

Environmental, Social and Governance (ESG) Investing

ESG investing is not just a fad and will likely continue to grow over the next five years. According to the Deloitte Center for Financial Services, ESG-mandated assets could make up half of all managed assets in the United States by 2025.¹ While value-based investing has been around for decades, the desire from both retail and institutional investors to apply ESG principals to their decision-making is a growing demand.

Traditionally, Socially Responsible Investing (SRI) only sought to exclude those companies with negative attributes that were undesirable in a portfolio. Today, ESG investing can complement a portfolio by giving exposure to those companies who promote and achieve sustainability, encourage and measure corporate responsibility, and are leaders by having a positive impact on employees, clients and their communities. Impact investing targets a specific area of need such as clean energy, clean water or social improvements through targeted community development.

ESG investing seeks to identify many risks not found in traditional financial analysis:



Governance



Corporate strategy



Compensation



Climate risk



Human capital

E



- Climate issues
- Pollution
- Environmental sustainability

S



- Human capital
- Privacy & data security
- Labor standards
- Community relations

G



- Corporate governance
- Ownership structure
- Bribery and corruption

Considering environmental, social and governance factors in their decision-making can give investors a more holistic view of companies, which can help better manage risk and generate attractive, long-term returns. Historically, investors thought that investing through a socially conscious lens meant they had to sacrifice returns. In-depth research on historical returns shows this is not the case.² ESG investing provides competitive risk-adjusted returns in U.S. equities while showing to add meaningful alpha in the international and emerging market spaces.

1. Deloitte, "Responsible investment management, The Dbriefs Investment Management series," May 13, 2020.

2. Historical research obtained from multiple sources including, but not limited to iShares Sustainable ETFs, Investing for a Sustainable Future, BlackRock, Q418.

Consideration of ESG issues is not new to Fifth Third. We are able to provide our clients with options to invest in ESG-focused strategies across asset classes, countries, sectors and market cap. When designing a portfolio, we make decisions that reflect our clients' beliefs using the resources of Morgan Stanley Capital International (MSCI) ESG Research, the leading authority on social research and indexes for institutional investors. MSCI ESG Research is designed for investors and money managers who wish to integrate environmental, social and governance factors into their investment process, as well as exclude companies for various business involvement based on any tie or more specific criteria, such as ownership, distribution, percentage of revenue, etc.

We provide both active and passive ESG investment strategies and continue to research and provide new and exciting options as the marketplace evolves. Fifth Third also offers clients the ability to screen for controversial business involvement and can help provide strategies that have a targeted impact based on our clients' needs.

Fifth Third provides three separate methodologies for client mandates:

- 1. ESG:** Invests in companies that promote and achieve sustainability, encourage and measure corporate responsibility, and are leaders in worker and community impact. Inclusionary investing.
- 2. SRI:** Seeks to restrict investments in certain companies that are deemed to be harmful or against certain values. Exclusionary investing. We have provided SRI since 1970 and currently manage \$1.8 billion in client assets across various social concerns.
- 3. Impact:** Impact investing targets a specific outcome or purpose that the investor wishes to achieve. Targeted investing.

Available solutions and portfolio structures for responsible investing:



U.S. equity

- Active
- Passive
- Mutual funds
- ETFs
- Separately managed accounts



international

- Active
- Passive
- Mutual funds
- ETFs
- Separately managed accounts



Emerging markets

- Active
- Passive
- Mutual funds
- ETFs



Fixed income

- Active
- Passive
- Mutual funds
- ETFs
- Separately managed accounts

Generating sustainable value

Fifth Third is inspired by the communities we serve to be the best corporate citizen we can be. We work hard every day to address the challenges our world faces in ways that will create long-term value for Fifth Third — and in turn, strengthen the communities in which our shareholders, clients and team members live and work.

ABOUT FIFTH THIRD

Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio, and the indirect parent company of Fifth Third Bank, National Association, a federally chartered institution. Fifth Third offers financial products and solutions in Commercial Banking, Consumer and Small Business Banking, and Wealth & Asset Management. Wealth & Asset Management is comprised of Fifth Third Private Bank and Fifth Third Institutional Services. Franklin Street Trust Company, Franklin Street Advisors, Inc., and Fifth Third Wealth Advisors, LLC are all indirect subsidiaries of Fifth Third Bancorp. Through these Trust and Registered Investment Advisory businesses, Fifth Third ranks among the largest money managers in the Midwest and, as of December 31, 2023, had \$574 billion in assets under care, of which it managed \$59 billion for individuals, corporations and not-for-profit organizations through its Trust and Registered Investment Advisory businesses. Investor information and press releases can be viewed at [53.com](https://www.53.com). Fifth Third's common stock is traded on the Nasdaq® Global Select Market under the symbol "FITB." Fifth Third Bank was established in 1858.

To start a conversation or learn more:

Call **800-336-6782** or visit
ir.53.com/ESG for more information.



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