

EUROPEAN SRI TRANSPARENCY CODE



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Statement of Commitment

Sustainable Responsible Investment is an essential element of the positioning and strategic conduct of Etica. We have been operating in SRI since 2003, and have complied with the Eurosif SRI Guidance on Sustainable and Responsible Investments since 2006 and the European SRI Transparency Code since 2010.

Etica Sustainable Conservative Allocation, Etica Sustainable Dynamic Allocation and Etica Sustainable Global Equity

are three sub-funds that comprise MULTILABEL SICAV, a SICAV under Luxembourg law; the sub-funds have been established by GAM (LUXEMBOURG) S.A., Luxembourg, on behalf of Etica ¹.

These three sub-funds of the SICAV under Luxembourg law MULTILABEL SICAV, managed in delegation by Etica, aim to replicate the consolidated strategies adopted by the Etica Italian product range, in line with the Eurosif SRI Transparency Code.

For these sub-funds this is our first declaration of commitment and covers the period from 1st January 2023 to 31 December 2023.

The completed form confirming our acceptance of the Code can be consulted later in this document and on our website.

Compliance with the Transparency Code

Etica, as investment manager and global distributor of these sub-funds of the Multilabel Sicav, is committed to being as transparent as possible, insofar as the restrictions of the regulatory and competitive context in the countries in which it operates will allow ².

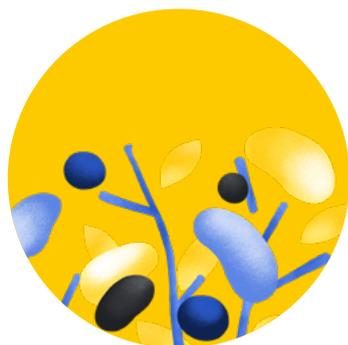
Etica complies with all of the provisions of the European SRI Transparency Code.

Milan, 1st January 2023

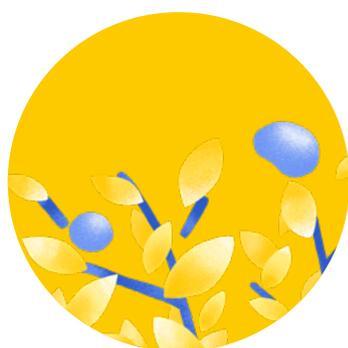
- ¹ Etica is the investment manager for the three sub-funds. GAM (Luxembourg) S.A. (belonging to GAM Holding AG) is the management company and domiciliary agent of Multilabel SICAV.
- ² The sub-funds of Etica Funds are authorised for sale in the following jurisdictions: Switzerland, Spain, Luxembourg and Italy (the latter solely to institutional customers). Etica Funds is a registered trademark of Etica.

1. LIST OF SUB-FUNDS COVERED BY THE CODE

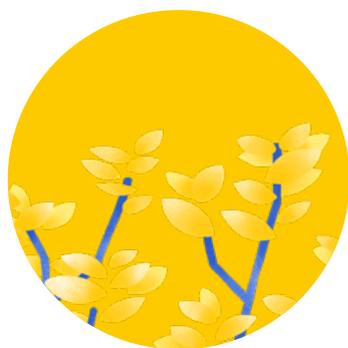
The sub-funds under Luxembourg Laws that promote ESG factors are the following:



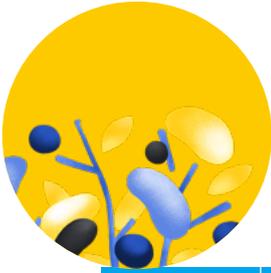
**Etica Sustainable
Conservative Allocation**



**Etica Sustainable
Dynamic Allocation**



**Etica Sustainable
Global Equity**



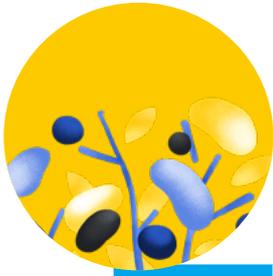
Etica Sustainable Conservative Allocation

DOMINANT/PREFERRED SRI STRATEGY (PLEASE CHOOSE A MAXIMUM OF 2 STRATEGIES)	ASSET CLASS	EXCLUSIONS STANDARDS AND NORMS	SUB-FUND CAPITAL AS AT 31 DECEMBER 2022	OTHER LABELS	LINKS TO RELEVANT DOCUMENTS
Engagement & Voting	Actively managed	Controversial weapons	AuM		KID
Exclusions	International shares	Tobacco	Etica Sustainable Conservative Allocation		Prospectus
	International bonds and other debt securities	Arms	€ 23,7 milion		Annual Report
		Nuclear power			Semi annual Report
		Human rights			Engagement policy
		Labour rights			Remuneration policy
		Gambling			Impact Highlights Etica Funds
		Animal testing			Engagement Highlights Etica Funds
		Biodiversity			Factsheet
		Deforestation			SFDR Disclosure
		Genetic engineering			www.eticasgr.com/sicav
		Other: Production or sale of fur			Integrated Report
		Production of pesticides			www.eticasgr.com/en/responsible-investment/csr-and-integrated-report/
		As regards countries, Government securities issued by countries considered not free or partly free with regard to civil liberties, political freedom and freedom of the press, and countries which have the death penalty, applied or written into law, are excluded from Etica funds. Furthermore, investments are currently suspended in the financial sector , except real estate; in sectors such as oil exploration and production, integrated oil, oil and gas services, oil, gas and coal, pipelines, minerals services, and the extraction of precious metals, coal and other minerals. Furthermore, the specific analysis method applied to companies involved, in any capacity, in activities related to natural gas, excludes those unable to present a convincing energy transition strategy			Corporate presentations www.eticasgr.com/en/etica-sgr
		ILO Conventions			Analysis and selection of securities www.eticasgr.com/en/responsible-investment/selection-of-securities
		Other: Main Conventions on Environmental Protection and Anti-corruption			Stewardship and Engagement Report: www.eticasgr.com/en/storie/insights/stewardship-engagement-report-2022
					Impact Report: www.eticasgr.com/en/responsible-investment/our-impact/impact-report
					ESG initiatives and campaigns supported: www.eticasgr.com/en/storie/category/international-campaigns www.eticasgr.com/en/responsible-investment/engagement-by-etica-sgr/italian-principles-of-stewardship www.eticasgr.com/en/storie/tag/network-en
					Sustainability disclosure (Regulation EU 2019/2088): - Sustainable and Responsible Investment Policy - Principal Adverse Sustainability Impacts Statement - Remuneration Policies and Practices www.eticasgr.com/en/responsible-investment/sustainability-finance-disclosure-regulation



Etica Sustainable Dynamic Allocation

DOMINANT/PREFERRED SRI STRATEGY (PLEASE CHOOSE A MAXIMUM OF 2 STRATEGIES)	ASSET CLASS	EXCLUSIONS STANDARDS AND NORMS	SUB-FUND CAPITAL AS AT 31 DECEMBER 2022	OTHER LABELS	LINKS TO RELEVANT DOCUMENTS
Engagement & Voting	Actively managed	<p>Controversial weapons</p> <p>Tobacco</p> <p>Arms</p> <p>Nuclear power</p> <p>Human rights</p> <p>Labour rights</p> <p>Gambling</p> <p>Animal testing</p> <p>Biodiversity</p> <p>Deforestation</p> <p>Genetic engineering</p> <p>Other: Production or sale of fur</p> <p>Production of pesticides.</p> <p>As regards countries, Government securities issued by countries considered not free or partly free with regard to civil liberties, political freedom and freedom of the press, and countries which have the death penalty, applied or written into law, are excluded from Etica funds. Furthermore, investments are currently suspended in the financial sector, except real estate; in sectors such as oil exploration and production, integrated oil, oil and gas services, oil, gas and coal, pipelines, minerals services, and the extraction of precious metals, coal and other minerals. Furthermore, the specific analysis method applied to companies involved, in any capacity, in activities related to natural gas, excludes those unable to present a convincing energy transition strategy.</p> <p>ILO Conventions</p> <p>Other: Main Conventions on Environmental Protection and Anti-corruption</p>	<p>AuM Etica Sustainable Dynamic Allocation:</p> <p>€ 21,3 million</p>		<p>KID</p> <p>Prospectus</p> <p>Annual Report</p> <p>Semi annual Report</p> <p>Engagement policy</p> <p>Remuneration policy</p> <p>Impact Highlights Etica Funds</p> <p>Engagement Highlights Etica Funds</p> <p>Factsheet</p> <p>SFDR Disclosure www.eticasgr.com/sicav</p> <p>Integrated Report www.eticasgr.com/en/responsible-investment/csr-and-integrated-report/</p> <p>Corporate presentations www.eticasgr.com/en/etica-sgr</p> <p>Analysis and selection of securities: www.eticasgr.com/en/responsible-investment/selection-of-securities</p> <p>Stewardship and Engagement Report: www.eticasgr.com/en/storie/insights/stewardship-engagement-report-2022</p> <p>Impact Report www.eticasgr.com/en/responsible-investment/our-impact/impact-report</p> <p>ESG initiatives and campaigns supported: www.eticasgr.com/en/storie/category/international-campaigns www.eticasgr.com/en/responsible-investment/engagement-by-etica-sgr/italian-principles-of-stewardship www.eticasgr.com/en/storie/tag/network-en</p> <p>Sustainability disclosure (Regulation EU 2019/2088):</p> <ul style="list-style-type: none"> - Sustainable and Responsible Investment Policy - Principal Adverse Sustainability Impacts Statement - Remuneration Policies and Practices <p>www.eticasgr.com/en/responsible-investment/sustainability-finance-disclosure-regulation</p>



Etica Sustainable Global Equity

DOMINANT/PREFERRED SRI STRATEGY (PLEASE CHOOSE A MAXIMUM OF 2 STRATEGIES)	ASSET CLASS	EXCLUSIONS STANDARDS AND NORMS	SUB-FUND CAPITAL AS AT 31 DECEMBER 2022	OTHER LABELS	LINKS TO RELEVANT DOCUMENTS
Engagement & Voting	Actively managed	<p>Controversial weapons</p> <p>Tobacco</p> <p>Arms</p> <p>Nuclear power</p> <p>Human rights</p> <p>Labour rights</p> <p>Gambling</p> <p>Animal testing</p> <p>Biodiversity</p> <p>Deforestation</p> <p>Genetic engineering</p> <p>Other: Production or sale of fur</p> <p>Production of pesticides.</p> <p>As regards countries, Government securities issued by countries considered not free or partly free with regard to civil liberties, political freedom and freedom of the press, and countries which have the death penalty, applied or written into law, are excluded from Etica funds. Furthermore, investments are currently suspended in the financial sector, except real estate; in sectors such as oil exploration and production, integrated oil, oil and gas services, oil, gas and coal, pipelines, minerals services, and the extraction of precious metals, coal and other minerals. Furthermore, the specific analysis method applied to companies involved, in any capacity, in activities related to natural gas, excludes those unable to present a convincing energy transition strategy.</p> <p>ILO Conventions</p> <p>Other: Main Conventions on Environmental Protection and Anti-corruption</p>	<p>AuM Etica Sustainable Global Equity:</p> <p>€ 22,2 million</p>		<p>KID</p> <p>Prospectus</p> <p>Annual Report</p> <p>Semi annual Report</p> <p>Engagement policy</p> <p>Remuneration policy</p> <p>Impact Highlights Etica Funds</p> <p>Engagement Highlights Etica Funds</p> <p>Factsheet</p> <p>SFDR Disclosure www.eticasgr.com/sicav</p> <p>Integrated Report www.eticasgr.com/en/responsible-investment/csr-and-integrated-report/</p> <p>Corporate presentations www.eticasgr.com/en/etica-sgr</p> <p>Analysis and selection of securities www.eticasgr.com/en/responsible-investment/selection-of-securities</p> <p>Stewardship and Engagement Report: www.eticasgr.com/en/storie/insights/stewardship-engagement-report-2022</p> <p>Impact Report: www.eticasgr.com/en/responsible-investment/our-impact/impact-report</p> <p>ESG initiatives and campaigns supported: www.eticasgr.com/en/storie/category/international-campaigns www.eticasgr.com/en/responsible-investment/engagement-by-etica-sgr/italian-principles-of-stewardship www.eticasgr.com/en/storie/tag/network-en</p> <p>Sustainability disclosure (Regulation EU 2019/2088):</p> <ul style="list-style-type: none"> - Sustainable and Responsible Investment Policy - Principal Adverse Sustainability Impacts Statement - Remuneration Policies and Practices <p>www.eticasgr.com/en/responsible-investment/sustainability-finance-disclosure-regulation</p>

2. GENERAL INFORMATION ABOUT THE FUND MANAGEMENT COMPANY

2.1. Name of the fund management company that manages the applicant sub-fund(s)

GAM (Luxembourg) S.A., 25, Grand-Rue, L-1661 Luxembourg is the Management Company and is the entity that established MULTILABEL SICAV.

Etica Sgr S.p.A. is the investment manager and global distributor of the three sub-funds of the SICAV under Luxembourg law MULTILABEL SICAV, authorised by CSSF as a UCITS Fund, in line with Directive 2009/65/EC.

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2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

Etica was established with the aim of address families and institutions to make financial investments in businesses and countries that are conscious of the social and environmental consequences of their actions.

The decision of the management company to integrate ESG considerations into its investments is part of the company's broader

corporate social responsibility policy. The Company bases its actions on the following values:

- Responsibility
- Consistency
- Simplicity
- Human centrality and respect
- Transparency
- Responsible use of resources

The Etica Articles of Association can be consulted at: www.eticasgr.com/en/etica-sgr/about-us

The Company Policies can be consulted at: www.eticasgr.com/en/etica-sgr/governance-and-policy/policy

Etica considers the main negative impacts of its investment decisions on sustainability. In particular, the Principal Adverse Sustainability Impacts Statement and the description of the Sustainable and Responsible Investment Policy are available at the website: www.eticasgr.com/en/responsible-investment

The sub-funds of Multilabel Sicav, a SICAV under Luxembourg law, are classified **under article 8 of Regulation EU 2019/2088 as they promote, inter alia, environmental and social characteristics.**

2.3. How does the company formalise its sustainable investment³ process?

The analysis and selection of the securities that comprise the

³ Reference to Article 173 of the French TECV Act and the HL EG recommendations on INVESTOR DUTIES

portfolio of the sub-funds of Multilabel Sicav under Luxembourg law managed in delegation by Etica Sgr, is conducted by the **Etica Analysis and Research Department** according to a robust proprietary method, **ESG EticApproach**⁴, with the support of databases provided by agencies that specialise in the ESG analysis of issuers, and the voting recommendations. This is reviewed and approved by the **Board of Directors of Etica** - which also determines the investment policy - on the advice of the **AMC's Ethics Committee**, an independent and autonomous body formed of persons of high moral standing and recognised experience in the field of corporate social responsibility.

Etica selects the Investment Universes of businesses and countries using a **robust socio-environmental evaluation system** that analyses governance, social and environmental impacts, and respect for human rights.

The investment sub-funds selection and analysis process is described on the Etica website at: www.eticasgr.com/en/responsible-investment/selection-of-securities, and is contained in the **Sustainable and Responsible Investment Policy** (available at: www.eticasgr.com/en/responsible-investment/sustainability-finance-disclosure-regulation).

Engagement activities follow a specific Policy that considers social, environmental and corporate

governance aspects. The Policy can be consulted on our website at: www.eticasgr.com/en/responsible-investment/engagement-by-etica-sgr

For more information:

- Active Shareholding www.eticasgr.com/en/responsible-investment/engagement-by-etica-sgr/shareholder-activism;
- Direct Dialogue www.eticasgr.com/en/responsible-investment/engagement-by-etica-sgr/direct-dialogue

2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?⁵

The Etica **Risk Management Department** has developed a **proprietary risk assessment methodology** with a robust quantitative process, which aims to measure the ESG risk of the AMC's sub-funds. Etica thus aims to improve its financial risk measurements by integrating factors related to environmental, social and governance (ESG) issues.

2.5. How many employees are directly involved in the company's sustainable investment activity?

Etica has an internal **ESG research team** (the Analysis and Research Department) currently composed of **five specialist analysts** who conduct analyses on financial instruments and government securities, define voting proposals to be presented to the shareholders' meetings of the

⁴ ESG EticApproach® is a registered trademark of Etica Sgr S.p.A.

⁵ Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section).

companies in which the funds are invested, conduct engagement activities with businesses based on certain topics identified on an annual basis, develop ad hoc studies and research projects on specific topics, and assess the adoption of international programmes and initiatives.

2.6. Is the company involved in any SRI initiatives?

Etica is part of several national and international networks devoted to sustainable and responsible investments. These include:

- Principles for Responsible Investment: signatories since 2009;
- Forum for Sustainable Finance:

member since 2007;

- CDP: signatories since 2012;
- Interfaith Center on Corporate Responsibility: members since 2005;
- Shareholders for Change: founders since 2017.

For more information, please see the following links:

- www.eticasgr.com/en/storie/category/international-campaigns
- www.eticasgr.com/en/responsible-investment/engagement/italian-principles-of-stewardship
- www.eticasgr.com/en/storie/tag/network-en

GENERAL INITIATIVES	ENVIRONMENTAL/ CLIMATE INITIATIVES	SOCIAL INITIATIVES	GOVERNANCE INITIATIVES
<p>ICCR – Interfaith Center on Corporate Responsibility</p> <p>PRI – Principles for Responsible Investment</p> <p>SIFs – Sustainable Investment Fora</p> <p>Other: - Shareholders for Change SFC - FAIRR – Farm Animal Investment Risk and Return</p>	<p>CDP – (ex Carbon Disclosure Project-carbon, forest, water etc.)</p> <p>Green Bond Principles Montreal Carbon pledge</p> <p>Other: - New Plastics Economy Global Commitment di Ellen MacArthur Foundation - Just Transition on Climate Change - Investors for Biodiversity Pledge di EU Finance and Biodiversity Community</p>	<p>Access to Medicine Foundation</p> <p>Other (please specify) - Investor Statement Calling on Companies to Improve Performance on CHRB di ICCCR e Investor Alliance for Human Rights</p>	<p>ICGN – International Corporate Governance Network</p> <p>Other: - Global Reporting Initiative (GRI) - CSR Manager Network Italia - Corporate Governance Committee and Assogestioni AMC Committee</p>

2.7. What is the total number of SRI assets under the company's management?

As at 31/12/2022, total assets under management in the three sub-funds belonging to the SICAV under Luxembourg law MULTILABEL SICAV managed in delegation by Etica amount to € 67,2 million.

3. GENERAL INFORMATION ABOUT THE SRI SUB-FUND(S) THAT COME UNDER THE SCOPE OF THE CODE

3.1. What is (are) the sub-fund(s) aiming to achieve by integrating ESG factors?

The Investment Universe of the sub-funds managed in delegation by Etica are constructed entirely on the basis of ESG criteria (both exclusionary and evaluative) and are aimed at investments in businesses and countries with an ethical social, environmental and governance profile, without compromising the potential for returns and with a view to creating shared value in the medium and long term. Moreover, in the exclusive interest of sub-funds' shareholders, Etica conducts engagement and dialogue

activities and actively exercises the voting rights associated with its equity investments, with the aim of supporting businesses in the progressive adoption of more sustainable conduct and the management of ESG and financial risks.

3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the sub-fund(s)?

ESG evaluations of issuers are conducted by a specific team, the **Research and Analysis Department**, based on the specific proprietary method **ESG EticApproach®**, and with

BEFORE INVESTMENT... Selection

Identifying the most ethical companies and countries

in terms of environmental and social responsibility and governance (ESG).



Negative exclusion criteria

Positive assessment criteria

... AFTER INVESTMENT Engagement

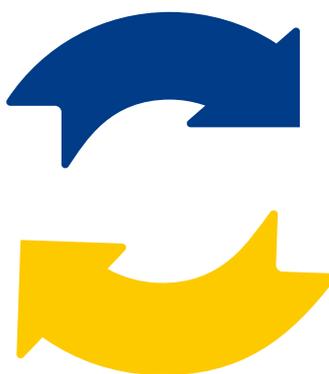
Guiding issuers

towards more **sustainable** and **responsible** practices.



Long-term dialogue

Voting at shareholders' meetings



the support of databases provided by **agencies specialising** in ESG evaluations of listed companies and the voting recommendations. We also use information provided by **affiliated partners** such as, for example, the [ICCR](#) (Interfaith Center on Corporate Responsibility), [PRI](#) (Principles for Responsible Investments), [CDP](#) (formerly Carbon Disclosure Project) and [EUROSIF](#) (European Sustainable Investment Forum). Information on companies' reputational risk, data provided by NGOs, research in specialist journals, corporate documents published by companies (financial statements, sustainability reports, etc.) and information deriving from direct dialogue with businesses, are also evaluated and considered.

3.3. What ESG criteria are taken into account by the sub-fund(s)?

The Investment Universe of the sub-funds managed in delegation by Etica are constructed entirely on the basis of evaluations arising from the analysis of social, environmental and governance indicators of listed issuers, which are carefully selected by the Analysis and Research Team and validated by opinion of the Ethics Committee and approved by the Board of Directors of Etica.

We exclude investments in weapons, tobacco, gambling, nuclear energy, pesticides, genetic engineering. We also exclude companies involved in negative episodes in the context of corruption, respect for the environment, respect for workers' rights.

The financial, oil and mining sectors are currently also excluded.

We exclude from our portfolios the securities issued by countries which use the death penalty or do not guarantee civil, press and political rights.

Issuers which have passed the first selection are analyzed in detail and evaluated according to environmental, social and governance parameters.

- Environment: es. waste management, energy consumption and CO₂ emissions, water management and environmental impacts related to the use and disposal of products and / or services;
- Social: es. health and safety at work, promotion of diversity in the workplace, integration of social factors in the management of the supply chain;
- Governance: es. the presence of independent directors and women in the Board, transparency in the remuneration of executives, the attention of the Board to social and environmental issues, the CSR risks analyzed by the Audit and Internal Control functions of the companies.

The documents describing the selection criteria for businesses and countries, as well as the main steps of the methodological approach, are available at: www.eticasgr.com/en/responsible-investment/selection-of-securities

3.4. What principles and criteria linked to climate change are taken into account in the sub-fund(s)?⁶

The business analysis process considers **over 100 indicators** which measure environmental, social and governance aspects.

⁶ Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code): www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI00_0031793697

For example, the environmental aspects considered include:

- **The quality of the policies, the management and monitoring system, and the reporting.** The evaluation takes into account the quality and the environmental impact of the company's activities. All aspects of environmental protection are considered: climate change, air, water and soil pollution, water resources, waste production and disposal, etc.
- **Environmental impact of products and production.** For example, the evaluation considers the production or supply of ozone-depleting chemicals, the commitment to research, develop and produce environmentally friendly products and services, measures adopted to reduce the environmental impact of the use and disposal of products and services, the percentage of production facilities that hold EMS (ISO 14001 or EMAS) certifications, etc.
- **Emissions and energy management.** Considerations include measures adopted to manage energy consumption and the relative emissions (end-of-life technologies, technical optimisation, use of alternative energy sources, etc.), and the trend of energy management KPIs (energy consumption, CO₂ emissions, ozone-depleting substances).

In addition, issues related to climate change are at the center of the dialogue activities with companies conducted during the year by Etica Sgr. As an example, the following are mentioned: emission management, presence of science-based emission reduction targets, investments for a low carbon economy, deforestation.

The analysis of the countries which pass negative exclusionary criteria takes into consideration over 60 Government, Social and Environmental indicators.

In terms of the environment, considerations include the commitment to climate change mitigation and adaptation (e.g., percentage of forest cover, CO₂ emissions compared to GDP, energy use from renewable sources), the transition to green growth (e.g., use of fertilisers, amount of urban waste), and the protection of biodiversity (e.g., marine and terrestrial protected areas). Finally, the environmental impact and carbon footprint of the investments is calculated and reported.

3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

The sub-funds invest exclusively in the securities of issuers (businesses, countries and agencies) selected according to the above social, environmental and governance criteria. The construction of the Investment Universe begins with a **double screening** process of potential issuers, which considers:

- **the adoption of negative** (or exclusionary) **criteria**, excluding companies involved, for example, in the arms, tobacco, gambling, nuclear energy or pesticide industries, activities contrary to human rights, and countries that have the death penalty or that do not guarantee civil, press and political freedoms; currently we also do not invest in the oil and mining sectors;
- **the application of positive** (or evaluative) **criteria** based on

environmental, social, governance and human rights topics, which contribute to the definition of an overall ESG score and a rating, and the application of the “Best-in-class” strategy (under which only companies with the highest scores are selected, compared with the scores of companies in each product sector).

These evaluations are supported by:

- specific analyses of the ESG reputational risk;
- ESG risk analysis of the basket as a whole;
- analysis of specific topics (e.g., emissions reduction targets);
- analysis of the results of engagement initiatives and identification of other elements that may promote dialogue;
- the evaluations of the Ethics Committee.

In fact, the correct application of the criteria and methodology is monitored by an autonomous and independent **Ethics Committee**, which ensures the ethical profile of the investments and presents proposals to the Etica Board of Directors, which is responsible for approving the analysis criteria and methodology and the Investment Universe.

Once the Investment Universe is created, an active management approach is adopted: financial analyses are conducted to inform the stock picks to be included in the Equity and Bond Portfolio of the sub-funds.

With regard to **Italian companies**, where direct dialogue is more straightforward, Etica conducts an ad hoc analysis based on publicly available data as well as specific information requested directly from the business.

Etica engages in structured dialogue with the companies in its portfolio through specific engagement activities. Engagement

can be divided into two macro-categories: soft engagement and hard engagement.

Soft engagement refers to dialogue with management, planning periodic meetings or conference calls to discuss specific topics, sending requests for more information of certain topics or investment policies, or sending guidelines, while hard engagement involves the exercise of voting rights (active shareholding) and the presentation of motions. These activities enable Etica to constantly manage environmental, social and governance aspects with a view to promoting long-term sustainable and responsible conduct.

3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

The Board of Directors (BoD) of Etica, having consulted with the Ethics Committee, has defined the guidelines for ethical investments, which are available on the website of the AMC on the “Securities Selection” page.

Based on these guidelines, which are reviewed periodically, and the proprietary methodology ESG EticApproach®, the ESG analysis of issuers is updated to construct the new Investment Universe, which is then presented for approval - **usually twice a year** and having consulted with the **Ethics Committee** - by the Board of Directors. Any disputes involving issuers may be analysed during the periodic update or, in certain cases, as and when required, and always in collaboration with the Ethics Committee.

In the event that, following the update process, **an issuer is no longer included in the Investment Universe, or in the event that serious concerns are identified after a period of review and engagement, Etica may disinvest the securities of the issuer.**

4. INVESTMENT PROCESS

4.1. How are the results of the ESG research integrated into portfolio construction?

The investment strategy of Etica is based on a concept of sustainable and responsible investment. Securities are selected based on a robust screening process aimed at assessing the sustainability of the issuers not only from a financial standpoint, but also in terms of social factors, environmental considerations and good governance (ESG). The results of the analysis conducted by the ESG Analysis and Research Team are integrated with the work of the Etica Risk Management Department and the input received from the Ethics Committee.

After the procedure, the BoD of Etica determines the definitive Investment Universe. **The sustainability analysis** of the issuers is then integrated with the **economic and financial analysis**, with a view to identifying and anticipating possible future scenarios, actively selecting **the best securities in terms of the risk/return ratio**, in compliance with the Investment Policy defined by the Etica Investment Committee and approved by the Board of Directors.

4.2. How are criteria specific to climate change integrated into portfolio construction?⁷

The risks and opportunities related to climate change are integrated into Etica's investment strategy in several ways:

- the selection of specific analysis indicators in the process to assess issuers' environmental performance;
- engagement with issuers on topics such as the disclosure of greenhouse gas emissions, the definition of science-based gas emissions reduction targets, deforestation, and commitment to a low carbon transition that protects workers' rights;
- the adoption of various initiatives, for example:
 - Etica was the first Italian investment company to sign the UN PRI Montreal Carbon Pledge in 2015, committing to annually measure and report the carbon footprint of its investments in line with the recommendations of the TCFD;
 - Etica supports the "Non-Disclosure Campaign" of CDP, with the aim of encouraging the businesses in which its sub-funds are invested to respond to CDP questionnaires on climate change, water and forests;
 - Etica supports the "Statement of Investor Commitment to Support a Just Transition on Climate Change" which aims to confront the challenges of decarbonisation while carefully considering the significant social and environmental implications for affected communities.

⁷ Reference to Article 173 of the French TECV Act and HLEG recommendations on DISCLOSURE

All information emerging from analysis and engagement activities with issuers is integrated into the process to construct the Investment Universe.

4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?⁸

All issuers in the portfolio are subjected to the ESG analysis, with the exception of liquidity and derivatives used only for the purpose of hedging portfolio risk.

4.4. Has the ESG evaluation or investment process changed in the last 12 months?

With a view to ensuring the continuous improvement of Etica 's actions and to ensure a more precise and conscious analysis of issuers' sustainability, new assessment criteria and new ESG risk metrics have been introduced.

4.5. Is a part of the sub-fund(s) invested in entities pursuing strong social goals/social enterprises?

The rigorous methodology for the selection of issuers analyzes companies from an environmental, social and governance point of view, in an integrated way. However, it is specified that the sub-funds invest exclusively in listed companies.

4.6. Does (do) the sub-fund(s) engage in securities lending activities?

Not currently.

4.7. Does (do) the sub-fund(s) use derivative instruments?

Etica has the right to use derivatives solely for the purpose of covering portfolio risks and not for speculative purposes. In any case, the investment in derivatives cannot alter the risk profile defined in the investment policy for each sub-fund. The management company may use derivatives to cover the total net value of the sub-fund. The derivatives held are Currency Forwards and Interest Rate Futures.

4.8. Does (do) the sub-fund(s) invest in mutual funds?

Not currently.

⁸ Reference to Article 173 of the French TECV Act and the TCFD recommendations (delivering on investor and stakeholder demands for climate-related information)

5. ESG CONTROLS

5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the sub-fund(s) as defined in section 4?⁹

To guarantee a high level of social responsibility of the sub-funds and its management approach, Etica collaborates with an independent and autonomous Ethics Committee, appointed on the proposal of the holding company, Banca Popolare Etica, with a term of office of three years.

The Ethics Committee is made up of 9 people (external to the Company) chosen for their high moral profile and recognized probity and experience in the social, environmental or economic / financial fields, as well as for civil commitment.

The Ethics Committee advises the Board of Directors on the criteria to adopt in the analysis and composition of the Investment Universe and active shareholding activities.

The professional profiles of the committee members are published on the website at: www.eticasgr.com/en/etica-sgr/governance-and-policy/ethics-committee

Etica constantly monitors the securities in its portfolio through the use of databases, press reports, reports produced by NGOs, direct engagement activities, and specific ESG-linked financial risk measurement methods. The AMC conducts constant monitoring, including through the custodian bank, to ensure that the securities in the sub-funds are in fact present in the Investment Universe.

⁹ Reference to Article 173 of the French TECV Act

6. IMPACT MEASURES AND ESG REPORTING

6.1. How is the ESG quality of the sub-fund(s) assessed?

The final phase of the sustainable and responsible investment process is to measure the impact of the equity investments of Etica 's sub-funds. This impact can be considered as a genuine integration of financial and ESG factors, as the equity portfolio of Etica's sub-funds is constructed according to a financial logic based on a pre-selected list of issuers that meet our ESG criteria.

- **Impact report:** this is an annual document that considers the entire equity portfolio and, since 2021, also the corporate bond portfolio of the funds under Italian law of Etica and the sub-funds belonging of the Sicav under Luxembourg law MULTILABEL SICAV managed in delegation by Etica Sgr. The report measures the impact emerging from the business analyses and engagement activities carried out, comparing the results with the reference market. The impact is measured according to the social, environmental and governance indicators associated with the Sustainable Development Goals of the United Nations. For more information: www.eticasgr.com/en/responsible-investment/our-impact/impact-report

- **Stewardship and Engagement**

Report: this is an annual document that describes the dialogue activities between investors and businesses, and the exercise of voting rights in relation to the equity investments. The aim of the report is to measure the commitment to continuous and constructive dialogue over time on issues of sustainability and corporate social responsibility. For more information: www.eticasgr.com/en/storie/insights/stewardship-engagement-report-2022

6.2. What ESG indicators are used by the sub-fund(s)? ¹⁰

The full list of indicators used to analyse businesses and countries is available on the company website at: www.eticasgr.com/en/responsible-investment/selection-of-securities/linea-valori-responsabili-selection.

Etica measures the ESG (environmental, social and governance) impact of its funds compared to the reference market on an annual basis. The report provides a concrete assessment of the impact of stock picking activities according to specific indicators relating to the Sustainable Development Goals (SDGs) of the United Nations: www.eticasgr.com/en/responsible-investment/our-impact/impact-report

¹⁰ Reference to Article 173 of the French TECV Act.

6.3. What communication resources are used to provide investors with information about the SRI management of the sub-fund(s)?

Offer documentation of the Sicav under Luxembourg law:

- Prospectus
- KID

All offer documentation is available at the website: www.eticasgr.com/sicav

Annual Report and Half-Year Report:

www.eticasgr.com/sicav

Sustainability Disclosure (Regulation EU 2019/2088)

- Sustainable and Responsible Investment Policy
- Principal Adverse Sustainability Impacts Statement
- Remuneration Policies and Practices
www.eticasgr.com/regolamento-2088
- SFDR Disclosure
www.eticasgr.com/sicav

Product sheets and Factsheets:

www.eticasgr.com/sicav

Analysis and selection process for securities:

www.eticasgr.com/en/responsible-investment/selection-of-securities

Engagement policy / voting policy and votes cast:

www.eticasgr.com/en/storie/insights/stewardship-engagement-report-2022
www.eticasgr.com/sicav

Impact reporting:

- Impact report
www.eticasgr.com/en/responsible-investment/our-impact/impact-report
- Impact Highlights Etica Funds:
www.eticasgr.com/en/responsible-investment/our-impact/impact-report
www.eticasgr.com/sicav

Stewardship and Engagement reporting:

- Stewardship and Engagement Report:
www.eticasgr.com/en/storie/insights/stewardship-engagement-report-2022
- Engagement Highlights Etica Funds:
www.eticasgr.com/en/storie/insights/stewardship-engagement-report-2022
www.eticasgr.com/sicav

ESG initiatives and campaigns supported:

www.eticasgr.com/en/storie/category/international-campaigns
www.eticasgr.com/en/responsible-investment/engagement/italian-principles-of-stewardship
www.eticasgr.com/en/storie/tag/network-en

Corporate social responsibility policy of Etica:

www.eticasgr.com/en/responsible-investment/csr-and-integrated-report/social-responsibility

Policy and Code of Ethics:

www.eticasgr.com/en/etica-sgr/governance-and-policy/policy

Corporate social responsibility policy of the parent company:

www.bancaetica.it/about-us/

Integrated Financial Statements:

www.eticasgr.com/en/responsible-investment/csr-and-integrated-report/integrated-report

Etica and Etica Funds website:

www.eticasgr.com/en
www.eticasgr.com/sicav

6.4. Does the fund management company publish the results of its voting and engagement policies?¹¹

Etica publishes all voting results of the annual general meetings of the companies in which its funds are invested on its website, specifying, for the items on the agenda, votes in favour, votes against and abstentions: www.eticasgr.com/en/responsible-investment/engagement/shareholder-activism

Voting is conducted in line with the Engagement Policy, available at the following link:

www.eticasgr.com/en/responsible-investment/engagement

In view of its adoption of the "Italian Principles of Stewardship for the exercise of administrative and voting rights in listed companies", which represent the guidelines on dialogue, engagement and voting promoted by the Assogestioni Corporate Governance Committee, Etica publishes an annual Report on the implementation of these principles: www.eticasgr.com/en/responsible-investment/engagement/italian-principles-of-stewardship

Etica produces a periodic engagement report that analyses the results of the shareholders' meetings in view of the topics considered. The Stewardship and Engagement Report is based on the Sustainable Development Goals of the 2030 Agenda of the United Nations. The most recent report is available at: www.eticasgr.com/storie/approfondimenti/stewardship-engagement-report-2022.

¹¹ Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE.

ANNEX

The European SRI Transparency Code (the Code) focuses on SRI funds distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income. All information pertaining to the European SRI Transparency Code can be found at the following website: www.eurosif.org. The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code. The present version of the Code was approved by the Board of Eurosif in February 2018.

REVISION OF THE CODE

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A Working Group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level. Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

TWO KEY MOTIVATIONS UNDERPIN THIS CODE

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format.
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

GUIDING PRINCIPLE

Signatories to the Code should be open and honest and should disclose accurate, adequate

and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

COMMITMENTS BY SIGNATORIES

The order and exact wording of the questions should be followed;
Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible;
Funds should report data in the currency that they use for other reporting purposes;
Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question;
Responses should be updated at least on an annual basis and should have a precise publication date;
Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code;
Signatories are solely responsible for the answers to the questions, and should state this in their response.

Eurosif classification of Sustainable and Responsible Investment¹² strategies

Sustainability Themed Investment: investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

Best-in-Class Investment Selection: approach according to which leading or best-performing

¹² Sustainable and responsible investment ("SRI") is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016.

investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

Norms-Based Screening: screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

Exclusion of Holdings from Investment

Universe: an approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries. This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

Integration of ESG Factors into Financial

Analysis: the explicit inclusion by asset managers of ESG risks and opportunities in

traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

Engagement and Voting on Sustainability

Matters: engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary, but are not sufficient in themselves for inclusion in this category.

Impact Investing¹³: impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances². Investments are often project-specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French fonds solidaires.

¹³ Global Impact Investing Network (GIIN), "What is Impact Investing?", [the giin.org/impact-investing/need-to-know/#what-is-impact-investing](https://www.giin.org/impact-investing/need-to-know/#what-is-impact-investing)



This is a marketing communication.

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Investors should conclude an investment transaction involving the Sub-Funds only after having fully understood their overall characteristics and degree of exposure to related risks, by carefully reading the Prospectus and the key investor information document (KID), which, together with information on sustainability pursuant to Regulation (EU) 2019/2088, can be found at www.eticasgr.com. Investing in the Sub-Funds offers no guarantee of return and does not ensure repayment of initially invested capital. Any future returns are subject to taxation, which is based on the personal situation of each investor and may change in the future. The investment goals, situation and financial needs of potential recipients have not been taken into account in the drafting of this communication. It can therefore in no way be interpreted as investment advice.

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