

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA FOR THE ANALYSIS OF COMPANIES OF THE INVESTMENT FUND ETICA IMPATTO CLIMA

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>	
Fossil fuels	<ul style="list-style-type: none"> ✓ Any threshold of Companies' turnover comes from thermal coal mining activities ✓ Companies' turnover > 33% comes from fossil fuels industries
Nuclear energy	<ul style="list-style-type: none"> ✓ Involvement in the generation and sale of power from nuclear power stations ✓ Companies' turnover > 5% comes from electricity from nuclear power stations or from supplying products or services for them
Tar sands and oil shale	<ul style="list-style-type: none"> ✓ Companies' turnover > 10% comes from tar sands or oil shale extraction ✓ Reserves as tar sands or oil shale over 33%
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;

	<ul style="list-style-type: none"> ✓ 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; ✓ bribery; ✓ money laundering.
Gambling	<ul style="list-style-type: none"> ✓ 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.) - turnover over 33%
Military production and distribution	<ul style="list-style-type: none"> ✓ Involvement in the development, production, maintenance, use, distribution, storage, transportation or trade in controversial weapons (i.e. cluster bombs, antipersonnel landmines, nuclear arms) or their key components; ✓ Turnover coming from the production of conventional weapons, their key parts or services or their general parts or services or other products or services for military users.
Suspended sectors	<p>Belonging to:</p> <ul style="list-style-type: none"> ✓ financial sector except if of the Real Estate industry and for Green Bonds; ✓ 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>EVALUATION CRITERIA</p> <p>Companies are analysed according to an assessment of the following evaluation criteria in the Environmental Area.</p>	

The weight of some criteria depends on the materiality of each criteria for the sector of the company analysed.

Animal welfare	<ul style="list-style-type: none"> ✓ Turnover coming from intensive farming of animals such as cattle, pigs, poultry, salmon, etc.
Biodiversity management	<ul style="list-style-type: none"> ✓ Commitment to the protection of biodiversity; ✓ Measures and process put in place with regards biodiversity protection: environmental impact assessments, training on biodiversity, management guidelines, monitoring of indicators etc.; ✓ 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 management	<ul style="list-style-type: none"> ✓ Commitment to reduce energy emissions; ✓ Commitment to reduce 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.; ✓ Analysis of whether the measures put in place to manage atmospheric emissions are in place at a minority, majority or all operational sites; ✓ Trends of Key Performance Indicators related to energy management: energy consumption, CO2 emissions, and ozone depleting substances; ✓ Trends of Key Performance Indicators related to atmospheric emissions.
Commitment to climate change risk and opportunities	<ul style="list-style-type: none"> ✓ Evaluation of whether the company is a signatory of Task Force on Climate-related Financial Disclosures (TCFD); ✓ Evaluation of whether the company's Reporting is Task Force on Climate-related Financial Disclosures (TCFD) compliant.

<p>Environmental impact of production activities</p>	<ul style="list-style-type: none"> ✓ 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.
<p>Environmental impact of products</p>	<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; ✓ Measures and processes put in place to reduce the environmental impacts linked to the use and the disposal of products/services, such as the 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 the trend of the percentage of products that are recuperated and recycled; ✓ 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”; ✓ Measures put in place with regards to eco-design: life cycle analyses, R&D processes etc.; ✓ Turnover coming from products and solutions concerning items such as: Renewable energy, Smart grid technology, Solar airplane, Electric vehicle technology, Green buildings, Building materials from wood, Organic fertilizers, Hybrid vehicles, etc.; ✓ Turnover coming from products and solutions concerning items such as: Recycling services, Pollution abatement technology, Contaminated site rehabilitation, Bio-based chemicals, etc.; ✓ Turnover coming from products and solutions concerning items such as: Waste treatment, Waste collection, Water treatment, Water distribution, Water treatment technology, Sea water desalination, Water treatment chemicals,

	<p>Rainwater harvesting and Water demand-side management, etc.;</p> <ul style="list-style-type: none"> ✓ Turnover coming from products and services concerning Sustainable Transportation item.
Fossil fuels	<ul style="list-style-type: none"> ✓ Turnover coming from fossil fuels industries (< 33%); ✓ Involvement in Tar sands and oil shale industry.
Nuclear Energy	<ul style="list-style-type: none"> ✓ Production of nuclear or conventional parts or services for nuclear power plants: i.e. fabricating nuclear fuel, processing or reprocessing spent fuel, trading uranium, etc.
Waste management	<ul style="list-style-type: none"> ✓ Commitment to reduce non hazardous and hazardous waste; ✓ Measures put in place with regards to the reduction of hazardous and non-hazardous waste: the setting of quantified targets, the coverage of the entire group, the comparison with the sector, etc.; ✓ 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.
Water management	<ul style="list-style-type: none"> ✓ Commitment to reduce water consumption from its operations; ✓ Measures put in place with regards to the reduction of water consumption and emissions: the setting of quantified targets, the coverage of the entire group, the comparison with the sector, etc.; ✓ Trends of Key Performance Indicators related to the protection of water resources: water emission and consumption; ✓ Controversies implicating the company in water pollution.
Reputational Risk	<ul style="list-style-type: none"> ✓ Current level of companies' exposure to ESG risks (reputation) ✓ Level of companies' exposure to ESG risks (reputation) compared to the worst past situation

	<ul style="list-style-type: none"> ✓ Environmental percentage of current level of companies' exposure to ESG risks
Emissions reduction initiatives	<ul style="list-style-type: none"> ✓ Planning and implementation of emission reduction initiatives; ✓ Adoption of Science Based Target for emission reduction (with approval by the Science Based Target Initiative).
Environmental Impact	<ul style="list-style-type: none"> ✓ Achievement of environmental impact indicators such as sustainable packaging, green building, environmental management of supply chain, climate change risks and opportunities, renewable electricity targets, etc.