Approach to ESG Promotion & Sustainable Investing

2023

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1. Introduction

While demand for sustainable investments is growing at an exponential rate and regulation is becoming more demanding, companies are slowly starting to transition and cope with their ESG reporting. Yet, poor data disclosure is not the only issue facing asset managers nowadays: defining strict rules to outline the characteristics of sustainable companies is not an easy task, given the multitude of sectors and projects a business is involved in and different interpretations exist about what sustainably means. Asset managers therefore often face the difficult task to judge their investments based on uncomplete information and sometimes different investors' expectations, with different sensibilities and interests in a multitude of domains. Some of them might have more financial relevance than others, but they might all be important to assess the contribution of companies to sustainable developments, albeit to a different extent.

Considering the multitude of possible interpretations, we decided to publish this "white paper" to provide more transparency on internal practices, highlighting the most important rules and definitions that EFGAM applies to its products and services to classify the "greenness" of investments, their sustainability or "promotional" characteristics as per SFDR regulation.

Following the SFDR framework, EFGAM established three shades of green that a company or investment can be labelled to:

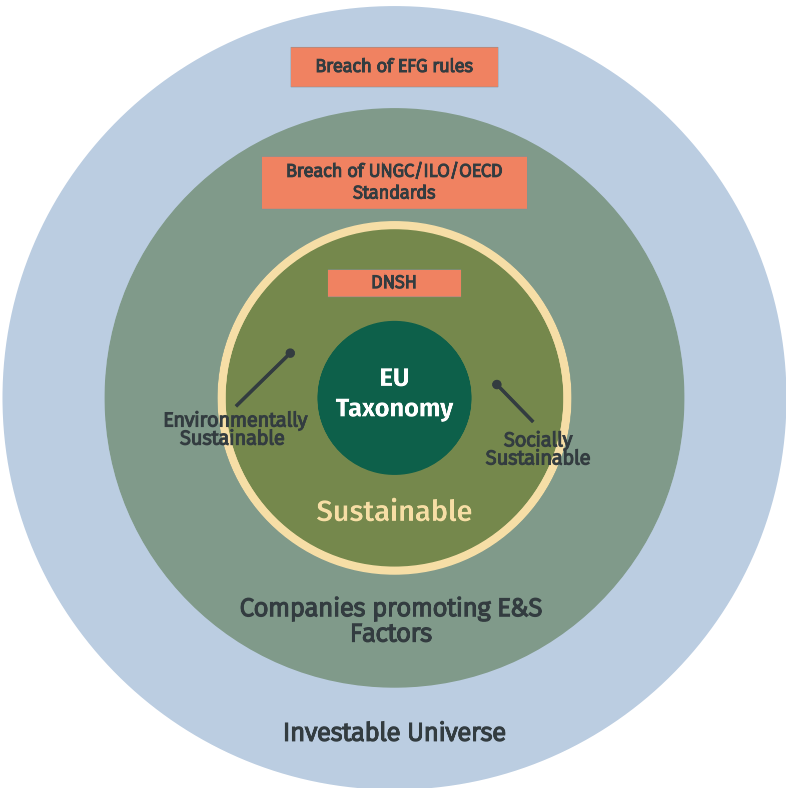
- **(1) Taxonomy aligned,**

- **(2) other environmentally sustainable or socially responsible companies and**

- **(3) companies promoting environmental and social characteristics.**

If a company is Taxonomy aligned it can also be considered sustainable or promoting E&S factors, but not the other way around. For the time being EFGAM do not explicitly consider Taxonomy alignment due to the still poor data availability and focus on the other two main categories of investment, the sustainable and promotional ones. However, for the sake of completeness and information, we also briefly introduce the EU Taxonomy.

Figure 1: Overview of our investment universe according to the official sustainability legislation.



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2. The ESG approach - From 400+ data points to one ESG Risk score

The GRIP

Our internal ESG engine, the Global Responsible Investment Platform (GRIP) integrates up to 400+ data points from several data providers into 18 thematic ESG KPIs which, in a second stage, get weighted according to their industry-specific importance and aggregated into a final sector agnostic ESG score that can be used to evaluate the preparedness of firms to react to ESG challenges.

We believe that ESG data can provide valuable insights to stakeholders especially in the long run, and that having our proprietary platform is a major advantage since we can rapidly and independently triangulate data by leveraging EFGAM know-how.

The first version of GRIP was produced back in 2012. Since then, the scope of GRIP has been continuously broadened and improved. The materiality assessment (see below) for different industries has been revised several times, adapting to the new challenges and changes in the regulatory landscape. The organization of the data has become more aligned with the GRI (Global Reporting Initiative) and additional data from new sources have been added over time. GRIP has also been reviewed by independent advisors such as Dr. Jason Jay, Director of the Sustainability Initiative at the MIT.

Currently our GRIP is fed with data obtained from the following data providers on the basis of their availability:

Data Sources

- Sustainalytics
- Refinitiv
- RepRisk
- CDP and other NGOs
- Analyst input

GRIP uses Refinitiv and Sustainalytics as main data providers, RepRisk as the main controversy -incidents- data supplier and information from NGOs such as CDP for specific data points. Finally, since we have analysts directly engaging with the management of our investee companies, we utilize these valuable insights by integrating them into the rating engine. This allows us to quickly react to both positive and negative rating changes than it would have been possible if we solely relied on external data providers.

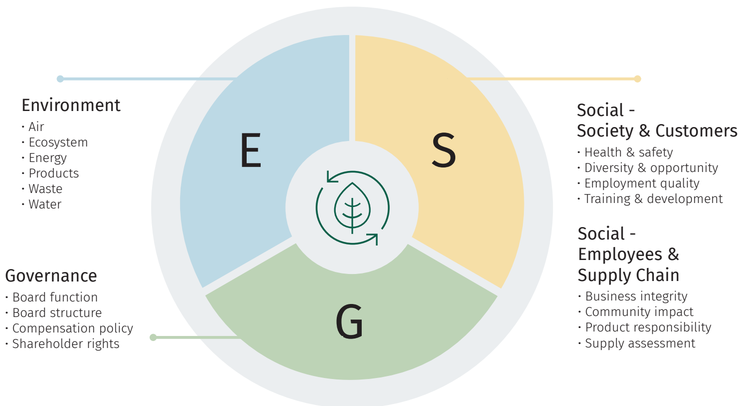
While we have full data coverage for some companies, this might not be true for others. To solve this issue we created an internal dynamic weighting scheme that adjusts the weights based on the available raw data points according to each firm's data coverage. This means that the numbers and weights of raw data points used to create a company's thematic ESG KPI (i.e., air & transport or business integrity) may vary depending on data disclosure and the number of data points we get from our providers.

Brief Methodology

The GRIP is based on the principle of materiality, meaning that a stronger weight is assigned to those issues that are believed to be more important to each company depending on its industry group. To explain this concept it is worth making an example. The importance of water consumption can significantly vary between industries and sectors. Therefore, the thematic KPI "water" has a much larger weight in the final ESG score for a mining company than for a software provider.

Understanding the materiality of ESG issues across industries is critical for a successful implementation and a correct analysis. To produce correct assessments, we need to define relevance of the different thematic KPIs (see diagram below) for each industry in order to reach a unique and synthetic score which is able to sum-up the profile of a company: the final ESG Risk score.

For every company GRIP defines 18 thematic key performance indicators (KPIs) that reflect the specific environmental, social and governance risks a firm is exposed to. These KPIs will be at the centre of our analysis and have an ever more important role in defining whether a company can be labelled as promotion (more on this later).

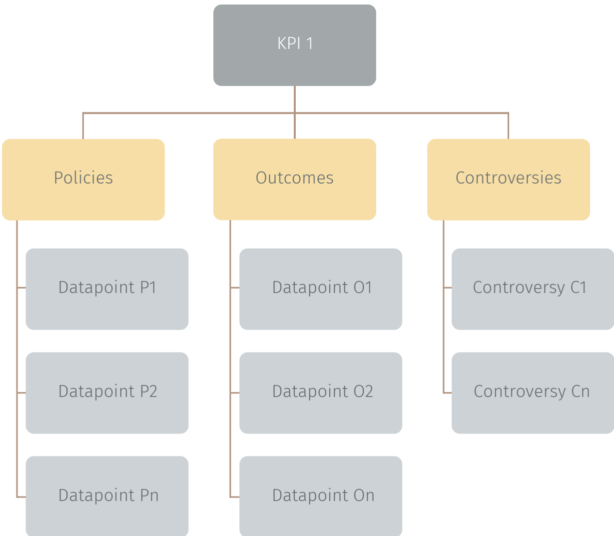


These KPIs are evaluated with multiple data sources as outlined before divided into three main groups (see table below):

- **Policies:** Does the company have policies and rules to manage key issues?

- **Outcomes:** What are the numeric data we can measure to assess how well a company is managing the risks it is exposed to?

- **Controversies/litigation:** Are companies "walking the talk" and behaving in the interests of all their stakeholders?



GRIP to us is more than an ESG rating system and gives us several benefits:

- Our framework is based on the main ESG reporting standards, meaning it can easily adapt to any regulatory change.

- The control we have on the framework allows us to clearly define the material aspects we want to include in our assessment for every industry group and on every stage of the model.

- We can easily integrate inputs from our analysts around the world and adapt our framework to capture the nuances between industries more accurately, the emergence of new risks/opportunities or specific company issues.

- Controversies are integrated within the GRIP and the assessment score. This allows us to reduce the risk of 'greenwashing' –a company promoting itself greener than it actually is– which can significantly contribute to the final score.

- Having full control of our rating methodology enables better integration into our investment process.

- GRIP is also used to fine tune our investable Universe as companies with an ESG score <25% are not investable. While, due to the construction methodology, the impact of the rule is limited and uneven across regions, this first control allows us to highlight companies with extremely weak transparency, a significant level of controversies or a combination of the two, and unwillingness to improve. EFGAM's approach, more than significantly reducing the Universe, focuses on transition opportunities. It aims to select companies that show good ESG scores or improving potential and that they are embarking on their sustainability journey.

The ESG score provides a simple and synthetic summary, but we must be aware of its limitations. It is indeed very challenging to represent the complexity of a company as well as all its relations with multiple stakeholders and the external environment in one single score. As such, in our investment process, we prefer focussing our attention to the KPIs that are more relevant to the different industries.

As previously highlighted, the GRIP ESG score is sector agnostic and it can be described as the "ESG alpha" of a company. However, to complement the main approach, the GRIP also provides a sector risk score measuring the riskiness of industries on the basis of their environmental or social footprint and that can be described as the "ESG beta" of a firm. These two scores, the "alpha" and the "beta" can also be combined in one unique synthetic indicator called the "EFGAM leaves" which is a scoring system ranging between 1-5 which combines both company ESG performance (ESG alpha) and sector risk (ESG beta). As an example, two companies from different industries, e.g., mining and software might both have good management able to deal with the different sustainability challenges they are exposed to. Both firms might therefore get a good ESG score (alpha). The sector risk would however be completely different and much higher for the mining company. This is going to be translated in a EFGAM leaves score that would be higher and better for the software company.

GRIP light

A GRIP light approach has also been defined to cover those companies where a lack of data makes a full ESG analysis more complex. This complementary approach mainly based on industry, regional exposure and controversies is also used for holding companies, not reporting at holding level, supranational or government agencies. Clearly, given the lack of precise details, this approach alone cannot be used to define promotional or sustainable characteristics of companies.

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3. Investments promoting Environmental or Social characteristics

A prerequisite for companies to be considered having positive contribution to environmental or social issues is the adherence to basic international norms and our internal rules. As such, before assigning any possible positive contribution, we screen companies to ensure they respect the following “Standards” based on international or internal norms:

- United Nations Global Compact principles (UNGC)
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- ILO Core Labour Conventions (“Standards”)
- No production of controversial weapons
- No exposure to coal > 30% of revenues and no clear exit strategy

Companies in breach of those “Standards” do not receive any positive attribution and are not invested in Article 8 or Article 9 products. To monitor the Standards, EFGAM exploits externally sourced lists or data from Sustainalytics, Urgewald, Swiss Association for Responsible Investments, RepRisk and internal analysis.

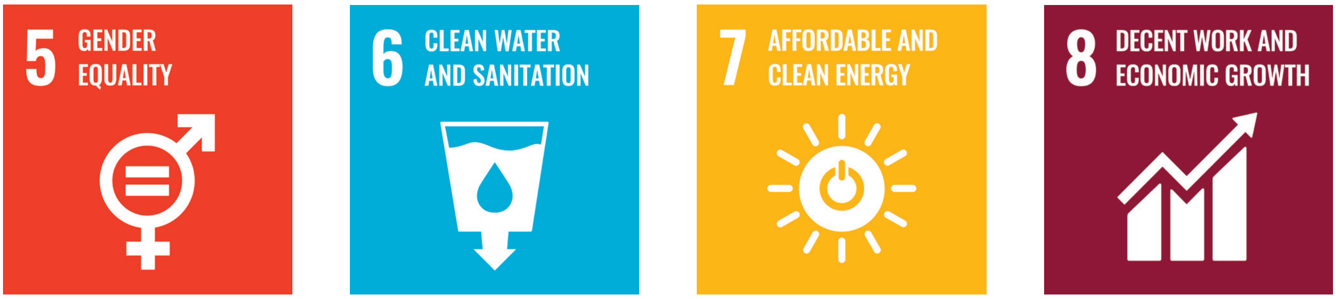
Sustainable Development Goals as a means to promote Environmental or Social characteristics

The overarching principle EFGAM uses to classify its investment universe is based on Sustainable Development Goals, which contain both environmental and social aspects and are therefore a simplified but useful classification when describing and reporting the characteristics of an investment with a common and easy to understand framework.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint to improve human life and protect the planet by 2030. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call to action for a global partnership between developed and developing countries aiming to end poverty and hunger, improve health and education, reduce inequality, strengthen justice and institutions, ensure clean water, promote circular ways of production, expand clean energy, and spur economic growth, all while tackling climate change and working to preserve our oceans and forests. Every SDG contains multiple actions or targets that contribute to its accomplishment. These goals have been primarily drafted to be framework for government action, but the spirit of these goals can be followed by everyone, companies included.

The translation of the SDGs into corporate life comes with some complexities, as many of the targets go beyond the daily duties of people and corporations. For example, the goal number one “Poverty eradication” is mainly linked to a country’s legislative measures. A corporation can of course contribute to this goal through external **philanthropic activities or charities**. However, these types of actions are difficult to be clearly linked to the company’s operations and can therefore be seen as a type of “social greenwashing”.

EFGAM distinguishes between transversal and more activity-specific SDGs (see Appendix 3). Transversal SDGs could potentially be attributed to all companies and are SDG 5 on “Gender Equality”, SDG 11 “Sustainable Cities and Communities” and SGD 16 “Peace, Justice and Strong Institutions”. Other ones such as the SDG 6 on “Clean Water and Sanitation” is much more industry specific. For instance, we don’t assign SDG 6 to companies in the software or banking industries, since water consumption is not a material (important) topic for them, whereas for mining or consumer goods companies it is indeed.



The approach implemented by EFGAM mainly relies on its internal GRIP engine which, as previously explained, defines a number of high level indicators such as: water, waste, air, etc. These indicators consider companies' policies and targets, reported efficiency data and controversies, and allow us to judge a company's performance with respect to each specific indicator.

In this way, a company with great employment practices, can be said to contribute to the SDG 8 "Decent Work and Economic Growth" and a company with good water management standards can be labelled with the SDG 6 "Clean Water and Sanitation", if water consumption is material for the specific industry the company belongs to.

We think this approach is also financially sensible as companies that are able to better serve their stakeholders needs or are able to contribute to solve real social and environmental issues are reinforcing their competitive position. Promoting environmental and social (E&S) characteristics can be seen as a positive step to build future success.

EFGAM's full SDG mapping framework is shown in the following table:

SDG	Description	GRIP's Indicators
SDG 3*	Good Health and Well-being	Industry exposure combined with controversies monitoring
SDG 5	Gender Equality	Diversity & Opportunity KPI
SDG 6	Clean Water and Sanitation	Water KPI
SDG 7**	Clean and Affordable Energy	Based on % production/consumption of renewable energy or on eligible climate change mitigation Taxonomy revenues and capex[1].
SDG 8	Decent Work and Economic Growth	Health & Safety KPI Diversity & Opportunity KPI Employment Quality KPI Training & Development KPI
SDG 9	Industry, Innovation and Infrastructure	Products
SDG 11	Sustainable Cities and Communities	Community Impact KPI or companies that facilitate access to basic services[2]
SDG 12	Responsible Consumption and Production	Energy KPI Waste KPI Water KPI Product Responsibility KPI
SDG 13**	Climate Action	Air KPI or Net Zero[1]
SDG 15	Life on Land	Ecosystem KPI
SDG 16	Peace, Justice and strong institutions	Business Integrity KPI

*** SDG 3 "Good Health and Well-being" is assigned to companies in healthcare or pharmaceutical related sectors provided they don't have significant controversies in the following areas: ecosystems, water, waste, health and safety, community impact and product responsibility.**

**** SDG 7 is attributed by measuring renewable energy consumption or production. The former is given when the consumption of renewable energy is >75% of total energy consumed. The latter is attributed only to utilities producing more than 25% production of renewable energy with less than 50% exposure to fossil fuels (revenues) and where the ratio between renewable production and fossil fuel exposure is > 2. Companies with a fossil fuel exposure above 20% are in any case generally excluded from the labelling of the SDG 7 and SDG 13.**

A company that promotes E&S factors must therefore provide a positive contribution to SDGs above, as measured with the GRIP methodology, and this is defined by the fact the company has at least one specific Sustainable Development Goal (SDG) score that is better than the specific SDG average, while also respecting the usual "Standards" highlighted above. In some cases, a more qualitative assessment mainly based on revenues derived from specific activities or on behavioural characteristics of the company can be performed to assign a specific SDG. As an additional control all SDG attribution goes through a final controversy check: if a company shows significant litigation referred to the SDG in focus, the attribution of the SDG will be neglected.

[1] See further details in Chapter 4

Sovereign SDGs Promotion

The promotion of countries is determined through two combined assessments.

The first assessment has a negative tilt and has the aim to replicate the UN Global Compact assessment that focuses on respect of Human Rights in different domains, environmental protection, and anti-corruption practices. It removes from the potential list of countries promoting SDG all the countries that have a normalized score below 25% in one of the following three key indicators—Human Rights, Carbon Emissions Intensity, and Control of Corruption.

The second assessment has on the other hand a positive tilt and exploits the Sustainable Development Report[2], which evaluates the approach of countries towards the 17 SDGs. If a country has reached the targets or is moving towards them, it is considered as promoting that specific indicator.

The final determination of promotion characteristics is therefore a combination of these two assessments. If a country qualifies as a promotion country according to the second assessment (SDG index) but does not meet the criteria for promotion in the first one, it is not considered a promotion country. We cover all the 17 SDGs for Sovereign investments.

4. Sustainable companies

The definition of sustainable companies goes through a stricter screening, even before looking into the merits of the investment. In addition to the exclusion of companies in breach of main Standards highlighted above, more controls are put in place to check the respect of the main Adverse Sustainability Indicators. As such the following categories of investments are generally not considered sustainable, irrespectively of any possible positive contribution:

- Investments with more than 20% exposure to fossil fuels.
- Investment considered to harm other environmental objectives (See the EU Taxonomy chapter for more details).
- Investments not respecting the minimum standards with respect to labour and human rights
- Investment exposed to very high controversies in the gender equality space.
- Investments involved in controversial weapons or with more than 5% revenues exposure to tobacco and gambling.
- Minimum governance standard as measured by a weak (<25%) Corporate Governance KPI and exposure to a significant level of controversies with respect to bribery, corruption or employment quality.

To monitor the above we are informed by externally sourced lists or data provided by Sustainalytics, Urgewald, RepRisk and internal analysis.

EU Taxonomy aligned Investments

While, due to limited data availability we do not consider EU Taxonomy alignment as a specific category for the time being, we provide a brief description as those companies are in any case considered sustainable.

In order to meet the EU's climate and energy targets for 2030 and to achieve the objectives of the European Green Deal, the EU Commission defined a Taxonomy of activities they consider to be sustainable, and a set of additional rules companies must respect to be considered Taxonomy aligned. Taxonomy firms must contribute to at least one of the following six environmental objectives, Do No Significantly Harm (DNSH) any of the others, while respecting basic human rights, labour standards and technical criteria:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Under the DNSH concept a company providing a positive contribution to climate change mitigation but significantly harming biodiversity, as an example, cannot be considered Taxonomy aligned.

These specific requirements ensure high-quality standards, but as highlighted previously, data availability is still poor. As such, EFGAM decided not to consider EU Taxonomy alignment as a specific category in its products, meaning that investment that could potentially be defined as aligned with the EU Taxonomy are more simply considered Sustainable, when they have at least 25% of revenues or capex derived from Taxonomy aligned activities.

[2] https://dashboards.sdgindex.org/

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Other environmentally sustainable or socially responsible investments

This second bucket of investments includes those "contributing to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy" or investments contributing "to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities". EFGAM identified a few typologies of companies that can be considered sustainable. Under this bucket fall:

1. **Net Zero companies:** companies with demonstrable GHG emissions reduction goals in line with the Net Zero goal set out by the Paris Agreement of limiting temperatures below 2°C.

2. **Sustainable activities:** companies with a majority of revenues derived from a specific list of activities managed by the ESG team. The list covers activities such as clean energy, environmental restoration, sustainable mobility etc. The list also contains companies within Pharma and Utilities that facilitate access to basic services to disadvantaged people or communities.

3. **Sustainable Financing:** ICMA certified Green bonds or loans with sustainable characteristics.

Net Zero Alignment

To define the Net Zero alignment of companies, EFGAM built its "Climate Engine" where yearly emission intensities (tons of CO_2e / revenues) are forecasted and plotted according to sectorial falling emission pathways defined by the Science Based Target Initiative which reaches Net Zero in 2050, thereby being in line with the Paris Agreement of limiting temperatures below 2°C. Companies staying below those pathways are considered aligned with Net Zero.

Sustainable activities

EFGAM manages an internal list of activities (see Appendix 1) that can be considered sustainable. These activities are fundamental for transitioning to an environmentally conscious and socially responsible economy. For a company to be considered sustainable the exposure to those activities must represent more than 25% of its revenues. The remaining activities, if any, must of course not damage the above highlighted objectives, meaning the DNSH principle applies.

This category, without reference to revenues, also covers pharma and utility companies that provide free or easy access to basic services such as medicines, patents, electricity or heating to people in need in developing or developed countries.

Green or sustainability bonds

Green or sustainability bonds that are covered by ICMA or Green Bonds Standards, or in the future by the EU Green bonds standards, are considered sustainable investments, even if they are issued by companies that are not considered sustainable. We believe that financing non-sustainable companies to decarbonise and improve their sustainability profile are considered a fundamental step in achieving climate goals and societal needs.

5. Other relevant information

Weapons and Armaments

We acknowledge the definition of weapons can create some confusion among companies, asset managers and investors. Weapons can be defined as tools or devices designed or used for inflicting harm or physical damage. Under this definition a gun is certainly a weapon while a military jet might not be. To be more transparent and avoid confusion we decided to adopt a wider definition that focuses on the revenues generated by the company from the sale of vehicles, planes, armaments, and combat materials used by the military. This definition:

- Considers the total amount of revenue generated from services/products which are oriented toward armaments or warfare

- Considers if the company provides products or services which are specifically designed, engineered and produced for use in weapons systems and combat materials such as military aircraft, combat vehicles, bombs, and other combat devices

- Includes if the company provides services such as maintaining armaments or if it involves training of personnel for combat or producing radars and surveillance equipment for the military

- Considers information if the company has a stake in another company involved in armaments

- Is not considered related to dual-use products that are used in both civil and military applications such as trucks, land-moving equipment, semiconductors, general communications devices, software, etc.

- It is mostly relevant for the industrial, technology as well as commodity chemicals sectors

New Capital funds that apply a filter for armaments will only refer to the broad definition of armaments as above and when applicable will not invest in companies with revenues from armaments above 5%.

EFGAM, on the other hand, do not invest in controversial weapons i.e. companies that produce or sell landmines, cluster bombs, biological warfare or nuclear weapons to countries that didn't sign the "Nuclear non proliferation treaty". The data are sourced from the "Swiss Association for Responsible Investments".
(https://svvk-asir.ch/en/exclusion-list)

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Appendix 1 (Sustainable activities)[3]

Category	Activity	SDG	
Water	Construction, Extension and Operation of Wastewater Collection and Treatment	SDG 6 - Clean Water and Sanitation	SDG 13 - Climate Action
	Construction, Extension and Operation of Water Collection, Treatment and Supply Systems		
	Renewal of Waste Water Collection and Treatment		
	Renewal of Water Collection, Treatment and Supply Systems		
Waste	Anaerobic Digestion of Bio-waste	SDG 12 - Responsible Consumption and Production	
	Anaerobic Digestion of Sewage Sludge		
	Collection and Transport of Non-hazardous Waste in Source Segregated Fractions		
	Composting of Bio-waste		
	Landfill Gas Capture and Utilization		
	Material Recovery from Non-hazardous Waste		
	Production of Heat/cool from Bioenergy		
	Production of Heat/cool Using Waste Heat		
Chemicals	Manufacture of Chlorine	SDG 9 - Industry, Innovation and Infrastructure	
	Manufacture of Organic Basic Chemicals		
Energy efficiency	Data-driven Solutions for GHG Emission Reduction	SDG 11 - Sust. Cities and Communities	
	District Heating/Cooling Distribution		
	Installation, Maintenance and Repair of Energy Efficiency Equipment		
	Manufacture of Energy Efficiency Equipment for Buildings		
	Professional Services Related to Energy Performance of Buildings		
	Renovation of Existing Buildings		
	Installation, Maintenance and Repair of Instruments and Devices for Measuring, Regulation and Controlling Energy Performance of Buildings		
	Installation and Operation of Electric Heat Pumps		
Mobility	Infrastructure Enabling Low-carbon Road Transport and Public Transport		
	Infrastructure Enabling Low-carbon Water Transport		
	Installation, Maintenance and Repair of Charging Stations for Electric Vehicles in Buildings (and Parking Spaces Attached to Buildings)		
	Operation of Personal Mobility Devices, Cycle Logistics		
	Passenger Interurban Rail Transport		
	Low carbon airport infrastructure		
Sustainable energy	Electricity Generation from Bioenergy	SDG 7 - Affordable and Clean Energy	
	Electricity Generation from Geothermal Energy		
	Electricity Generation from Hydropower		
	Electricity Generation from Renewable Non-fossil Gaseous and Liquid Fuels		
	Electricity Generation from Wind Power		
	Electricity Generation Using Concentrated Solar Power (CSP) Technology		
	Electricity Generation Using Solar Photovoltaic Technology		
	Electricity Generation using Nuclear (mitigation)		
	Installation, Maintenance and Repair of Renewable Energy Technologies		
	Manufacture of Batteries		
	Manufacture of Equipment for the Production and Use of Hydrogen		
	Manufacture of Other Low Carbon Technologies		
	* Manufacture of Hydrogen		
	Cogeneration of Heat/cool and Power from Bioenergy		
	Manufacture of Renewable Energy Technologies		
	Storage of Electricity		
	Storage of Thermal Energy		
	Transmission and Distribution of Electricity		
	Retrofitting of sea and coastal freight and passenger water transport		
Carbon neutral ecosystem management	Conservation Forestry	SDG 15 - Life on Land	
	Forest Management		
Carbon negative ecosystem management	Afforestation		
	Rehabilitation and Restoration of Forests, Including Reforestation and Natural Forest Regeneration After an Extreme Event		
	Restoration of Wetlands		
	Research, Development and Innovation for Direct Air Capture of CO2		
	Transport of CO2		
	Underground permanent geological storage of CO2		
Adaption activities only	Engineering activities and related technical consultancy dedicated to adaptation to climate change		
	Non-life insurance: underwriting of climate-related perils		
	Reinsurance		
	Education		

[3] The list is subject to change without notice and will be updated irregularly

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Appendix 2

		SDG 3	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 11	SDG 12	SDG 13	SDG 15	SDG 16
P[1]	Industry exposure	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗
	KPI Score (GRIP)	(✓)	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓
SS[2]	Access to basic services - Pharma	✓	✗	✗	✓	✗	✗	✓	✗	✗	✗	✗
	Access to basic services - Utilities	✗	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗
ES[3]	Biodiversity & Ecosystems - Main Activity	✗	✗	✗	✗	✗	✗	✗	✗	✗	✓	✗
	Pollution Control - Main Activity	✗	✗	✗	✗	✗	✗	✗	✗	✗	✓	✗
	Water - Main Activity	✗	✗	✓	✗	✗	✗	✗	✗	✗	✓	✗
	Waste - Main Activity	✗	✗	✓	✗	✗	✗	✗	✗	✗	✓	✗
	Circular economy - Main Activity	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✗
	Climate Change Adaptation - Main Activity	✗	✗	✗	✗	✗	(✓)	(✓)	✗	✓	✗	✗
	Climate Change Mitigation - Main Activity	✗	✗	✗	(✓)	✗	✗	✗	✗	(✓)	(✓)	✗
T[4]	Biodiversity and Ecosystems - Revenues*	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Pollution Control - Revenues*	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Water - Revenues*	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Waste - Revenues*	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Circular economy - Revenues*	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Climate Change Adaptation - Revenues*	✗	✗	✗	✗	✗	(✓)	(✓)	✗	✓	✗	✗
	Climate Change Mitigation - Revenues*	✗	✗	✗	(✓)	✗	✗	✗	✗	✓	✓	✗

Key:

SDG 3 - Good Health and Well Being
SDG 5 - Gender Parity
SDG 6 - Clean Water and Sanitation
SDG 7 - Affordable and Clean Energy
SDG 8 - Decent Work and Economic Growth
SDG 9 - Industry, Innovation and Infrastructure
SDG 11 - Sustainable Cities and Communities
SDG 12 - Responsible Consumption and Production
SDG 13 - Climate Action
SDG 15 - Life on Land
SDG 16 - Peace, Justice and Strong Institutions

[1] PROMOTION - Based on SDGs score
[2] SOCIALLY SUSTAINABLE - Main focus in activities with measurable social impact
[3] ENVIRONMENTALLY SUSTAINABLE - Main focus in Taxonomy aligned activities, but no granular data
[4] TAXONOMY - Revenues in the specific activity must be >25%

*Combined with stricter control on controversies

✓ Positive contribution

(✓) Possible contribution, to be assessed on the basis of the activity

✗ No contribution or no Taxonomy rules yet available

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Appendix 3

Sectors Map	SDG 5	SDG 6	SDG 8	SDG 9	SDG 11	SDG 12	SDG 13	SDG 15	SDG 16
Automobiles & Components	1	1	1	1	1	1	1	1	1
Banks	1	0	1	0	1	0	1	0	1
Commercial & Professional Services	1	1	1	1	1	1	1	1	1
Consumer Durables & Apparel	1	1	1	0	1	1	1	1	1
Consumer Services	1	0	1	0	1	0	1	0	1
Diversified Financials	1	0	1	0	1	0	1	0	1
Energy	1	0	1	0	1	1	1	1	1
Food & Staples Retailing	1	1	1	0	1	1	1	1	1
Food Beverage & Tobacco	1	1	1	1	1	1	1	1	1
Health Care Equipment & Services	1	0	1	1	1	1	1	0	1
Capital Goods	1	1	1	1	1	1	1	1	1
Household & Personal Products	1	1	1	1	1	1	1	1	1
Insurance	1	0	1	0	1	0	1	0	1
Media	1	0	1	0	1	1	1	0	1
Media & Entertainment	1	0	1	0	1	1	1	0	1
Materials	1	1	1	1	1	1	1	1	1
Pharmaceuticals Biotechnology & Life Sciences	1	0	1	1	1	1	1	1	1
Real Estate	1	1	1	0	1	1	1	1	1
Retailing	1	1	1	0	1	1	1	1	1
Semiconductors & Semiconductor Equipment	1	1	1	1	1	1	1	1	1
Software & Services	1	0	1	1	1	1	1	0	1
Technology Hardware & Equipment	1	1	1	1	1	1	1	1	1
Telecommunication Services	1	0	1	1	1	0	1	0	1
Transportation	1	0	1	1	1	1	1	1	1
Utilities	1	1	1	1	1	1	1	1	1

Key:

SDG 5 - Gender Equality
SDG 6 - Clean Water and Sanitation
SDG 8 - Decent Work and Economic Growth
SDG 9 - Industry, Innovation and Infrastructure
SDG 11 - Sustainable Cities and Communities
SDG 12 - Responsible Consumption and Production
SDG 13 - Climate Action
SDG 15 - Life on Land
SDG 16 - Peace, Justice and Strong Institutions

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