

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA FOR THE ANALYSIS OF COMPANIES OF
THE INVESTMENT FUND ETICA TRANSIZIONE CLIMATICA**

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. Furthermore, the fund applies 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>	
<p>Involvement in public allegations</p>	<p>Corporate disputes involving credible allegations of non-compliance with international standards of responsible conduct, for which the company has failed to implement adequate and verifiable corrective measures in the following areas:</p> <ul style="list-style-type: none"> ✓ negative impacts to biodiversity or the exploitation of sensitive ecosystems; ✓ illegal deforestation or logging; ✓ opposition to climate change mitigation ✓ failure to assess environmental impacts; ✓ water, soil, and air pollution ✓ failure to mitigate the effects of climate change ✓ violation of fundamental human rights, involvement in cruel, inhuman or degrading treatment; ✓ discrimination and/or harassment in the workplace against stakeholders, including employees and consumers, based on gender, race, national origin, disability, medical condition, religious affiliation, sexual orientation or age; ✓ mancato rispetto del diritto a condizioni di lavoro sicure, giuste e favorevoli; ✓ use of child labour or forced labour; ✓ failure to respect trade union rights, including the adoption of discriminatory, intimidating and surveillance measures against unionised workers; ✓ failure to respect the right to safe, fair, and favorable working conditions; ✓ inadequate consumer protection, including privacy violations and misleading, inadequate, or lacking health warnings and safety information; ✓ human rights issues in the supply chain, including a failure to conduct human rights due diligence within the supply chain;

	<ul style="list-style-type: none"> ✓ violations of freedom of expression, including lawsuits against activists and retaliation against whistleblowers; ✓ opposition to tobacco control regulations, including through lobbying activities; ✓ failure to pay a fair share of taxes, including through tax evasion and avoidance practices; corruption and/or money laundering; ✓ failure to mitigate the risk that military/security supplies will be used to violate human rights and international law.
Suspended sectors:	<p>Companies belonging to:</p> <ul style="list-style-type: none"> ✓ financial sector, specifically investment firms, the insurance sector, and the banking sector, except for Green and Sustainable Bond issuances; ✓ oil exploration and production, integrated oil and gas, oil and gas refining and marketing, oil and gas equipment and services, coal and consumable fuels, mining and integrated production, excluding iron, aluminum and copper extraction; ✓ casinos and gaming sectors.
Fossil fuels	<ul style="list-style-type: none"> ✓ Involvement in thermal coal mining—any revenue threshold ✓ Involvement in fossil fuel exploration—any revenue threshold ✓ Involvement in the fossil fuel industry—revenue exceeding 50% with no investments in renewables; ✓ Ownership of coal and/or oil reserves and failure to set science-based emissions reduction targets; ✓ Sale of coal-generated electricity and failure to set science-based emissions reduction target - revenue exceeding 5%.
Nuclear energy	<ul style="list-style-type: none"> ✓ Energy generation from nuclear power plants – revenue exceeding 1%; ✓ Revenue from services for the nuclear energy sector exceeding 5%.
Oil sands	<ul style="list-style-type: none"> ✓ Involvement in mining or drilling for the extraction of sand—regardless of revenue threshold; ✓ Involvement in the extraction and production of oil sand exceeding 1%.

Gambling	<ul style="list-style-type: none"> ✓ Online gambling, businesses such as casinos and betting shops, and the supply of products or services to the gambling industry, such as slot machines, payment solutions, etc.—revenue exceeding 33%.
Pesticides	<ul style="list-style-type: none"> ✓ Production of pesticides classified by the World Health Organization as "extremely or highly hazardous" – any turnover threshold.
Civilian firearms	<ul style="list-style-type: none"> ✓ Involvement in the production or distribution of civilian firearms with a turnover higher than 5%.
Weapons	<ul style="list-style-type: none"> ✓ Turnover from the production of conventional weapons, subsystems and components directly related to the lethality of weapons – any turnover threshold; ✓ Turnover above 5% from the production of subsystems and components not directly related to the lethality of weapons or other products or services intended for military use; ✓ Involvement in the development, production, maintenance, use, distribution, storage, transportation or trade of controversial weapons and key parts or services (<i>Anti-Personnel Mines, Cluster Munitions, Chemical Weapons, Biological Weapons, Nuclear Weapons, Incendiary Weapons, Non-Detectable Fragments, Blinding Lasers, White Phosphorous, Depleted Uranium</i>)
Tobacco	<ul style="list-style-type: none"> ✓ Tobacco production – any turnover threshold.
Fiscal Justice	Companies that are incorporated in one of the countries included in the proprietary blacklist are excluded.
Climate Assessment	Companies that do not present a credible energy transition strategy are excluded. The analysis is based on three areas: commitment, objectives and scenario analysis. These areas cover aspects of climate governance, the production of goods and services that contribute to climate mitigation, greenhouse gas emissions, the quality and ambition of climate objectives and scenario analysis.
UN Global Compact Principles	Companies with significant and credible exposure to ESG risk incidents associated with one or more of the ten principles of the UN Global Compact, including along the supply chain.

EVALUATION CRITERIA

Companies that meet the exclusion criteria are analyzed based on their contribution to climate transition. If a company demonstrates that it is actively contributing to the transition, it proceeds directly to the reputational risk analysis.

CONTRIBUTION TO THE CLIMATE TRANSITION

Emissions Reduction	<ul style="list-style-type: none"> ✓ Assessment of trends in absolute and intensive Scope 1, 2, and 3 emissions over the last 3 years for which data is available.
Renewable Energy	<ul style="list-style-type: none"> ✓ Assessment of the ratio between the percentage of the company's capital expenditures allocated to the expansion or development of projects in the renewable energy sector (biomass, geothermal, hydroelectric, ocean energy, solar, and wind) and the percentage of expenditures on fossil fuels during the most recent fiscal year. ✓ Percentage of renewable energy (wind, solar, hydroelectric, geothermal, tidal, wave energy, and biomethane) used by the company compared to its total energy consumption.

Companies that do not demonstrate that they are actively contributing to the transition are analyzed based on an assessment of Environmental, Social, and Governance (ESG) factors provided by the data provider using approximately 700 indicators. In addition to this assessment, the asset management company conducts a specific analysis of areas related to corporate sustainability deemed strategic for its own policies, as described below; within each area, the weighting of the underlying indicators depends on the materiality assigned to the issue, its relevance to the sector, and the number of criteria that comprise it.

ENVIRONMENT

Animal welfare	<ul style="list-style-type: none"> ✓ Measures to ensure and promote animal welfare
Deforestation	<ul style="list-style-type: none"> ✓ Measures to ensure compliance with the policy on sustainable sourcing of wood and fibers ✓ Measures to prevent deforestation ✓ Percentage of certified palm oil

Climate change mitigation	<ul style="list-style-type: none"> ✓ Emissions intensity ✓ Emissions reduction strategy ✓ Reporting of climate change risks and strategy to mitigate them
Environmental management, including the supply chain	<ul style="list-style-type: none"> ✓ Biodiversity management measures; ✓ Strategy, action plans, and quantitative targets for transitioning to a more environmentally friendly product portfolio ✓ Procedures to ensure compliance with supplier environmental standards
Plastic	<ul style="list-style-type: none"> ✓ Strategy to Prevent marine pollution from microplastics
Sustainable agriculture and fisheries	<ul style="list-style-type: none"> ✓ Measures to promote sustainable soil management throughout the value chain; ✓ Raw materials sourced from organic or certified agriculture. ✓ Measures to ensure sustainable fishing or aquaculture throughout the value chain.
Sustainable packaging	<ul style="list-style-type: none"> ✓ Measures to reduce the impact of packaging.
Waste management and recycling	<ul style="list-style-type: none"> ✓ Efficiency in waste management.
Water management and recycling	<ul style="list-style-type: none"> ✓ Targets for reducing freshwater use and action plans to achieve those targets.
Climate assessment	<ul style="list-style-type: none"> ✓ Analysis on three areas: commitment, objectives and scenario analysis. These areas cover aspects of climate governance, the production of goods and services that contribute to climate mitigation, greenhouse gas emissions, the quality and ambition of climate objectives and scenario analysis
SOCIAL	
Access to medicines and antimicrobial resistance	<ul style="list-style-type: none"> ✓ Granting voluntary licenses in developing countries. ✓ Product recalls ✓ Evaluation of the approach to promoting the affordability of medical products and services in developed countries. ✓ Assessment of the removal of active pharmaceutical ingredients (APIs) from process water by implementing technologies

	<p>to reduce exposure to APIs to levels that do not pose environmental risks at its own and outsourced manufacturing site.</p>
Actions to reduce inequalities	<ul style="list-style-type: none"> ✓ Initiatives to engage the local community. ✓ Measures to improve the economic and social inclusion of farmers, ranchers, and other raw material suppliers within the value chain. ✓ Provision of services to vulnerable and economically disadvantaged groups. ✓ Promotion of access to energy and/or water in developing countries and emerging markets; ✓ Publication of the ratio of the highest to the median employee compensation ✓ Disclosure of data on the gender pay gap ✓ Modification of key nutritional ingredients in its products to make them healthier, for example, by reducing sugar, calorie, fat, or salt content
Decent work	<ul style="list-style-type: none"> ✓ The scope and quality of the solutions offered to employees to help them balance their work responsibilities with the burden of caring for dependent family members, such as children, the elderly, and people with disabilities or illnesses; ✓ Measures aimed at ensuring freedom of association and facilitating collective bargaining.
Gender diversity	<ul style="list-style-type: none"> ✓ Representation of women in leadership positions; ✓ Comprehensive measures to promote equal opportunity and diversity.
Human rights in the supply chain	<ul style="list-style-type: none"> ✓ Existence and quality of human rights due diligence procedures to analyze, prevent, reduce, and mitigate actual and potential adverse impacts on the human rights of stakeholders, including local communities and indigenous peoples. ✓ Implementation of a human rights standard for suppliers and assessment of its quality.

	<ul style="list-style-type: none"> ✓ Procedures designed to ensure compliance with the supplier standard regarding workers' rights and working conditions. ✓ Workplace injury rate among external employees.
Responsible technological development	<ul style="list-style-type: none"> ✓ Disputes related to data protection and privacy. ✓ Public reporting of sales related to the defense and/or military sectors, broken down by recipient country and product type.
GOVERNANCE	
Board of Directors	<ul style="list-style-type: none"> ✓ Assessment of the independence of the Chairman of the Board of Directors; ✓ Percentage of independent directors.
Taxation	<ul style="list-style-type: none"> ✓ Assessment of the company's policy or stance on tax avoidance through transfer pricing, base erosion, and profit shifting. ✓ Disclosure of payments to governments, including country-by-country tax figures.
Responsible political engagement (lobbying)	<ul style="list-style-type: none"> ✓ Transparency regarding political contributions, lobbying activities, and participation in public policy; ✓ Evaluation of policies related to political contributions.
Responsible management of reorganisation	<ul style="list-style-type: none"> ✓ Assessment of the existence and quality of a company's commitment to job security and responsible workforce restructuring; ✓ Measures aimed at ensuring responsible workforce restructuring, such as avoiding mandatory layoffs, providing assistance to employees affected by mandatory layoffs, and implementing responsible layoff processes (adequate notice periods, consultation agreements with employee representatives, and appeal procedures).

<p>Shareholder rights</p>	<ul style="list-style-type: none"> ✓ Existence of measures designed to facilitate shareholder participation, particularly that of minority shareholders. ✓ Assessment of the percentage of shares required for shareholders to submit a new resolution to the annual general meeting. ✓ Application of the “one-share-one-vote” principle and absence of restrictions on voting rights.
<p>REPUTATIONAL RISK</p>	
<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 	
<p>Further detailed analysis is also carried out such as:</p> <ul style="list-style-type: none"> ✓ ["E" risk calculation;] ✓ assessment of ongoing/completed engagement activities with the issuers using a proprietary methodology that considers willingness to engage in dialogue, timeliness and quality of responses received; ✓ assessment of United Nations High Commissioner for Human Rights (OHCHR) Database's periodic releases on business enterprises involved in certain specified activities related to the Israeli settlements in the Occupied Palestinian Territory (OPT). 	

Commentato [CC1]: Forse è solo rischio E per ETC?

Commentato [DM2R1]: confermo