

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA FOR THE ANALYSIS OF COMPANIES IN THE
INVESTMENT FUNDS OF LINEA VALORI RESPONSABILI**

| EXCLUSION CRITERIA | |
|--|---|
| <p>If a company is involved in one of the listed practices or activities, it is excluded from the eligible universe. Any proposal of inclusion of these companies will be evaluated on a case-by-case basis.</p> <p>Furthermore, the funds apply the exclusion criteria set out in the article 12, paragraph 1, letters a) to c) of Delegated Regulation (EU) 2020/1818 in addition to the Benchmark Regulation.</p> | |
| Involvement in public allegations | <p>Public allegation of involvement in controversies, which are considered critical in terms of their severity and lack appropriate responses by the company, related to:</p> <ul style="list-style-type: none"> ✓ negative impacts to biodiversity or the exploitation of sensitive ecosystems; ✓ soil or water pollution; ✓ environmental problems in the supply chain; ✓ violation of fundamental Human Rights, involvement in cruel, inhuman or degrading treatment; ✓ discrimination in employment decisions, working conditions, gender, race/ethnicity/nationality, social Background, religion, sexual orientation, family responsibilities (including pregnancy), disabilities, political opinion, age, sensitive medical conditions, trade union membership or activities; ✓ use of child labour or forced labour in their own operations; ✓ discrimination of employee representatives, non respect of freedom of association and the right to collective bargaining or union busting; ✓ work accident, deterioration of health and safety KPIs or health and safety generally; ✓ non-respect of reasonable working hours or the non-respect of employee rights to vacation and leisure time; ✓ social/human rights problems in the supply chain; ✓ misleading marketing by Food and Pharmaceuticals sectors' companies; ✓ bribery; ✓ money laundering. |

| | |
|---|--|
| Animal testing | <ul style="list-style-type: none"> ✓ Production of cosmetics that are tested on animals, including companies subcontracting production to third parties; ✓ Provision of animal testing services to companies involved in the production of cosmetic and non-medical products; ✓ Involvement in the fur industry with a turnover higher than 0%, including by raising animals for their pelts/skins, processing the fur and manufacturing clothes and other garments with fur. |
| Civilian Firearms | Involvement in the production or distribution of civilian firearms with a turnover equal or higher than 5%. |
| Gambling | Involvement in gambling operations such as online gambling, establishments (such as casinos and betting shops) or providing key products or services for the gambling industry (slot machines, payment solutions etc.). |
| Genetic engineering | <ul style="list-style-type: none"> ✓ Production of genetically modified organisms (GMOs) for food, smoking and tobacco including animals; ✓ Production of genetically modified organisms (GMOs) for industrial uses. |
| Military production and distribution | <ul style="list-style-type: none"> ✓ Turnover coming from the production of conventional weapons and their key parts or services; ✓ Turnover equal or higher than 5% coming from the production of weapons general parts or services or other products or services for military users; ✓ Involvement in the development, production, maintenance, use, distribution, storage, transportation or trade of controversial weapons and key parts or services of them (Anti-Personnel Mines, Cluster Munitions, Chemical Weapons, Biological Weapons, Nuclear Weapons, Incendiary Weapons, Non-Detectable Fragments, Blinding Lasers, White Phosphorous, Depleted Uranium) |
| Nuclear energy production | Involvement in the generation of power from nuclear power stations. |
| Pesticides production | Involvement in the production of pesticides. |
| Fossil Fuels | <ul style="list-style-type: none"> ✓ Any threshold of Companies' turnover comes from thermal coal mining activities and lack of Science-based emission target setting; ✓ Involvement in holding oil and/or coal reserves and lack of Science-based emission target setting; |

| | |
|---|--|
| | <ul style="list-style-type: none"> ✓ involvement in sale of electricity generated burning thermal coal with a turnover equal or higher than 5% and lack of Science-based emission target setting. |
| Tobacco production or distribution | Involvement in the production or distribution of tobacco with a turnover equal or higher than 5%. |
| Suspended sectors | <p>Belonging to:</p> <ul style="list-style-type: none"> ✓ financial sector i.e. investment companies, insurance industry and banking industry except banks defined as "sustainable" by their history and their activities; ✓ industrial sector and of the following industries: Oil Exploration & Production, Integrated Oils, Oil & Gas Services & Equipment, Oil, Gas & Coal, Pipeline, Mining Services, Precious Metal Mining, Coal Operations and Other Mined Minerals. <p>Furthermore, a specific methodology for analysing the companies involved, for various reasons, in activities related to fossil fuels sector, especially natural gas, excludes those that do not have a convincing energy transition strategy. The analysis is based on the domains "commitment, target, scenario analysis" or on aspects of climate governance, production of goods/services that contribute to climate mitigation, climate-altering emissions, quality and ambition of climate targets, scenario analysis.</p> |

| EVALUATION CRITERIA | |
|---|--|
| <p>Companies are analysed according to an assessment of the following evaluation criteria in the Environmental, Social and Governance areas. The weight of the criteria depends on the materiality of each criteria for the sector of the company analysed.</p> | |
| ENVIRONMENT | |
| Environmental strategy and eco-design | <ul style="list-style-type: none"> - Measures put in place with regards to eco-design: life cycle analyses, R&D processes etc.; - Processes and measures put in place to ensure sound environmental management: management reviews of the Environmental Management System, performance measured against targets, external verification of performance etc. |
| Protection of Biodiversity | <ul style="list-style-type: none"> - Commitment to the protection of biodiversity; - Managerial tools allocated to biodiversity protection: environmental impact assessments, |

| | |
|---|--|
| | <p>training on biodiversity, management guidelines, monitoring of indicators etc.;</p> <ul style="list-style-type: none"> - Trends of Key Performance Indicators published by the company on its efforts to protect biodiversity; - Controversies implicating the company in negative impacts on biodiversity or the exploitation of sensitive eco-systems. |
| Emissions and energy management | <ul style="list-style-type: none"> - Commitment to reduce energy emissions and other atmospheric emissions related to operations; - Measures and processes put in place to manage energy consumption and related emissions: end of pipe technology, technical optimisations, alternative energy source use etc.; - Trends of Key Performance Indicators related to energy management: energy consumption, CO₂ emissions, and ozone depleting substances; - Revenues derived from the generation of renewable energy or the development renewable energy technology. |
| Environmental impact of production | <ul style="list-style-type: none"> - Commitments put in place to reduce the environmental impacts related to the use and disposal of products and/or services: eco-design and use of recycled materials etc.; - Measures put in place to reduce the environmental impacts of use and the disposal of products/services: technical optimisation of products/services, the client information on the environmental impact, the development of products/services designed for recycling or dismantling, etc.; - Trend of the share of products/services that are eco-designed and of the percentage of products that are recuperated and recycled; - - Percentage of production sites covered by a certified EMS (ISO 14001 or EMAS). |
| Environmental impact of products | <ul style="list-style-type: none"> - Production of substances banned by any of the following three conventions: the UNEP Stockholm Convention, the OSPAR Convention and the Montreal Protocol on Substances that Deplete the Ozone Layer; - Production of chemicals identified by NGOs and campaign groups as being "hazardous to the environment or human health". |
| Water management | <ul style="list-style-type: none"> - Commitment to reduce water consumption and emissions from its operations such as the setting of quantified targets; - Trends of Key Performance Indicators related to the protection of water resources: water emission and consumption; - - Controversies implicating the company in water pollution. |

| | |
|-------------------------------------|---|
| Waste management | <ul style="list-style-type: none"> - Commitment to reduce non-hazardous and hazardous waste, such as the setting of quantified targets; - Trends of Key Performance Indicators related to waste management: recycling rates, volumes of hazardous and non-hazardous waste generated; - Controversies implicating the company in soil pollution. |
| Animal welfare management | Turnover of companies derived from the manufacture of non-cosmetic products (chemicals, household chemicals) that are tested on animals. |
| SOCIAL | |
| Career management | <ul style="list-style-type: none"> - Commitment on career management and the promotion of employability (i.e anticipate short and long-term employment needs and skill requirements; adapt employees' skill sets to their career paths, enable the progressive improvement in employees' qualification levels); - Percentage of employees covered by the company's career management systems, the types of training provided to non-managers, the trends related to training for employees; - Percentage of employees having received a training over the year under review. |
| Health and safety management | <ul style="list-style-type: none"> - Measures put in place to ensure health and safety in the workplace: training for employees, monitoring of KPIs, audits and certifications etc.; - Trends of Key Performance Indicators related to the improvement of health and safety in the workplace: the long-term injury frequency rate, the total injury frequency rate, accident frequency, accident severity, rate of absenteeism, rate of occupational diseases compared; - Controversies implicating the company in health and safety responsibilities. |
| Labour rights protection | <ul style="list-style-type: none"> - Presence of employee representative bodies in a minority, majority or throughout the company's global operations; - Percentage of the workforce covered by collective bargaining agreements on working conditions; - Company's policies on restructurings commits to minimizing layoff and/or supporting employees in the search for new employment; - Company's policies in support of non-discrimination and the promotion of diversity in the workplace including the setting of targets; - Measures put in place to ensure the responsible management of restructurings: financial compensation, early retirement, reduction of labour time, internal mobility, outplacement services etc.; |

| | |
|--------------------------------|--|
| | <ul style="list-style-type: none"> - Measures put in place to prevent discrimination and to promote diversity: training on discrimination and diversity, Flexitime initiatives, Maternity and paternity pay, Job sharing initiatives, monitoring of salary disparities; - Percentage of women in the management; - Controversies implicating the company in: <ul style="list-style-type: none"> o labour relations responsibilities such as the lack of compensation for employees, atypical working hours or overtime or the non-respect of employee rights to vacation and leisure time; o violations of discrimination in its own operations. |
| Customer relationships | <ul style="list-style-type: none"> - Policies in support of the establishment of responsible contractual relations with customers; - Commitment on information to customers concerning Company's products/services; - Measures put in place to inform customers on product safety issues and to ensure responsible contractual relations with customers: training of sales staff, sales evaluations based on client satisfaction indicators, information on customer rights etc.; - Training about responsible marketing and commercial practices for sales and/or marketing staff; - Procedures to approve/monitor marketing materials that involve stakeholders or other external bodies. - Controversies implicating the company in contractual relations with customers. |
| Product safety | <ul style="list-style-type: none"> - Commitment on product safety and its exhaustiveness (i.e. Respect of Good Manufacturing Practices, Respect of Good Laboratory Practices, Pharmacovigilance); - Measures put in place to execute Information to customer policy (i.e. Quality management system (eg: ISO 9001), Customer awareness measures, R&D to develop safer products); - Coverage of the product safety system put in place; - Controversies implicating the company in product safety items. |
| Supply Chain management | <ul style="list-style-type: none"> - Commitment on integrate environmental and/or social factors into supply chain management and its exhaustiveness (i.e. ISO 14001 certification of all suppliers, ban of certain materials, Certification of products purchased, fundamental labour rights items, health and safety items, no discrimination items); - Commitment on sustainable contractual relations with suppliers; |

| | |
|---|--|
| | <ul style="list-style-type: none"> - Measures put in place to integrate environmental issues into contractual clauses (i.e. Supplier questionnaires, Non-Compliance procedures for suppliers, risk assessments for suppliers) and to execute sustainable contractual relations with suppliers (i.e. Training, Verification systems to ensure respect of payments delays, Litigation systems); - Percentage of the Company's suppliers or subcontractors covered by the measures allocated; - Number of non-conformities identified by the Company; - Controversies implicating the company in integration of environmental and/or social factors in the supply chain and in sustainable contractual relationships. |
| Human rights protection | <ul style="list-style-type: none"> - Company's commitment on fundamental labour rights (i.e. protection of freedom of association and the right to organise, respect of the right to collective bargaining, Guarantee the effective exercise of trade unions rights in the workplace, prevent violations of freedom of association and the right to organise, elimination of child and forced labour); - Policies in support of the respect and promotion of fundamental human rights in society; property rights, privacy rights, use of security forces, cruel inhuman and degrading treatment etc.; - Measures put in place to ensure the respect of freedom of association throughout Company's operations, to promote trade union rights throughout Company's operations, to ensure the elimination of child and forced labour in its own operations and to measure human rights abuses across Company's global operations with a particular focus on high risk companies; - Controversies implicating the company in violations of fundamental human rights. |
| Social impact of products | <ul style="list-style-type: none"> - Commitment to the promotion of access to products and/or services and to manage negative societal impacts and responsibilities allocated; - Measures put in place to ensure access to products and services and to manage negative societal impacts: reduced pricing, gifts, local production, delivery systems etc.; - Trend of key performances indicators; - Revenues derived by the company from the sale of healthcare products (equipment, pharmaceuticals etc). - Controversies implicating the company in product impacts' on society. |
| Promotion of social and economic development | <ul style="list-style-type: none"> - Policies to support local social and economic development in the areas surrounding a company's |

| | |
|--|--|
| | <p>operations: responsible tax contributions, local employment, technology transfers etc.;</p> <ul style="list-style-type: none"> - Measures put in place to promote social and economic development such as financial resources, dedicated human resources, employee time, office space, etc.; - Trend of key performance indicators such as percentage of employees hired locally, share of purchases made locally, number of persons enrolled in local programmes; - Transparency of the company's reporting on income tax; - Qualitative ranking of the level of transparency on payment of taxes; - Presence in Offshore Financial Centers or jurisdictions considered as Non-Compliant by the OECD; - Controversies implicating the company in social and economic development responsibilities. |
| Community relationship management | <ul style="list-style-type: none"> - Policies to corporate philanthropy; - Measures put in place to support general interest causes: financial support, in-Kind donations, dedicated foundation, sponsoring employee volunteering, etc.; - Percentage a trend of operating profit allocated by the Company to general interest causes. |
| GOVERNANCE | |
| Audit and Internal Controls | <ul style="list-style-type: none"> - Audit Committee presence and the level of independence of its members; - CSR risks analysed by the Audit and Internal Control functions of the company. - Level of independence of the company's external auditors; - Level of CSR reporting quality and its assessment by third part; - Controversies implicating the company in Audit and Internal Control responsibilities. |
| Board of Directors | <ul style="list-style-type: none"> - Independence of the Board Chairman; - Share of board members that are considered to be independent; - Board Committees; - Percentage of women on the Board of Directors; - Responsibility allocated over CSR issues; - Reporting on CSR KPI with a 3rd party assessment. |
| Directors remuneration management | <ul style="list-style-type: none"> - Level of transparency on executive remuneration; - Link between the variable remuneration offered to executives and CSR objectives/targets. - Severance pay standards set up for senior executives; - Trend of the CEO to employee compensation ratio; |

| | |
|--|---|
| | <ul style="list-style-type: none"> - Controversies implicating the company in Executive Remuneration items. |
| Shareholders rights | <ul style="list-style-type: none"> - Presence of voting rights restrictions, related to adding items to AGMs or EGMs as well; - Presence of and anti-takeover devices; - monitoring of transactions between the company and its major shareholders; - Presentation of CSR strategy to shareholders and investors; - Controversies implicating the company in Shareholders' rights items. |
| Anti-competitive practices Prevention | <ul style="list-style-type: none"> - Commitment to prevent anti-competitive practices; - Training provided to employees on anti-competitive practices; - Percentage of the company's operations covered by the prevention systems; - Quantitative data on the number of antitrust incidents reported internally; - Controversies implicating the company in anti-competitive practices. |
| Corruption prevention | <ul style="list-style-type: none"> - Policies in support of the prevention of corruption in all its forms: active and passive bribery, gifts, political donations, embezzlement etc.; - Measures and process put in place by the company to prevent corruption in its operations: training for employees and contractors, internal audits and monitoring systems etc.; - Number of corruption cases identified by the company's own internal mechanisms and how they were managed; - Controversies implicating the company in bribery. |
| Responsible Lobbying | <ul style="list-style-type: none"> - Company's commitment on responsible lobbying to ensure transparency and integrity of practices; - Measures put in place to ensuring transparency and integrity of lobbying practices (i.e. Approval procedures for gifts, travel or other privileges by an independent department, internal monitoring for lobbying budget, external investigations of allegations) - Training provided to employees on responsible lobbying; - Information on the budget allocated to lobbying practices; - Controversies implicating the company in lobbying practices. |
| REPUTATIONAL RISK | |
| <ul style="list-style-type: none"> ✓ Current level of companies' exposure to ESG reputational risk ✓ Level of companies' exposure to ESG reputational risks compared to the worst past situation | |
| Further detailed analysis is also carried out such as: | |

- for companies involved in the most impactful sectors: assessment on the domains "commitment, target, scenario analysis" based on aspects of climate governance, production of goods/services that contribute to climate mitigation, climate-altering emissions, quality and ambition of climate targets, scenario analysis,
- "ESG" Risk calculation,
- engagement activities evaluation,
- assessment of the Country in which the Company's registered office is established in terms of taxation issues.