

ENGAGEMENT REPORT

2019 EDITION

Etica SGR's **dialogue** with companies and **voting** in shareholders' meetings



etica SGR
Responsible Investments



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A WORD FROM MANAGEMENT



Engagement is one of the most evolved strategies for sustainable and responsible investment. I am proud to say that **Etica SGR was one of the first asset management companies to introduce shareholder activism to Italy.** It is also a guarantee for our clients, who know they can rely on a company that abides by the principles of ethical finance that it promotes. We have learned many things over the years, enriching our knowledge and engaging in discussions with international entities and networks that have been consistently and professionally involved in these activities over the long term. We are also delighted to have helped to create the international “Shareholders for Change” network, which aims to facilitate the coordination of initiatives and drive this fundamental practice forward in Europe.

We can say that: **engagement is a valuable tool in the hands of financial operators that can also help to successfully resolve global problems.** Moreover, for us, **Environmental, Social and Governance (ESG) sustainability is not a business sector: it is our Company’s mission.**



UGO BIGGERI
Chairman
at Etica SGR



For Etica SGR, engagement is a **critical part of understanding and practising responsible investment**, with precise objectives, the progress of which is constantly monitored. Investing responsibly is a long-term mission that requires commitment and dedication.

In 2018, we attended meetings of leading Italian and foreign companies in the fund portfolios. On these occasions, discussions took place with the company managers, **touching on various issues relating to the environment, society, human rights and governance.**

Among the issues discussed, the main focus was on the adoption of responsible policies on human rights, managing climate change and tax transparency.

Not only that: for a responsible investor such as Etica SGR, engaging with companies cannot be limited to simply voting in shareholders' meetings, **but continues throughout the year with dialogue initiatives**, including through collaboration with international networks, with the aim of encouraging companies to behave in a way that is **more sustainable, transparent and consistent with the UN's Sustainable Development Goals**, which affect us all.



LUCA MATTIAZZI
General Manager
at Etica SGR

ENGAGEMENT: WHAT DOES IT REPRESENT FOR ETICA SGR?

What is it?



It is “the process by which investors initiate a structured dialogue with the management of the investee company (and/or the subject of analysis), on the basis of the continuous monitoring of environmental, social and governance aspects of corporate activity” (Italian SIF definition).

When does it happen?



Engagement by Etica SGR develops over the long term, **through dialogue** with companies **over the entire year** and/or participation in **the shareholders’ meetings** of companies in which the funds invest in order to exercise voting rights related to participation in the share capital.

How does it happen?

For Etica SGR, engagement happens in two ways:



Dialogue with the company, by means of written requests for information and organising conference calls, meetings and workshops with businesses. Dialogue may arise from the need to explore specific issues with the company, or be prompted by the results of the sustainability analysis of the company, so that further exploration can be requested or opportunities for improvement highlighted.



Voting at shareholders’ meetings or shareholder activism, by attending the meeting in person or voting through an electronic platform.

This is a very important moment in engagement activity, particularly in the case of physical attendance at, and participation in, shareholders’ meetings, because it enables areas of dialogue to be presented directly to the boards of directors of the companies, and answers to be obtained on the issues discussed during the year. It also allows shareholders to make their voices heard through votes and motions and draw attention to new issues.

In its work, Etica SGR refers to the Italian Principles of Stewardship promoted by the Assogestioni Corporate Governance Committee and to the UN-supported Principles for Responsible Investment (UN PRI).



Why is it important?



The primary objective of engagement is to lead companies towards more sustainable and responsible behaviour, encouraging them to make decisions that integrate social, environmental and good governance practices in their corporate policies.

This can also bring financial benefits. Studies have shown that:

- There is a **positive correlation between companies' responses to investor engagement on environmental, social and governance issues and their performance**. One analysis¹ published in 2015 shows that the mere fact of engaging by stimulating companies on sustainability issues generates potential extra returns of +2.8%, 18 months after the first meeting with the company. This indicator rises to +7.1% if the engagement activity is assessed as positive by those carrying it out. Furthermore, according to an ECGI² working paper of 2017, companies that are engaged with typically have higher dividend yields and liquidity.
- **Engagement can help reduce the risk-return profile of an equity portfolio**. A paper³ published in January 2018 showed that engagement on environmental, social and governance issues reduces companies' risk of losses. In particular, engagement appears to be more effective in reducing the risk of loss when governance or strategy issues are addressed and when changes in companies' environmental policies (especially in relation to climate risk) are accompanied by improvements in governance.

Who does it happen with?



Etica SGR is an integral part of a **network of excellence**. By virtue of this, and as a responsible investor, dialogue is conducted independently or in collaboration with networks of active investors, such as the PRI⁴ (Principles for Responsible Investment), ICCR⁵ (Interfaith Center on Corporate Responsibility) and SfC⁶ (Shareholders for Change).

What is it asking for?

In 2018, engagement activity touched on a number of strategic areas.



Climate change: environmental policies and emissions reporting, introduction of emission reduction targets and projects towards a low-carbon economy, assessment of the hydrogeological risk of plant and installations and, in the case of palm oil, monitoring of the supply chain and crops.



Human rights: in relation to both dignified employment and respect along the supply chain, in connection with responsible recruitment policies and controls and reporting on supplier audits.



Tax: development of a tax policy and transparency when publishing related data.

Etica SGR associates the issues discussed in its dialogue with companies with the United Nations Sustainable Development Goals (SDGs).

¹ Credit Suisse, Credit Suisse Global Investment Returns Yearbook 2015 (p. 25).

² European Corporate Governance Institute (<http://www.ecgi.org/>).

³ Hoepner, Oikonomou, Sautner, Starks, Zhou, ESG Shareholder Engagement and Downside Risk, January 2018.

⁴ *The Principles for Responsible Investment* (www.unpri.org) is a United Nations initiative designed to promote the integration of ESG principles into traditional asset management and investment decisions and to actively contribute to the development of a more sustainable global financial system.

⁵ *The Interfaith Center on Corporate Responsibility* is a network of about 300 American religious and non-religious investors holding and/or responsible for more than \$100 billion of securities assets. They influence business management strategies and promote social justice in shareholders' meetings. Since 2005, Etica SGR has been affiliated with the ICCR.

⁶ *Shareholders for Change* is a network of European institutional investors that, in their capacity as shareholders, are involved in active engagement in order to influence and solicit good practices and sustainable and responsible behaviour in the medium to long term. The founding members represent €22 billion of assets under management.

More information can be found at: <https://www.eticasgr.com/storie/news-eventi/shareholders-for-change>; <https://www.shareholdersforchange.eu/>.

EVENTS DURING THE YEAR



Milan

4 May 2018

Organisation of the “**Corporates and Cities Sustainability Dialogue 2018**” event with the CDP (formerly the Carbon Disclosure Project) and hosting a workshop to explore environmental issues. Engagement with 9 companies.

Milan

28 September 2018

Participation in the **JPM Morgan Italian Conference**. Engagement with 5 companies.

Paris

14 de noviembre de 2018

Participation in the **Sustainable and Positive Impact Finance Conference** in Paris. Engagement with 10 companies.

Milan

27 November 2018

Participation in the round table at the **AIM Investor Day** event hosted by Borsa Italiana, dedicated to the business models of listed SMEs.

New York

1 October 2018

Participation in the **ICCR Fall Conference**. Engagement with oil and gas companies to discuss carbon assets risk.

Milan

2 July 2018

Participation in the **Italian Sustainability Day**, the first event in Italy, and one of the first at the international level, where a stock exchange has organised meetings on sustainability issues. Engagement with 7 companies.



INTERNATIONAL CAMPAIGNS



CDP, Non Disclosure Campaign

A letter sent to companies in the investable universe, calling on them to increase their environmental transparency by participating in CDP questionnaires on climate change (Climate Change), the management of water resources (Water) and natural resources (Forests).



PRI, Collaborative engagement on corporate tax responsibility

Even in 2018, Etica SGR participated in the dialogue asking for more transparency on tax practices, aimed at a group of ICT and health care companies.



FAIRR, Antibiotics and Farm Animals campaign

Even in 2018, Etica SGR participated in this initiative to request a group of restaurant chains to increase transparency and monitor the use of antibiotics in their suppliers' herds.



ICCR, Investor letter on forced labor

A letter to a group of ICT companies to investigate the mechanisms in place to reduce exploitation and protect workers' rights in the supply chain.



SHAREHOLDERS *for* CHANGE

Shareholders for Change is a network of European institutional investors that, in their capacity as shareholders, are involved in active engagement in order to influence and foster good practices and sustainable and responsible behaviour in the medium to long term.

In late 2017, at its own headquarter Etica SGR founded the network, together with other European companies, in order to facilitate the coordination of engagement initiatives and to move this fundamental practice forward in Europe.

Below are the founding members, which together represent around **€22 billion of assets under management:**

- Bank für Kirche und Caritas eG (Germany)
- Ecofi Investissements, Groupe Crédit Coopératif (France)
- Etica SGR, Gruppo Banca Etica (Italy)
- fair-finance Vorsorgekasse (Austria)
- Fondazione Finanza Etica (Italy)
- Fundación Finanzas Éticas (Spain)
- Meeschaert Asset Management (France)

THE NETWORK'S OBJECTIVES

The objective of Shareholders for Change is to involve institutions, consultants, associations and public and private entities in supporting the development of **sustainable finance**.

ENGAGEMENT WITH SfC

In 2018, Etica SGR was involved in the work of the network, focusing in particular on dialogue with two companies on issues including management of corporate reorganisations, management of greenhouse gas emissions (mitigation), sustainable food and sustainable cities.

More information can be found at: <https://www.eticasgr.com/storie/news-eventi/shareholders-for-change>; <https://www.shareholdersforchange.eu/>.

ENGAGEMENT HIGHLIGHTS



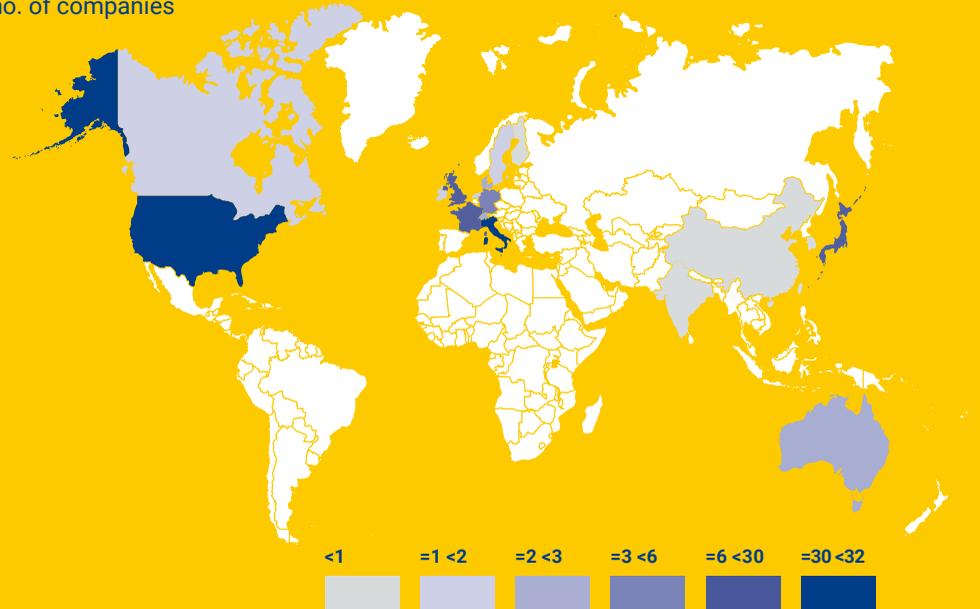
From the perspective of **dialogue**, **526** questions were put to **125** international companies.

DIALOGUE BY GEOGRAPHICAL AREA

Questions were mainly concentrated in Europe⁷ (49.61%) and the US (31.37%).

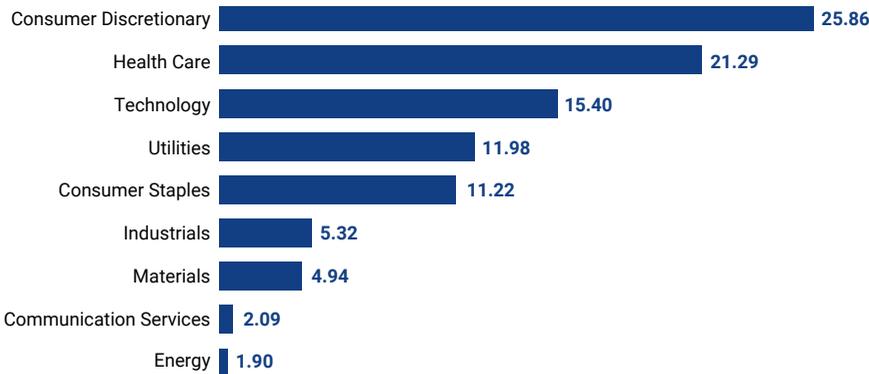
% questions by country and no. of companies

Country	%
UNITED STATES	31.37
ITALY	30.42
JAPAN	6.65
UNITED KINGDOM	6.27
FRANCE	6.27
GERMANY	3.23
DENMARK	2.47
SWITZERLAND	2.47
AUSTRALIA	2.28
SWEDEN	1.71
CANADA	1.52
THE NETHERLANDS	1.33
IRELAND	1.33
SOUTH KOREA	0.76
CHINA	0.76
INDIA	0.57
FINLAND	0.38
TAIWAN	0.19

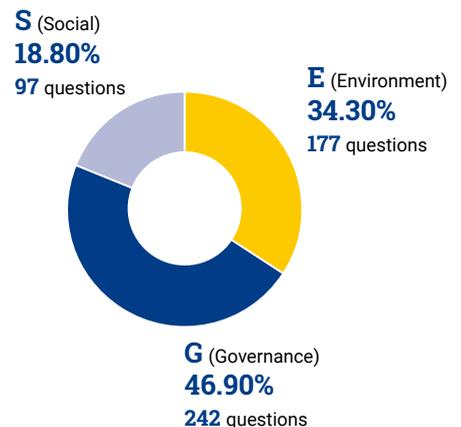


DIALOGUE BY SECTOR

% questions by sector



DIALOGUE BY ESG ISSUE⁸



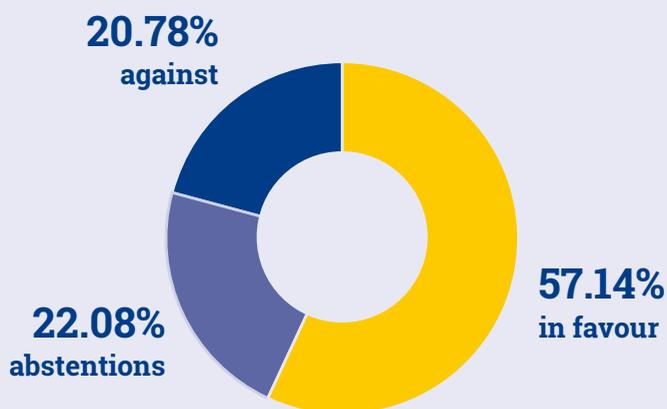
⁷ Italy, France, Germany, Denmark, Switzerland, Sweden, the Netherlands, Ireland, Finland.

⁸ 10 questions (which mainly related to questionnaires) are not included as they are not specifically attributable to an ESG dimension.



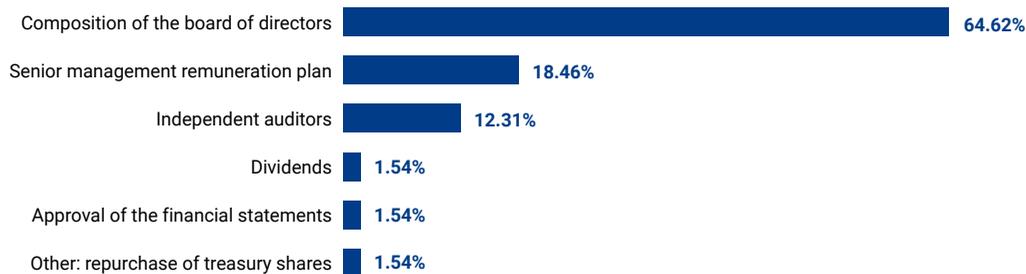
With regard to **voting** at shareholders' meetings, Etica SGR voted in **21** companies on **157** items.

DISTRIBUTION OF VOTES



VOTES NOT IN LINE WITH MANAGEMENT RECOMMENDATIONS BY ISSUE

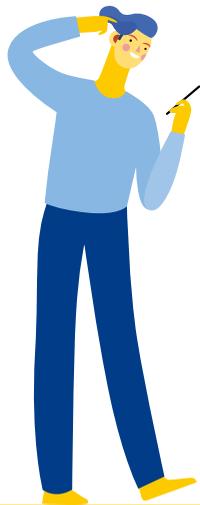
Votes not in line with the recommendations of the management of the company in which the votes were cast (votes against or abstentions) concerned, in particular, the composition of the board of directors, senior management remuneration plans, the appointment of independent auditors, the distribution of dividends, the approval of the financial statements and the repurchase of treasury shares.



THE SUSTAINABLE DEVELOPMENT GOALS

In 2015, leaders of 193 United Nations member countries approved the 2030 Agenda, consisting of 17 Sustainable Development Goals (SDGs), **an action programme to create a better and more sustainable future for all**, addressing global challenges such as the fight against **poverty and inequality, combating climate change and achieving prosperity, peace and justice**.

To achieve these goals, everybody must contribute: **not just the governments of the signatory countries, but also individual citizens and the business world, including the financial sector**.



Etica SGR Engagement and the SDGs

For the second year, Etica SGR chose to associate its engagement issues with the United Nations Sustainable Development Goals, in order to stimulate dialogue with companies from a broader, more global and shared perspective of sustainable development.

Issues addressed in relation to Sustainable Development Goals:



Food security, in particular the reduction of pesticides and antibiotics in the agri-food industry



Access to medicines



Protecting human rights along the supply chain and ensuring good governance: independence and gender diversity on the Board of Directors and a fair remuneration policy



Tax responsibility



Management of risks relating to climate change

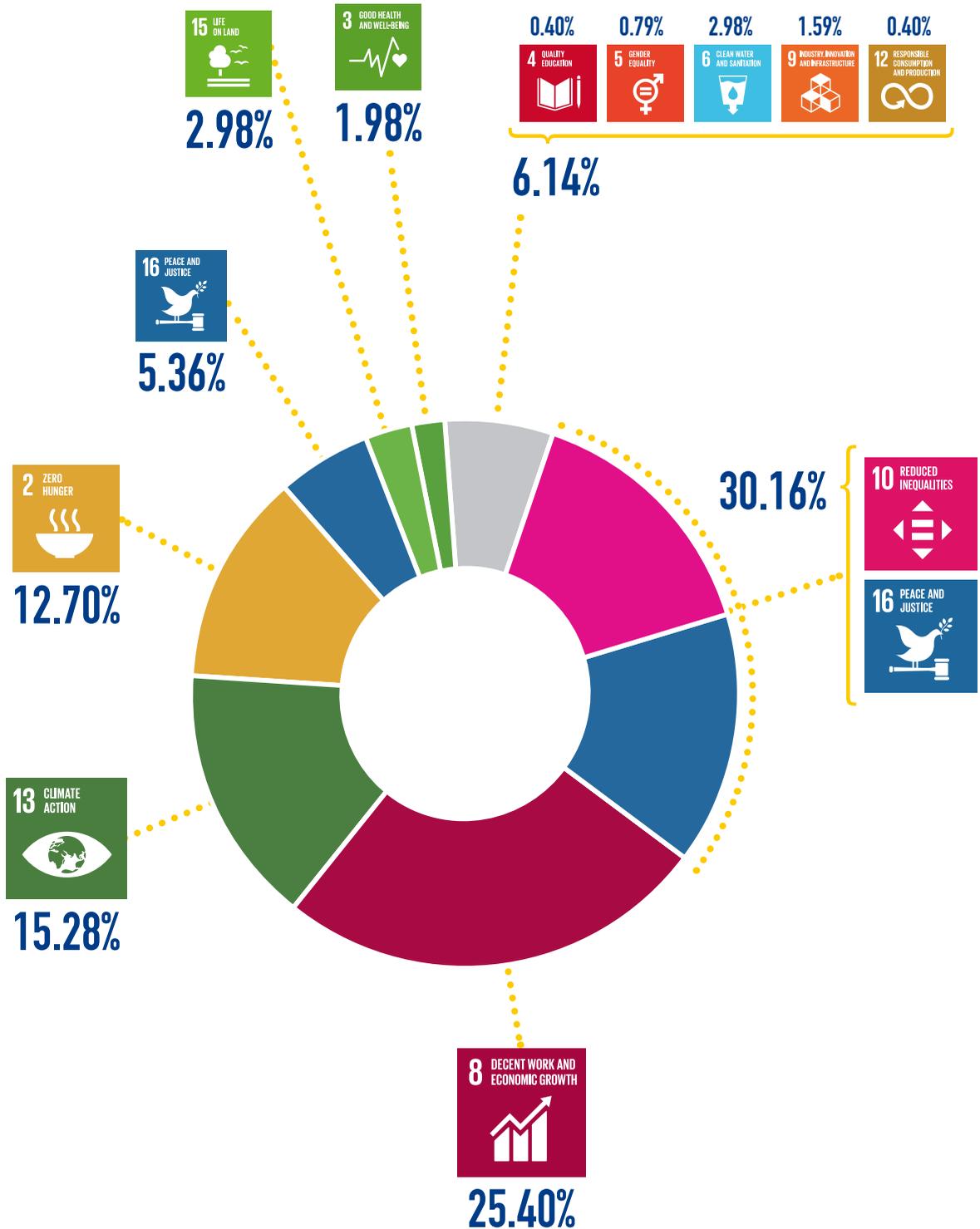


Prevention of deforestation



Protection of privacy

Dialogue activity by SDG



THE SUSTAINABLE DEVELOPMENT GOALS



Goal 2 End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

“It’s time to rethink the way we grow, share and consume our food.” This was written by the United Nations⁹ in the opening page to Sustainable Development Goal 2, particularly in light of the fact that by 2050, according to United Nations estimates, there will be nearly 10 billion people on Earth. How we can all feed ourselves healthily and above all sustainably is one of the great global challenges.

According to a recent study entitled **“Options for keeping the food system within environmental limits”**, published in the scientific journal Nature and conducted by the EAT-Lancet Commission, our food system is currently one of the main drivers of climate change, accounting for about a quarter of all

greenhouse gas emissions, consuming about 70% of freshwater resources and occupying 40% of the Earth’s surface.

In this context, the increase in population, coupled with the growing demand for food of animal origin, would increase the environmental impact of the global food system by about 50-90%. Scientists therefore believe that action is needed to reduce food waste, improve and innovate in agricultural production systems, adopt healthier, more sustainable food systems and engage everyone, including policymakers, businesses, the third sector and individuals.



⁹ <https://www.un.org/sustainabledevelopment/hunger/>

Etica SGR's approach to food security

With regard to Goal 2, which covers the fight against world hunger, food security and sustainable agriculture, Etica SGR has focused on the issue of food security, and, more specifically, on aspects relating to the use of pesticides and antibiotics in the agri-food industry, access to and education on food and transparent labelling.

From an investor's point of view, the issue of food security is of fundamental importance, particularly to companies involved in cattle breeding. According to FAIRR (Farm Animal Investment Risk and Return), a network of around 70 institutional investors that raises awareness of ESG (environmental, social and governance) risks caused by intensive livestock production, antibiotic resistance is a major risk factor, and farms involved in intensive farming regularly give antibiotics to animals to prevent the spread of diseases. 75% of the antibiotics sold in the US and 55% of those produced in Europe are intended for animals, and excessive use of these substances contributes to the development of antibiotic resistance. A UK government report estimates that drug-resistant infections will result in 10 million deaths per year by 2050 and economic losses of 100 trillion dollars for the world economy.

Etica SGR has begun a dialogue on this subject with consumer discretionary companies, particularly restaurant chains.

International campaign Antibiotic resistance also represents risk for investors

Gradually phasing out antibiotics from all stages of food production, including cattle, poultry and fish farming, and therefore also dairy products and eggs, is the aim of the international campaign that Etica SGR joined in 2016, coordinated by the aforementioned FAIRR (Farm Animal Investment Risk and Return) network of institutional investors.

The campaign is focused on 20 international restaurant companies with whom a dialogue has been launched to encourage the development of policies aimed at the progressive elimination of antibiotics in all livestock sectors.

In particular, companies have been asked to set clear targets and timetables to increase transparency by monitoring the use of antibiotics in their supply chains.

Antibiotics are used intensively by the food industry to prevent disease in animals, but their use is one of the main reasons for increasing human antimicrobial resistance (AMR).

This is a serious health hazard and, as FAIRR points out¹⁰, represents a systemic risk for investors holding stocks in food, pharmaceutical, health and insurance companies.

The UK government has warned that "excessive and inappropriate" use of antibiotics will cost 100 trillion dollars due to antimicrobial-resistant infections.

Engagement by Etica SGR

In connection with the collaborative dialogue conducted with the FAIRR network, Etica SGR sent a letter to a US consumer goods company asking for a comprehensive antibiotic policy to be established in order to gradually eliminate the systemic and prophylactic use of antibiotics across all livestock, poultry, fishing, dairy and egg sectors, and to increase transparency about the implementation of this policy, including mechanisms for measuring and controlling antibiotic use in the supply chain.

¹⁰ <https://www.fairr.org/engagements/antibiotics-engagement/>

THE SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



Goal 3 Ensure healthy lives and promote well-being for all at all ages

“17,000 fewer children die each day than in 1990. And since 2000, measles vaccines have averted nearly 15.6 million deaths. But more than six million children still die before their fifth birthday each year”, states the United Nations website.

“Significant strides have been made in increasing life expectancy and reducing some of the common killers associated with child and maternal mortality.

Major progress has also been made on increasing access to clean water and sanitation, reducing malaria, tuberculosis, polio and the spread of HIV/AIDS.

However, many more efforts are needed to control a wide range of diseases and address many different persistent and emerging health issues.” **Much has been achieved and much remains to be done.**

Here are a few more facts: maternal mortality (i.e., the proportion of mothers that do not survive childbirth compared with mothers that do) has decreased by almost 50% since 1990.

However, the maternal mortality rate in the developing regions is still 14 times higher than in the developed regions. Between 2000 and 2013, prevention, diagnosis and treatment of tuberculosis saved 37 million lives.





Etica SGR's approach to access to medicine

Access to medicine and medicine prices directly involve pharmaceutical companies, which bear a huge responsibility. "Given their size and resources and the availability of drugs, large pharmaceutical companies play a critical role in improving access to medicine," says the 2018 Access to Medicine Index¹¹ report of the non-profit organisation, Access to Medicine Foundation. And again: "Two million people world-wide do not have access to the medicines they need. Millions of people in poor or middle-income countries die each year from disease because the vaccines, medicines, or diagnostic tests they need are not available or are not economically viable."

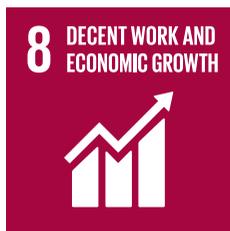
Often, **access to medicine is an economic issue and also depends on the strategies adopted by pharmaceutical companies when setting prices.** These determine the life or death of large sections of the population in various areas of the planet, but they also have an impact on the reputation of companies, with obvious economic consequences.

Engagement by Etica SGR

As part of its independent dialogue, Etica SGR asked a US health care company to adopt strategies when setting drug prices that take into account the public's concerns about the level or rate of increase in the price of prescription-only drugs, in order to avoid increases that are excessive and unsustainable for users. In addition, Etica SGR requested the Compensation Committee to report annually to shareholders on the extent to which these risks are incorporated within the remuneration and incentive policies, plans and programmes for senior executives. Etica SGR also supported a shareholder motion on this issue at the company's shareholders' meeting.

¹¹ <https://accesstomedicinefoundation.org/>

THE SUSTAINABLE DEVELOPMENT GOALS



Goal 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. This is how the United Nations website summarises Goal 8.

Looking at the global employment figures, the situation seems to be good, or at least much improved. But if we dig a little deeper, the news is not that positive.

The global unemployment rate has continued to decline and is now at its lowest level for 40 years: 5.2% in September 2018, down from 8% in 2010. The International Monetary Fund expects the unemployment rate in the emerging economies to reach 5.2% this year, the lowest level since 1970.

But looking beyond the numbers, Goal 8 refers to “decent work for all” and “lasting, inclusive and sustainable economic growth”.

Concepts such as “decent work” and sustainable growth” are very far removed from “forced labour” and “slavery”, which still exist today.

According to the report entitled **Global Estimates of Modern Slavery**, published by the International Labour Organization (ILO), 40.3 million people were living in slavery in 2016, 71% of whom were women and one in four of whom were children, with 24.9 million people subject to forced labour.

The gender pay gap is still wide. According to United Nations data, women world-wide earn 23% less than men on average. And, according to UN Women (the UN Department for Gender Equality), at least 330 million of the world’s poor are women. For every 100 men living on less than \$1.9 a day, there are 104 women.





Etica SGR's approach to good governance and respect for human rights

For Etica SGR, the goal of achieving decent work and economic growth can be divided into the **two macro-issues of good governance and respect for human rights along the supply chain**, both of which are very important to investors.

Good governance

A well-governed company has more chance of achieving good long-term economic results. Several studies have demonstrated this. The independence of the Board of Directors, the separation of the Chairman of the BoD from the Chief Executive Officer/General Manager, gender diversity at all levels, particularly within senior management, and fair pay systems are important issues for Etica SGR.

These issues enable us to manage a greater number and broader range of risks.

Various companies in the consumer discretionary sector have become involved in this issue.

Engagement by Etica SGR

Etica SGR voted against the proposed re-appointment of the independent auditors in all the US companies in which it voted. This is because of the excessive length of their assignments, which may affect their independent judgement (one of the companies has been using the same independent auditing company since 1954). In addition to this, Etica SGR voted against the election of the directors of a US company because the number of female candidates was not sufficient.

Protecting human rights along the supply chain

Etica SGR has always paid close attention to respect for human rights in the selection and monitoring processes of the suppliers of the companies in which it invests. This issue is crucial in countries where legislation is lax, but where many companies operate indirectly through their supply chains.

Therefore, through its engagement activities, Etica SGR encourages companies to verify that their suppliers also comply with the values of social and environmental responsibility, to avoid episodes of discrimination or exploitation such as child or forced labour.

Etica SGR's engagement on this issue in 2018 was mainly concentrated in the information technology sector. In particular, it took part in an international campaign involving 20 companies which focused on the issue of forced labour.

International campaign

Etica SGR took part in the international campaign **"Letter to ICT Sector Companies on Forced Labor"** launched by the ICCR (Interfaith Center on Corporate Responsibility), the coalition of responsible investors to which the asset management company is affiliated. 20 letters were sent to the ICT companies that have room for improvement in the fight against forced labour, slavery and unethical recruitment in their supply chains. The aim is to start a dialogue on how their performance can be improved.

Engagement by Etica SGR

Since 2017, Etica SGR has been in dialogue with a German automotive company. The issues addressed during this dialogue have included human rights along the supply chain, in particular the responsible supply of mica in India and cobalt in the Democratic Republic of Congo, subsequently extended into the supply of platinum in South Africa in 2018. The company (a member of the Drive Sustainability partnership), while presenting critical problems, is implementing initiatives whose progress will be monitored by Etica SGR.

THE SUSTAINABLE DEVELOPMENT GOALS



Goal 10 Reduce income inequality within and among countries

“The international community has made significant strides towards lifting people out of poverty. However, inequality persists and large disparities remain regarding access to health and education services and other assets. Income differences between countries appear to have narrowed, but those within the same country have increased. There is growing consensus that economic growth is not sufficient to reduce poverty, if it is not **inclusive** and if it does not involve the three dimensions of sustainable development – economic, social and environmental.” This is what the United Nations website says on its website.

An overview of inequality comes from the most recent report from the non-government organisation Oxfam, entitled “Public Good or Private Wealth?”¹², which confirms that wealth distribution around the world

is increasingly concentrated in the hands of a few individuals.

1,900 billionaires, the richest people in the world, saw their wealth increase by more than \$900 billion (+1.2%) between March 2017 and March 2018. Meanwhile, the wealth of the poor decreased in equal measure. The poorest half of the planet (3.8 billion people) now have 11% less money than they did a year ago.

While wealth continues to rise, there has been a sharp slowdown in poverty reduction: according to the World Bank, between 2013 and 2015 the annual rate of reduction decreased by 40% compared with the annual average in the period 1990-2015, and 3.4 billion people still live on less than \$5.50 a day.



Goal 16 Peace, justice and strong institutions

This goal is dedicated to the promotion of peaceful and inclusive societies for the purposes of sustainable development.

It aims to ensure universal access to justice, to build institutions that are responsible and effective at all levels and to fight corruption in institutions by promoting transparency.

Corruption, bribery, theft, and tax evasion cost developing countries about \$1.26 trillion annually.

This money could be used to lift people living on less than \$1.25 a day above that threshold for at least six years.

Countries’ social policies therefore also depend on companies and their correctness in terms of tax. If companies pay taxes in the countries where they generate income, those countries will have funds to increase spending on areas such as education, health care and infrastructure. Correct tax policy thus makes it possible to have sound, responsible institutions.

¹² www.oxfam.org/en/research/public-good-or-private-wealth



Etica SGR’s approach to tax responsibility

Etica SGR has associated these two Sustainable Development Goals with one area of action: tax responsibility. The link between the various elements is explained on the company website:

“It is strategically important for companies to reconcile economic growth with the proper distribution of resources, transparent tax management in line with current legislation, adequate remuneration of all stakeholders, and integrated reporting of their business”¹³

Transparency in tax policy and publication of comprehensive data are essential for assessing corporate risk. The PRI (Principles for Responsible Investment) emphasises this in its guide **“Evaluating and engaging on corporate tax transparency: An investor guide”**, which shows that investors benefit from companies that adopt responsible tax policies and report on tax transparently. These are good practices that make it easier to identify any risks, not just reputational risks.

Therefore, investors have a responsibility to encourage companies to behave in a sustainable and virtuous way, including in the area of tax, and the dialogue with companies provides an opportunity to encourage them to increase their transparency and to develop and implement responsible tax strategies.

International campaign

The international campaign on tax responsibility, **“Collaborative engagement on corporate tax responsibility”**, which is coordinated by the PRI, has been joined by Etica SGR, Italy’s sole representative, together with a group of asset management companies and international institutional investors. The target companies, in particular, are in the health care and ICT sectors, which are deemed to be most at risk of developing aggressive tax policies owing to their involvement with intellectual property rights. The aim is to improve disclosure on taxes paid and to encourage the development of responsible strategies in this area.

Engagement by Etica SGR

As part of a collaborative dialogue initiated with other members of the PRI, Etica SGR is in talks with a US health care company, which it has requested to publish a group-wide tax policy, clarify the approach used to define risks in the area of tax and publish data on taxation. The company has shown that it is open to dialogue, in particular with regard to the possibility of creating and publishing a tax policy that applies to the entire Group. The dialogue will continue, with updates on the progress made.

¹³ <https://www.eticasgr.com/en/storie/insights/etica-sgr-engagement-voting-and-dialogue-with-companies>

THE SUSTAINABLE DEVELOPMENT GOALS



Goal 13 Promote actions at all levels to combat climate change

Climate change is a global problem that can no longer be ignored by the world's governments. This has been established by the United Nations, after numerous warnings from the scientific community.

In 2015, at the end of the COP21 conference in Paris, the international community signed a very important international climate agreement within the aim of limiting the rise in the global temperature to below 2°C compared with the levels of two centuries ago, and, if possible, to 1.5°C.

In October 2018, the IPCC (Intergovernmental Panel on Climate Change), a United Nations scientific research team on climate change, published an evaluation report, the **Special Report on Global Warming of 1.5 °C**, which describes the worrying (global) effects of warming at 1.5°C and 2°C respectively, and shows that we are already very close to a one-degree increase in the average temperature of the planet.

It is no coincidence, according to independent analyses by NASA, the US National Oceanic and Atmospheric Administration (NOAA) and the World Meteorological Organization (WMO), that the Earth's global surface temperatures in 2018 were four times higher than in 1880. The years 2015, 2016, 2017 and 2018 form part of a long-term warming trend caused by record atmospheric concentrations of greenhouse gases.

We must also bear in mind that climate change is not only related to the increase in global temperatures, but also has far more profound consequences that are reflected on a global scale, creating social and economic instability.



Etica SGR's approach to climate change

Climate change is a key investor issue that can no longer be ignored in portfolio construction strategies. It exposes the portfolio to high risks that can be predicted, measured and, as far as possible, reduced. The financial industry can play a leading role in mitigating the consequences of climate change and promoting adaptation solutions, primarily through proactive action in investment choices. In this context, Etica SGR has continued and strengthened its commitments in the environmental field, undertaking dialogue initiatives with companies aimed at strengthening reporting on positive impacts in terms of emissions reduction and energy efficiency, and, in general, on their actions to manage the risks associated with climate change.

In addition to dialogue activity, Etica SGR also took part in international campaigns with a specific focus on environmental aspects.

International campaign with CDP: questionnaire on managing climate change risks

"What actions, goals, and strategies have been undertaken to address the risks associated with climate change?"

This is, in short, Etica SGR's question to companies based on a collaborative dialogue initiative in which it participated, promoted by the CDP (formerly the Carbon Disclosure Project). The initiative involved 11 international companies in multiple industries that were asked to complete the Climate Change questionnaire promoted by CDP, in order to provide information on the strategies employed to manage climate change risks **The sections of the questionnaire cover aspects such as the degree of completeness of the responses provided, awareness of the risks and impacts of climate change on the business, the measures taken to address environmental issues and the leadership shown in this area.**

Science-Based Target (SBT) initiative

Etica SGR invites companies to set or toughen up their decarbonisation goals, using in the process of definition and validation the methodologies codified by the Science-Based Target initiative, in line with what was established by the COP21 Conference in Paris and supported, among others, by CDP (formerly the Carbon Disclosure Project), the WWF and the World Resources Institute¹⁴. **The Science-Based Targets initiative promotes the setting of emission reduction targets based on scientific evidence as a means to increase companies' competitive advantage in the transition to a low-carbon economy.**

Engagement by Etica SGR

Etica SGR has been talking to an Italian company in the utilities sector for many years. With regard to climate change, Etica SGR asked the company to set science-based emission reduction targets. The company has always been very open to dialogue and attentive to the requests being made. Thanks also to a workshop held by Etica SGR with CDP, the company is working to set these kinds of goals, making a formal commitment in April 2018.



¹⁴ <http://sciencebasedtargets.org/>

THE SUSTAINABLE DEVELOPMENT GOALS



Goal 15

Protect, restore and promote sustainable use of terrestrial ecosystems

Forests cover approximately 30% of the Earth's surface and make a vital contribution to protecting the environment, combating climate change, protecting biodiversity and preventing drought. Cutting down forests reduces the power of the most efficient natural tool for extracting carbon dioxide from the atmosphere.

According to the IPCC's latest report, mentioned above, **deforestation is the second biggest cause of rising temperatures after fossil fuels, with direct effects on climate change**

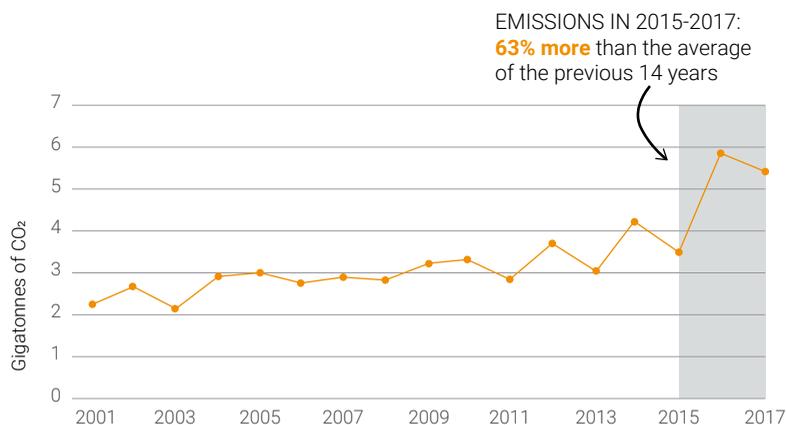
The causes of deforestation include the expansion of agriculture, the development of infrastructure, wood extraction and the use of biomass for energy requirements.

Stopping ongoing deforestation and restoring damaged forests could represent "up to 30% of the climate solution". The heads of the environment, agriculture and development departments of the United Nations stated this in a press release¹⁵ after the IPCC had raised the alarm in its report.

According to the World Resource Institute (WRI), almost 16 million hectares of forest disappeared in 2017. The destruction of tropical forests produced an average of 4.8 gigatonnes of carbon dioxide per year between 2015 and 2017, more than the emissions of 85 million cars per year over their entire life cycle. Moreover, the figures show a negative trend, with average annual emissions over the last three years worsening by 63% compared with the previous 14 years.

Businesses in various sectors, especially those involved in the cultivation of raw materials, such as cocoa and palm oil, are also contributing to accelerating deforestation.

CO₂ EMISSIONS RESULTING FROM THE DESTRUCTION OF TROPICAL FORESTS



NB: loss calculated on a coverage density of 25%



WORLD RESOURCES INSTITUTE

¹⁵ <https://www.un-redd.org/single-post/2018/10/03/Forests-A-natural-solution-to-climate-change-crucial-for-a-sustainable-future>



Etica SGR's approach to deforestation

Etica SGR has focused on the issue of deforestation in its engagement activity.

For raw materials such as timber and palm oil, Etica SGR has called on the companies with which it is dialoguing to adopt strict due diligence processes to monitor their supply chains. Etica SGR also takes part in international campaigns to affirm the importance of responsible procurement policies.

According to a survey conducted by CDP in 2017, 87% of listed companies identify **deforestation as a financial risk**, and more importantly, 32% are already experiencing the economic impacts. Nevertheless, only 13% of companies surveyed said they were implementing risk mitigation practices and less than a quarter of those surveyed (272 companies out of 1,103) chose to respond. This highlights a lack of commitment to the issue of deforestation, with potential negative economic effects.

Engagement by Etica SGR

Etica SGR continued its dialogue with a US consumer staples company. In particular, it addressed the issue of deforestation and asked the company to regularly assess the impacts of its activities on deforestation, to publish the metrics used to assess the risks and opportunities related to livestock farming and to develop actions to mitigate those risks, including through the supply chain. The dialogue on these issues is ongoing.



THE SUSTAINABLE DEVELOPMENT GOALS



Goal 16 Peace, justice and strong institutions

Sustainable Development Goal 16 speaks of strong, “accountable and effective institutions at all levels”. For the United Nations, this is a basic requirement for the achievement of “peace and justice” in the world.

But what are the factors that can make an institution “weak”?

First and foremost, corruption undermines a government’s ability to make fair and equitable decisions.

However, lobbying also legally exerts pressure on the legislature and weakens it. Companies spend huge amounts each year on this.

The ability to protect themselves from cyber attacks that might affect the privacy of citizens (in the case of a country) or users and customers (in the case of a public entity or company) is fundamental for the soundness of institutions. Free and fair elections and the level of democracy of countries are also vital.



Etica SGR's approach to data protection

Protection of privacy and sensitive data, and management of cyber attacks in general, are core issues for investors. The latest report of the World Economic Forum¹⁶ identifies information security as one of the top five global risks.

In 2018, the UN-supported PRI (Principles for Responsible Investment) dedicated a report¹⁷ to information security, identifying it as a key issue for investors. On this topic, writes the PRI, it is important to start engagement initiatives with companies.

It is also crucial to verify that the companies invested in are adequately equipped to safeguard privacy and protect their own data and that of their customers, and that they know how to avoid or deal in the most effective way with cyber attacks.

In 2017, a cyber attack that hit companies, public entities, and individuals around the world, but particularly in Ukraine¹⁸, costed an estimated \$10 billion.

It was called NotPetya, a ransomware that spread across half the world by infecting hard drives and preventing operating systems from starting. A ransom note appeared on screen demanding payment in Bitcoin to "liberate" computers.

Engagement by Etica SGR

In relation to the collaborative dialogue activity conducted with ICCR, Etica SGR signed a letter sent to a US communication services company. The letter asks the company to provide detailed information on the presence of a team dedicated to overseeing trends and potential problems, particularly in relation to the protection of minors from possible abuse. The request also concerned the company's approach to the SESTA (Stop Enabling Sex Traffickers)/FOSTA (Allow States and Victims to Fight Online Sex Trafficking) legislation, approved in April 2018 and the development of any partnerships with external organisations relating to the protection of minors from online abuse.



¹⁶ <http://reports.weforum.org/global-risks-2018/global-risks-2018-fractures-fears-and-failures/#hide/fn-35>

¹⁷ <https://www.unpri.org/download?ac=5134>

¹⁸ <https://www.wired.com/story/notpetya-cyberattack-ukraine-russia-code-crashed-the-world/>

GUIDING PRINCIPLES OF ENGAGEMENT

When deciding what to ask to the companies it engages with (whether in long-term dialogue or voting at shareholders' meetings), Etica SGR considers the following factors:



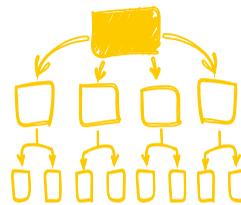
Sector

Some sectors are more exposed to specific problems, with a greater impact on the business (e.g. the food, automotive and materials industries are more exposed to climate change related issues).



Geographical area

Some geographical areas are more exposed to specific problems (for example, some emerging economies are more exposed to the risks of human and labour rights abuse).



Size

In terms of market capitalisation: large companies are typically more exposed to ESG risks.

When deciding which companies to engage with (whether in long-term dialogue or voting at shareholders' meetings), Etica SGR considers the following factors:

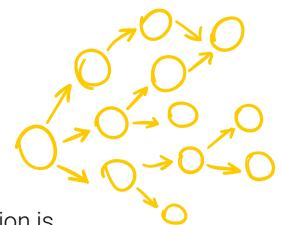


Proximity

We favour dialogue with Italian companies.

Collaboration

Where possible, collective action is encouraged, for example in relation to motions and requests made with other investors within networks such as the ICCR, PRI or SfC.



Disputes

The presence and seriousness of controversial news is analysed.

Continuity

We prefer to continue ongoing dialogues with responsive companies.



ENGAGEMENT BY ETICA SGR IN 2018

COMPANY NAME	COUNTRY	SECTOR	INDUSTRY	2018 VOTING		2018 DIALOGUE				
				VOTING WITH PRESENCE AT, AND PARTICIPATION IN, SHAREHOLDERS' MEETINGS	VOTING VIA PLATFORM	ESG QUESTIONNAIRE (ITALIAN FIRMS)	POST-AGM LETTER	LETTER	CALL and/or MEETING	TOTAL DIALOGUE
A2A SPA	ITALY	Utilities	Multi-Utilities	1			1		6	7
ABB	SWITZERLAND	Industrials	Electrical Equipment						1	1
ABBVIE INC	UNITED STATES	Health Care	Biotechnology		1		1			1
AETNA INC	UNITED STATES	Health Care	Health Care Providers and Services		1		1			1
AIR FRANCE KLM	FRANCE	Industrials	Airlines						1	1
ALIGN TECHNOLOGY, INC.	UNITED STATES	Health Care	Health Care Equipment and Supplies					1		1
ALPHABET INC.	UNITED STATES	Communication Services	Interactive Services and Media					1		1
AMAZON	UNITED STATES	Consumer Discretionary	Internet & Retail Sales					1		1
AMPHENOL CORP.	UNITED STATES	Information Technology	Electronic components, tools and equipment					1		1
ANALOG DEVICES INC.	UNITED STATES	Information Technology	Semiconductors					1		1
APPLE INC.	UNITED STATES	Information Technology	Hardware, technology and storage					1		1
APPLIED MATERIALS INC	UNITED STATES	Information Technology	Semiconductors					1		1
ASML HOLDING	THE NETHERLANDS	Information Technology	Semiconductors						1	1
ASTRAZENECA PLC	UNITED KINGDOM	Health Care	Pharmaceuticals					1		1
AT&T	UNITED KINGDOM	Health Care	Pharmaceuticals					1		1
ATOSSE	FRANCE	Information Technology	IT Services					1		1
BASTOGI	ITALY	Industrials	Business Services and Supplies			1			1	2
BAYER Aktiengesellschaft	GERMANY	Health Care	Pharmaceuticals					1		1
BAYERISCHE MOTOREN WERKE AG	GERMANY	Consumer Discretionary	Automotive						2	2
BIC	FRANCE	Consumer Discretionary	Business Services and Supplies						1	1
BIOGEN INC	UNITED STATES	Health Care	Biotechnology		1		1	1	1	3
BLOOMIN' BRANDS	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
BOE TECHNOLOGY GROUP	CHINA	Information Technology	Electronic components, tools and equipment					1		1
BOSTON SCIENTIFIC CORPORATION	UNITED STATES	Health Care	Health Care Equipment and Supplies					1		1
BREMBO SPA	ITALY	Consumer Discretionary	Auto Components	1		1	1		1	3
BRINKER INTERNATIONAL	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
BROADCOM INC.	UNITED STATES	Information Technology	Semiconductors					1		1

ENGAGEMENT BY ETICA SGR IN 2018 » follows

COMPANY NAME	COUNTRY	SECTOR	INDUSTRY	2018 VOTING		2018 DIALOGUE				
				VOTING WITH PRESENCE AT, AND PARTICIPATION IN, SHAREHOLDERS' MEETINGS	VOTING VIA PLATFORM	ESG QUESTIONNAIRE (ITALIAN FIRMS)	POST-AGM LETTER	LETTER	CALL and/or MEETING	TOTAL DIALOGUE
BUZZI UNICEM SPA	ITALY	Materials	Construction Materials	1			1		1	2
CADENCE DESIGN SYSTEMS, INC.	ITALY	Materials	Construction Materials					1		1
CAMPBELL SOUP	UNITED STATES	Consumer Staples	Food		1					0
CANON INC.	JAPAN	Information Technology	Hardware, technology and storage					1		1
CAPGEMINI SE	FRANCE	Information Technology	IT Services					1		1
CARLSBERG	DENMARK	Consumer Staples	Beverages						1	1
CARREFOUR SA	FRANCE	Consumer Staples	Food Retail						2	2
CHR HANSEN	DENMARK	Materials	Chemicals						1	1
CISCO SYSTEMS INC	UNITED STATES	Information Technology	Communication Equipment		1			1	2	3
COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION	UNITED STATES	Information Technology	IT Services					1		1
COLOPLASTA/S	DENMARK	Health Care	Health Care Equipment and Supplies					1		1
CONAGRA BRANDS INC	UNITED STATES	Consumer Staples	Food		1		2			2
CORNING INC.	UNITED STATES	Information Technology	Electronic components, tools and equipment					1		1
CSL LIMITED	IRELAND	Materials	Construction Materials					1		1
DANAHER CORPORATION	IRELAND	Materials	Construction Materials					1		1
DARDEN RESTAURANTS	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
DASSAULT SYSTEM ESSE	FRANCE	Information Technology	Software					1		1
DAVIDE CAMPARI MILANO SPA	ITALY	Consumer Staples	Beverages	1			1	1	3	5
DENNY'S CORPORATION	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
DINE BRANDS GLOBAL	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
DOMINO'S PIZZA GROUP	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
DR.REDDY'S LABORATORIES LTD	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
ERG	ITALY	Utilities	Independent Energy Producers			1			3	4
ESSILOR INTERNATIONAL S.A.	FRANCE	Consumer Discretionary	Textiles, Apparel and Luxury Goods					1		1
FAIRFAX MEDIA	AUSTRALIA	Communication Services	Communication Media					1		1
FUJIFILM Holdings Corporation	JAPAN	Information Technology	Hardware, technology and storage					1		1

COMPANY NAME	COUNTRY	SECTOR	INDUSTRY	2018 VOTING		2018 DIALOGUE				
				VOTING WITH PRESENCE AT, AND PARTICIPATION IN, SHAREHOLDERS' MEETINGS	VOTING VIA PLATFORM	ESG QUESTIONNAIRE (ITALIAN FIRMS)	POST-AGM LETTER	LETTER	CALL and/or MEETING	TOTAL DIALOGUE
GENERAL MILLS INC	UNITED STATES	Consumer Staples	Food		1		1		1	2
GETINGE AB	UNITED STATES	Consumer Staples	Food					1		1
GILEAD SCIENCES, INC.	UNITED STATES	Health Care	Biotechnology					1		1
GLAXOSMITHKLINE PLC	UNITED KINGDOM	Health Care	Pharmaceuticals					1		1
GREENE KING	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
GROUPE CGI	CANADA	Information Technology	IT Services						1	1
HOYACORP.	JAPAN	Health Care	Health Care Equipment and Supplies					1		1
I.M.A	ITALY	Industrials	Machinery			2				2
INFINEON TECHNOLOGIES AG	GERMANY	Information Technology	Semiconductors					1		1
INGENICO GROUP S.A.	FRANCE	Information Technology	Electronic components, tools and equipment					1		1
INTUITIVE SURGICAL, INC.	FRANCE	Information Technology	Electronic components, tools and equipment					1		1
ITALGAS SPA	ITALY	Utilities	Gas	1			1			1
JD WETHERSPOON	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
JOHNSON & JOHNSON	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
KEYENCE CORP.	UNITED STATES	Consumer Staples	Food					1		1
KONE OYJ	FINLAND	Industrials	Machinery					1		1
KYOCERA CORP.	FINLAND	Industrials	Machinery					1		1
LAM RESEARCH CORP.	UNITED STATES	Information Technology	Semiconductors					1		1
LARGAN PRECISION CO. LTD.	TAIWAN	Information Technology	Electronic components, tools and equipment					1		1
LEGRAND	FRANCE	Industrials	Electrical Equipment					1		1
LUXOTTICA GROUP SPA	ITALY	Consumer Discretionary	Textiles, Apparel and Luxury Goods	1		1	1		2	4
MARSTON'S PLC	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
MCDONALD'S CORPORATION	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
MEDTRONIC PLC	IRELAND	Health Care	Health Care Equipment and Supplies		1		2			2
MICROCHIP TECHNOLOGY INC.	UNITED STATES	Information Technology	Semiconductors					1		1

ENGAGEMENT BY ETICA SGR IN 2018 » follows

COMPANY NAME	COUNTRY	SECTOR	INDUSTRY	2018 VOTING		2018 DIALOGUE				
				VOTING WITH PRESENCE AT, AND PARTICIPATION IN, SHAREHOLDERS' MEETINGS	VOTING VIA PLATFORM	ESG QUESTIONNAIRE (ITALIAN FIRMS)	POST-AGM LETTER	LETTER	CALL and/or MEETING	TOTAL DIALOGUE
MICROSOFT CORPORATION	UNITED STATES	Information Technology	Software					1		1
MITCHELLS & BUTLERS	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
MURATA MANUFACTURING CO. LTD.	JAPAN	Information Technology	Electronic components, tools and equipment					1		1
NATIONAL GRID	UNITED KINGDOM	Utilities	Multi-Sector Services						1	1
NINTENDO CO. LTD.	JAPAN	Communication Services	Entertainment					1		1
NISSAN MOTOR CO LTD	JAPAN	Consumer Discretionary	Automotive		1		1	1		2
NOVARTIS	SWITZERLAND	Health Care	Pharmaceuticals						1	1
NOVONORDISK	DENMARK	Health Care	Pharmaceuticals						2	2
ORION OYJ	FINLAND	Health Care	Pharmaceuticals					1		1
OSRAM LICHTAG	GERMANY	Industrials	Electrical Equipment					1		1
PANASONIC CORP	JAPAN	Consumer Discretionary	Household Durables		1		1	1	1	3
PAPA JOHN'S INTERNATIONAL	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
PERNOD RICARD	FRANCE	Consumer Staples	Beverages						1	1
PFIZER INC.	UNITED STATES	Health Care	Pharmaceuticals					1		1
PIAGGIO & C SPA	ITALY	Consumer Discretionary	Automotive			1			2	3
PRYSMIAN SPA	ITALY	Industrials	Electrical Equipment	1			1			1
RAMSAY HEALTH CARE LIMITED	AUSTRALIA	Health Care	Health Care Providers and Services					2		2
RESTAURANT BRANDS INTERNATIONAL (RBI)	FRANCE	Consumer Discretionary	Automotive					1		1
SABAF SPA	ITALY	Consumer Discretionary	Household Durables			1				1
SAMSUNG ELECTRONICS CO. LTD	ITALY	Consumer Discretionary	Household Durables					1		1
SANOFI	FRANCE	Health Care	Pharmaceuticals					1	1	2
SAP SE	GERMANY	Information Technology	Software					1	1	2
SKHYNIX INC.	GERMANY	Information Technology	Software					1		1
SMITH & NEPHEW PLC	UNITED KINGDOM	Health Care	Health Care Equipment and Supplies					1		1
SNAM SPA	ITALY	Energy	Oil, Gas and Fuels	1			1		4	5
SOL SPA	ITALY	Materials	Chemicals	1		1	1		2	4
SONIC CORPORATION	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1

COMPANY NAME	COUNTRY	SECTOR	INDUSTRY	2018 VOTING		2018 DIALOGUE				
				VOTING WITH PRESENCE AT, AND PARTICIPATION IN, SHAREHOLDERS' MEETINGS	VOTING VIA PLATFORM	ESG QUESTIONNAIRE (ITALIAN FIRMS)	POST-AGM LETTER	LETTER	CALL and/or MEETING	TOTAL DIALOGUE
SONIC HEALTHCARE LIMITED	AUSTRALIA	Health Care	Health Care Providers and Services					1		1
SONOVA HOLDING AG	SWITZERLAND	Health Care	Health Care Equipment and Supplies					1		1
SYSCO CORP	UNITED STATES	Consumer Staples	Food Retail		1				2	2
TE CONNECTIVITY	UNITED STATES	Consumer Staples	Food Retail					1		1
TECHNOGYM	ITALY	Consumer Discretionary	Leisure Equipment and Items			1			2	3
Telefonaktiebolaget LM ERICSSON	SWEDEN	Information Technology	Communication Equipment						2	2
TENCENT HOLDINGS LIMITED	BELGIUM	Communication Services	Communication Media					1		1
TERNA RETE ELETTRICA NAZIONALE	ITALY	Utilities	Electricity	1			1		3	4
TEXAS ROADHOUSE	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
THE CHEESECAKE FACTORY	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
THE RESTAURANT GROUP	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
THE SAGE GROUP PLC.	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
THE WENDY'S COMPANY	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
TJX COMPANIES INC	UNITED STATES	Consumer Discretionary	Retail Sales					1		1
TOKYO ELECTRIC LTD.	JAPAN	Utilities	Electricity					1		1
TRANSURBAN GROUP	AUSTRALIA	Industrials	Transport Infrastructure					1		1
VESTAS	DENMARK	Industrials	Electrical Equipment						1	1
WESTERN DIGITAL CORP.	UNITED STATES	Information Technology	Hardware, technology and storage					1		1
WHITBREAD PLC	UNITED KINGDOM	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
WPP Pie	UNITED KINGDOM	Communication Services	Communication Media						1	1
YUMIBRANDS	UNITED STATES	Consumer Discretionary	Hotels, Restaurants & Entertainment					1		1
				10	11	10	20	89	59	178

FIND OUT MORE:

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