

KEYCORP  
COMPENSATION AND ORGANIZATION COMMITTEE  
CHARTER  
AS OF MAY 18, 2016

**1. Committee Mission**

The Compensation and Organization Committee (the “Committee”) acts on behalf of the KeyCorp Board of Directors (the “Board”) and in the best interests of KeyCorp (the “Corporation”) and its shareholders to support the Corporation’s efforts to attract, retain, develop and reward talent to achieve its business objectives. In this regard, the Committee is responsible for overseeing the compensation of KeyCorp Board-Reported Executives (as defined below), the compensation programs described herein, and the Corporation’s talent management and organizational development, including succession planning, leadership development and strategic hiring objectives.

**2. Organization**

**(a) *Charter.*** The Committee shall review and assess the adequacy of this Charter and recommend any proposed changes to the Board of Directors at least annually.

**(b) *Members.*** Members of the Committee are appointed and removed by the Board of Directors based on the recommendation of the Nominating and Corporate Governance Committee and serve at the pleasure of the Board of Directors. The Board of Directors appoints the Committee Chair. Members of the Committee are required to meet the independence requirements of the New York Stock Exchange in effect from time to time. At least two members of the Committee shall be “outside directors” for purposes of Section 162(m) of the Internal Revenue Code and “non-employee directors” for purposes of Section 16 of the Securities Exchange Act of 1934. Beginning in 2012, Directors will generally not serve on the Committee for more than five consecutive years. Newer independent Directors will be considered for Committee membership as current Directors rotate off the Committee.

**(c) *Delegation.*** The Committee may delegate any of its functions, duties and authorities, on such terms and conditions and with such limitations (if any) as the Committee deems appropriate; provided, however, that the Committee shall not delegate any function, duty or authority required by applicable law, regulation or listing standard to be exercised by the Committee.

**(d) *Performance Evaluation.*** The Committee shall review and assess performance with respect to its obligations under this Charter and review this assessment with the Board of Directors at least annually. The Committee also shall regularly provide the Board of Directors with reports of its meetings.

### **3. Board-Reported Executives**

#### **(a) *Hiring and Promotion; Termination.***

(i) As used in this Charter, the term “Board-Reported Executive” means the Chief Executive Officer, the other Executive Officers (as set forth in the Corporation’s most recent proxy filing) and any position deemed by management to be of strategic importance, including but not limited to the Chief Accounting Officer, the Chief Legal Officer, the Chief Human Resource Officer and the Chief Risk Review Officer and General Auditor. The Committee will approve the Board-Reported Executives for each year.

(ii) The Committee shall approve hiring and promotion of any Board-Reported Executive, including the financial terms related to such hiring or promotion.

(iii) The Committee shall approve the termination of employment of Board-Reported Executives in cases where the Chair of the Committee, after consulting with the Chief Executive Officer (which the Chief Executive Officer shall do prior to the event), requests the matter be brought to the full Committee, and shall approve the financial terms related to such termination, where such terms are other than those called for contractually or pursuant to normal corporate policy.

#### **(b) *Performance Goals and Objectives.*** The Committee shall:

(i) Annually review and approve goals and objectives for purposes of assessing the performance of the Chief Executive Officer.

(ii) Annually evaluate, with input from the full Board of Directors, the performance of the Chief Executive Officer.

(iii) Annually review, with input from the Chief Executive Officer, the performance of the other Board-Reported Executives.

#### **(c) *Compensation Levels.***

(i) The Committee shall annually review and approve a peer group of companies against which to compare compensation programs and practices for Board-Reported Executives.

(ii) The Committee shall annually review and approve the compensation, including base salary, annual and long-term incentive awards and opportunity, for the Chief Executive Officer and the other Board-Reported Executives. The Chair of the Committee shall be responsible for communicating to the Chief Executive Officer the results of the performance evaluation and compensation levels of the Chief Executive Officer.

(iii) As part of this process, the Committee will approve and document any material exceptions or adjustments to the incentive compensation arrangements for Board-Reported Executives; and carefully consider and monitor the effects of any approved exceptions or adjustments on the balance of the arrangement, risk-taking incentives of the Board-Reported Executives, and the safety and soundness of the Corporation.

#### **4. Talent Management and Organizational Development; Succession Planning**

**(a) Talent Management and Organizational Development.** The Committee shall:

(i) Review or receive periodic reports regarding the evaluation of key executives.

(ii) Annually, or more frequently as necessary, approve the Corporation's written talent management program and review the results of the Corporation's talent planning and talent development processes.

(iii) Review or receive periodic reports regarding the Corporation's strategic hiring objectives.

**(b) Succession Planning.** The Committee shall:

(i) Oversee the process for developing, implementing and administering a succession plan for the Chairman and Chief Executive Officer, including an emergency succession plan.

(ii) Assess whether Management has developed an appropriate succession plan for key executives to promote continuity in management.

(iii) Annually, or more frequently as necessary, review the results of Management's succession plan for key executives.

#### **5. Compensation Programs**

**(a) Compensation Philosophy.** The Committee shall establish the Corporation's overall compensation philosophy.

**(b) Incentive Compensation Arrangements.** The Committee shall oversee the Corporation's implementation of its overall compensation philosophy with respect to incentive compensation arrangements, including:

(i) Subject to the limitations of any such plan or arrangement, administer all incentive plans or arrangements in which a Board-Reported Executive participates and perform the functions of the Board of Directors or any committee thereof provided by such incentive plan.

(ii) Approve, at least annually, the Corporation's Incentive Compensation Policy and Incentive Compensation Program so that incentive compensation arrangements are consistent with the Corporation's risk tolerances;

(iii) Approve performance metrics and pool funding for the Corporation's discretionary incentive plans.

(iv) Approve the funding, participation, vehicles, vesting and termination provisions of long-term and deferred annual incentives.

(v) Recommend to the Board for approval or submission to shareholders for approval, the adoption, amendment or termination of any incentive plan requiring Board or shareholder approval.

(c) **Clawback Policy.** The Committee shall implement the Corporation's Clawback Policy with regard to incentive compensation arrangements and awards when required.

(d) **Contractual Arrangements.** The Committee shall:

(i) Approve the terms of all employment contracts, letters, or similar arrangements of two years or more in duration and all amendments thereto. Notwithstanding the foregoing, the Committee shall not be required to approve the terms of employment contracts having all of the following characteristics: (1) the term of the agreement is three years or less; (2) the agreement was entered into in connection with an acquisition; and (3) the agreement relates to officers or employees of the target who will be assigned to job grade 88 or lower (or, if the position is ungraded or the job grade classification is changed, is a position equivalent to job grade 88 or lower).

(ii) Approve all change in control agreements if they provide change in control benefits of more than one year's total cash compensation.

(e) **ERISA Employee Benefits Plans.** The Committee shall:

(i) With respect to plans subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended, but only as it relates to the function of a Plan settlor and not fiduciary: (1) review and approve management's recommendations regarding changes to such plans and any related trust agreements, provided, however, that Management has the authority to approve any such amendments as may be required by law or regulation; and (2) perform the duties, if any, of the Board of Directors or any committee thereof under the provisions of such plans.

(ii) Review the general design of the Corporation's health and wealth welfare plans in conjunction with the Corporation's role as plan settlor.

(iii) Approve the establishment and design, and the amendment of top hat plans including any frozen top hat plans in conjunction with the Corporation's role as Plan settlor. For purposes of this section, the term "top hat plans" includes supplemental/excess retirement plans, deferred compensation plans, health and welfare plans and any contractual arrangements.

(f) **Perquisites.** The Committee shall annually review and approve perquisites for the Board-Reported Executives.

(g) **Share Ownership.** The Committee shall oversee compliance with the Corporation's share ownership guidelines.

(h) **Other Responsibilities.** The Committee shall:

(i) Oversee the policy and process for determining the impact of extraordinary events on compensation decisions and for dealing systematically with the impact of such extraordinary financial events on incentive compensation awards.

(ii) Oversee and, when appropriate, approve actions to reduce the number and type of incentive compensation plans to optimize the alignment of pay and performance.

(iii) Review findings by the Risk Committee concerning concentrations of business and the incentive compensation associated with those businesses that the Risk Committee determines are appropriate for the Committee's review.

(iv) Review any audits of the compensation process overseen by the Audit Committee as well as any other issues brought before the Audit Committee that may impact the Corporation's future financial performance and therefore impact incentive compensation awards if the Audit Committee determines that those audits and issues are appropriate for the Committee's review.

(v) Oversee the assessment of whether and how any significant risk that potentially affects executive compensation in a material way should be allocated for compensation purposes.

## **6. Compliance and Oversight**

**(a) Shareholder Advisory Vote on Compensation.** The Committee shall:

(i) Review the results of any shareholder advisory votes regarding the compensation of the Corporation's Named Executive Officers and make recommendations to the Board of Directors on how to respond to those votes.

(ii) Recommend to the Board regarding the frequency with which the shareholder advisory vote regarding the compensation of the Corporation's Named Executive Officers should occur.

**(b) Compensation Disclosure.** The Committee shall

(i) Review and discuss with management the Corporation's Compensation Discussion and Analysis and recommend to the Board of Directors whether the Compensation Discussion and Analysis should be included in the Corporation's annual proxy statement and incorporated by reference into the Corporation's annual report on Form 10-K.

(ii) Approve the compensation committee report required by Regulation S-K 407(e)(5) under the Securities Act of 1933 to be included in the Corporation's annual proxy statement.

(iii) Adopt performance criteria in language suitable for publication to the shareholders in the Corporation's annual proxy statement, consistent with New York Stock Exchange listing standards and Securities and Exchange Commission rules, by which the Committee assessed the prior year's executive performance against the measures the Committee used to set that compensation, including any discretionary factors used to adjust executive compensation for poor performance or for taking excessive risk.

## **7. Other Duties**

The Committee shall perform such other duties as may be delegated by the Board from time to time.

## **8. Access to Consultants**

(a) The Committee is authorized to hire, oversee and terminate independent legal counsel and such other advisors as the Committee deems appropriate. The Committee may, at its discretion, engage executive compensation consultant(s) to assist the Committee in its evaluation of the Corporation's compensation arrangements and practices. The consultant shall advise the Committee on executive compensation programs and shall perform such other services as requested by the Committee.

(b) Any executive compensation consultant, independent legal counsel or other advisor (each, an "Advisor") hired by the Committee shall report directly to the Committee and shall be compensated at the sole cost and expense of KeyCorp. No Advisor shall be permitted to perform any services for the Corporation (other than to act as the Committee's Advisor) without the express permission of the Committee Chair. At the request of the Committee, an Advisor may attend Committee meetings and meet privately with the Committee members. Prior to hiring any Advisor, and annually thereafter, the Committee shall review and consider all factors relevant to that Advisor's independence (including the specific independence factors identified by the New York Stock Exchange or the Securities and Exchange Commission for that purpose from time to time).

(c) Management may retain a separate compensation consultant to work with management on compensation issues. Management will inform the Committee if it retains such a consultant.