Horizon Political Action Committee (PAC). All contributions are voluntary. In general, directors, officers and associates of the company may voluntarily choose to engage in personal political activities as long as they do so on their own time and without company resources. However, certain directors, officers and associates are subject to restrictions on their personal political activities under federal and state law or under company policies and procedures. These individuals must comply with the policies and procedures adopted by their respective business lines concerning personal political activities and may not contribute to First Horizon's local PAC. The company notifies associates who are subject to these restrictions.



## Human Rights Statement

First Horizon respects individual human rights and is committed to creating a company environment in which everyone is treated with dignity. While we believe our government and policymakers are primarily responsible for the laws and regulations that enable the preservation and protection of human rights, our company values and business practices support our belief that all people should be treated fairly and with respect.

## Our Commitment

Everyone will be treated without discrimination or harassment based on race, color, religion, sex, sexual orientation, gender identity, national origin, age, veteran status or disability. First Horizon and our subsidiaries are also committed to a position of lending fairness and to making meaningful services available to our clients and communities on a fair and equitable basis. Any associate who engages in unlawful activities or violates First Horizon's Code of Business Conduct and Ethics or any of the company's policies is subject to disciplinary action, including dismissal. First Horizon honors our commitment to human rights by:

- Conducting our business in a manner that is consistent with the fundamental human rights principles described in the [United Nations Universal Declaration of Human Rights](#).
- Requiring all associates to complete Code of Business Conduct and Ethics training upon hire, and annually thereafter, and to certify upon completing each training session that they have read, and that they understand, the Code.
- Providing to all associates for annual acknowledgment the Associate Handbook (including Section 3 entitled "A Matter of Principles") as well as full copies of the Code of Business Conduct and Ethics, Prohibited Receipts and Payments, Conflict of Interest and Confidentiality and Outside Affiliation and Indemnification policies.
- Instituting a [Corporate Social Responsibility](#) (CSR) Committee to help us build stronger communities and guide our responsible business practices. The CSR Committee meets quarterly to review, recommend and report to the Executive Management Committee and the Board of Directors on CSR and environmental, social and governance (ESG) business and reputation topics.
- Protecting the privacy of client information. All associates, even after leaving the company, must comply with the policies described in our Privacy Policy.
- Establishing multiple ways for associates and clients to raise concerns, ask questions and report potential policy violations or unethical or suspicious behaviors with confidence and without fear of retaliation.
- Operating our business in accordance with all applicable lending, labor, safety, health, anti-discrimination and other diversity and inclusion workplace regulations and laws.
- Adopting a [Code of Business Conduct for Suppliers](#) that establishes our expectations for our suppliers (i.e., third parties that provide goods or services to First Horizon), consistent with the First Horizon Code of Business Conduct and Ethics that sets the basic standards for associate conduct.



## Awards and Recognition

First Horizon strives to strengthen the lives of our associates, clients and communities. We are honored to be recognized for our efforts and are especially proud to be recognized for our community service, diversity, equity and inclusion efforts and family-friendly work environment. Here are some of the honors we have received in the past two years:

### **Bloomberg Gender-Equality Index**

Bloomberg

### **Women Who Lead: Banking**

Memphis Business Journal

### **World's Best Banks List**

Forbes Magazine

### **Top 100 America's Most JUST Companies for Corporate Citizenship**

Forbes Magazine and JUST Capital

### **America's Best Large Employers List**

Forbes Magazine

### **Top Workplaces**

Commercial Appeal

### **Best Banks to Work For**

American Banker

### **Reader's Choice Awards**

Johnson City Press

### **Corporate Equality Index**

Human Rights Campaign

### **Newcomer Award (IBKC-FHN)**

Junior Achievement of Dallas

### **Best Regional Banks & Top 100 Banks in the US**

GOBanking Rates

### **Top Workplaces**

Knoxville News Sentinel

### **US Captive Awards: Bank**

Captive International

### **Reader's Choice Awards - Best Bank**

Maryville Daily Times

### **US Captive Awards: Asset Management Firm**

Captive International

### **Best Places to Work**

Memphis Business Journal

### **100 Best Adoption-Friendly**

#### **Workplaces in America**

Dave Thomas Foundation for Adoption

### **Top Workplaces**

The Tennessean

### **Women of Excellence**

National Association for Female Executives

### **Sizzle Awards**

Williamson County

### **Best Companies for Multicultural Women**

Seramount (formerly Working Mother Magazine)

### **Best Financial Institution**

Brentwood Lifestyle Magazine

### **National Partnership for Women & Families**

Leading on Leave

### **Best Places to Work in Southwest Florida**

Gulfshore Business

## SASB Index

SASB Commercial Bank Topic	SASB ID	Accounting Metric	First Horizon 2021 Data
<b>Data Security</b>	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	1) Not Disclosed 2) Not Disclosed 3) Not Disclosed
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	See Client Protection section on <a href="#">pages 29-31</a>
<b>Financial Inclusion &amp; Capacity Building</b>	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	1) 108 2) \$350mm community development loans
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	1) Not disclosed 2) Not disclosed
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked clients	Low-cost: Ability Banking: 317 accounts Access Checking: 2,197 accounts The fees for each account are a flat monthly amount, with no fees charged for overdrafts <ul style="list-style-type: none"> <li>• Ability Banking: \$5 for e-statements and \$7 for paper statements</li> <li>• Access Checking: \$3</li> </ul>
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked or underserved clients	We have hours taught (1,700 in 2021) See <a href="#">page 37</a> for more on our initiatives
<b>Incorporation of ESG Factors in Credit Analysis</b>	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	2021 <a href="#">10-K</a> Table 7.10; page 75
	FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Not currently applicable; Are considering best practice for incorporating for the future
<b>Business Ethics</b>	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice or other related financial industry laws or regulations	No litigation of that type is disclosed in our current financial statements
	FN-CB-510a.2	Description of whistleblower policies and procedures	See <a href="#">code of ethics</a>
<b>Systemic Risk Management</b>	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities	Refer to <a href="#">6.28.21 press release</a> for stress testing Page 94 of <a href="#">10-K</a> for capital risk and adequacy
<b>Activity Metrics</b>	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Not Disclosed
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business and (c) corporate	Not Disclosed



## TCFD Index

	Page
<b>GOVERNANCE</b>	
Describe the Board's oversight of climate-related risks and opportunities	P. <a href="#">65</a>
Describe management's oversight of climate-related risks and opportunities	P. <a href="#">65</a> , <a href="#">66</a>
<b>STRATEGY</b>	
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term	P. <a href="#">49</a> , <a href="#">50</a> (partial disclosure)
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	P. <a href="#">49</a> , <a href="#">50</a> (partial disclosure)
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	P. <a href="#">53</a> (qualitative comment around status)
<b>RISK MANAGEMENT</b>	
Describe the organization's processes for identifying and assessing climate-related risks	P. <a href="#">47</a> (early stages, engaging in conversations and analysis)
Describe the organization's processes for managing climate-related risks	P. <a href="#">66</a> (currently managed in accordance with our enterprise-wide risk appetite framework)
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	P. <a href="#">66</a> (currently managed in accordance with our enterprise-wide risk appetite framework, not separated)
<b>METRICS AND TARGETS</b>	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	P. <a href="#">51</a> , <a href="#">52</a>
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	P. <a href="#">55</a> (Scope 1&2 only)
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	P. <a href="#">55</a> (working toward setting science-based targets)

# Reconciliation of Non-GAAP to GAAP Financial Information

## FHN NON-GAAP TO GAAP RECONCILIATION

Quarterly, Unaudited (Dollars in millions, except per share data)

<b>Adjusted Diluted EPS</b>			<b>1Q22</b>
Net income available to common ("NIAC") (GAAP)	a	\$	187
Plus Tax effected notable items (Non-GAAP) (a)		\$	24
Adjusted Net income available to common (Non-GAAP)	b	\$	211
Diluted Shares (GAAP)	c		550
<b>Diluted EPS (GAAP)</b>	a/c	\$	0.34
<b>Adjusted diluted EPS (Non-GAAP)</b>	b/c	\$	0.38

<b>Adjusted Net Income ("NI") and Adjusted Return on Assets ("ROA")</b>			<b>1Q22</b>
Net Income ("NI") (GAAP)		\$	198
Plus Tax effected notable items (Non-GAAP) (a)		\$	24
Adjusted NI (Non-GAAP)		\$	222
NI (annualized) (GAAP)	d	\$	801
Adjusted NI (annualized) (Non-GAAP)	e	\$	900
Average Assets (GAAP)	f	\$	88,587
<b>ROA (GAAP)</b>	d/f		0.90%
<b>Adjusted ROA (Non-GAAP)</b>	e/f		1.02%

<b>Adjusted Return on Average Common Equity ("ROCE")/ Return on Average Tangible Common Equity ("ROTCE")/ Adjusted ROTCE</b>			<b>1Q22</b>
Net income available to common (annualized) (GAAP)	g	\$	756
Adjusted Net income available to common (annualized) (Non-GAAP)	h	\$	855
Average Common Equity (GAAP)	i	\$	7,628
Average intangible Assets (GAAP) (b)		\$	1,802
Average Tangible Common Equity (Non-GAAP)	j	\$	5,826
<b>ROCE (GAAP)</b>	g/i		9.92%
<b>ROTCE (Non-GAAP)</b>	g/j		12.98%
<b>Adjusted ROTCE (Non-GAAP)</b>	h/j		14.68%

<b>Tangible Common Equity (Non-GAAP)</b>			<b>1Q22</b>
Total equity (GAAP)		\$	8,696
Less: Noncontrolling interest			295
Less: Preferred stock			1,014
Total common equity		\$	7,387
Less: Intangible assets (GAAP)			1,795
Tangible common equity (Non-GAAP)	k	\$	5,592
Period-end shares outstanding	l		535
<b>Tangible book value per common share (Non-GAAP)</b>	k/l		10.46

(a) First quarter 2022 notable items includes \$6 million of pretax gain on Finxact investment, \$37 million of pretax merger/acquisition/transaction-related expenses and \$7 million of taxes associated with those items.

(b) Includes goodwill and other intangible assets, net of amortization.

Numbers may not foot due to rounding.

<b>1Q22 Reported to Core Reconciliation NII</b>			<b>NII</b>
(\$s in millions)			
<b>1Q22 Reported</b>		\$	479
Plus: Taxable-equivalent adjustment			3
<b>1Q22 Reported (FTE)</b>			482
Less: non-core items			
PPP coupon income and fees			12
Loan Accretion			17
IBKC Premium Amortization			(10)
1Q22 Core (FTE)		\$	462
Less: Day count impact			(7)
<b>1Q22 Core (FTE) ex. day count</b>		\$	469

<b>4Q21 Reported to Core Reconciliation NII</b>			<b>NII</b>
(\$s in millions)			
<b>1Q22 Reported</b>		\$	498
Plus: Taxable-equivalent adjustment			3
<b>4Q21 Reported (FTE)</b>			502
Less: non-core items			
PPP coupon income and fees			30
Loan Accretion			15
IBKC Premium Amortization			(10)
<b>4Q21 Core (FTE)</b>		\$	466

### Pre-provision net revenue

(\$s in millions)

	1Q22		
	GAAP	Notable Items	Non-GAAP
Net interest income	\$ 479	\$ -	\$ 479
Plus: total noninterest income	229	(6)	223
Total revenue	707	6	702
Less: total noninterest expense	493	(37)	455
Pre-provision net revenue	\$ 215	\$ 32	\$ 246

## Forward-Looking Disclaimers

This report, including material incorporated into it, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to First Horizon's beliefs, plans, goals, expectations, and estimates. Forward-looking statements are not a representation of historical information, but instead pertain to future operations, strategies, financial results or other developments. The words "believe," "expect," "anticipate," "intend," "target," "plan", "estimate," "should," "likely," "will," "going forward" and other expressions that indicate future events and trends identify forward-looking statements.

Forward-looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond the control of First Horizon, and many of which, with respect to future business decisions and actions, are subject to change and which could cause actual results to differ materially from those contemplated or implied by forward-looking statements or historical performance. Examples of uncertainties and contingencies include factors previously disclosed in First Horizon's reports filed with the U.S. Securities and Exchange Commission (the "SEC") as well as the following factors, among others: First Horizon's success in executing its business plans and strategies and managing the risks involved in the foregoing; currency and interest rate fluctuations; exchange rates; success of hedging activities; material adverse changes in economic and industry conditions, including the availability of short and long-term financing; general competitive, economic, political and market conditions; changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; inflation; customer borrowing, repayment, investment and deposit practices; the impact, extent and timing of technological changes; capital management activities; actions of the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Tennessee Department of Financial Institutions and other regulators, legislative and regulatory actions and reforms; the pandemic created by the outbreak of COVID-19 and its variants, and resulting effects on economic conditions, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains; the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the definitive merger agreement between First Horizon and The Toronto-Dominion Bank ("TD"); the timing and completion of the transaction, including the possibility that the proposed transaction will not close when expected or at all; certain restrictions during the pendency of the merger that may impact First Horizon's ability to pursue certain business opportunities or strategic transactions; diversion of management's attention from ongoing business operations and opportunities; and other factors that may affect future results of First Horizon.

First Horizon cautions readers of this report that the list above is not exhaustive as of the date of this report. Actual outcomes could differ and First Horizon's estimates and expectations could change, possibly materially, because of one or more factors, including those factors listed above or presented elsewhere in this report or those factors listed in material incorporated by reference into this report. In evaluating forward-looking statements and assessing First Horizon's prospects, readers of this report should carefully consider the factors mentioned above along with the additional risk and uncertainty factors discussed: in the forepart, and in Items 1, 1A, and 7, of First Horizon's most recent Annual Report on Form 10-K, as amended; and in the forepart, and in Item 1A of Part II, of First Horizon's Quarterly Report(s) on Form 10-Q filed this year. First Horizon assumes no obligation to update or revise any forward-looking statements that are made in this report or in any other statement, release, report, or filing from time to time.

In addition, First Horizon cautions readers that this is not a financial report. Neither this report nor the information presented in it are audited or reviewed by any independent person or firm. Although First Horizon strives to present information accurately in this report, this report is not subject to the same internal controls or disclosure controls as annual and quarterly financial reports. Moreover, this report deals with First Horizon only, not with its suppliers, contractors, or business partners, unless this report explicitly provides otherwise.





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