



# CLIMATE TRANSPARENCY REPORT 2019

Etica SGR

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-0BE5273B-1FC5-4D83-9D47-F017F5A120FF/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-0BE5273B-1FC5-4D83-9D47-F017F5A120FF/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Etica SGR
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 1 - 4.99 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2009
<b>Region</b>	Europe
<b>Country</b>	Italy
<b>Disclosure of Voluntary Indicators</b>	71% from 38 Voluntary indicators

# Etica SGR

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

#### Other description (1)

The ESG assessment of eligible issuers takes into consideration various aspects of issuer responsibility, including governance of sustainability at Board level, environmental impact, social impact and reputational risk of the issuers at group level.

Other RI considerations, specify (2)

#### Other description (2)

Etica Sgr considers positively the possession of certification for: Social Accountability SA8000; International Organisation for Standardization for ISO9001 and ISO14001; Environmental Management and Audit Scheme-EMAS; Occupational Health and Safety Assessment Series-OHSAS18001; the reporting model of sustainability performance compliant with new GRI-standards.

#### SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

The English version of the investment policy "Sistema Etica Fund Rules" is publicly available from Company's website at the following link <https://www.eticasgr.com/en/retail-clients/documents>.

The article 5 titled "Social / Environmental Criteria" indicates that funds of "Sistema Etica" will be invested in financial instruments from issuers (governments, companies, supranational bodies) which, at the time of investment, have an excellent profile in terms of social and environmental responsibility and good governance. To identify these issuers, Etica Sgr uses a proprietary methodology. Companies are analysed according to an assessment of several criteria in the Environmental, Social and Governance areas. The weight of the criteria depends on its materiality for the sector of the company analysed.

Since 2017, Etica Sgr releases the "Impact Report" in which it measures the social, environmental and governance impact of its equity investments which pass the positive screening process and which have been chosen to invest. Furthermore, the indicators chosen to measure the impact have been linked to the UN Sustainable Development Goals.

For further details please refer to: <https://www.eticasgr.com/en/responsible-investment/our-impact/impact-report>

#### SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Every security included in Etica Sgr Investable Universe is subject to a double screening: a negative screening based on exclusion criteria of specific sectors/activities and a positive analysis based on environmental, social and governance-related criteria.

**Linea Valori Responsabili:** The mutual funds belonging to Linea Valori Responsabili invest in businesses and countries that adopt positive ESG practices (environmental, social and corporate governance), taking a global approach to themes and sectors. Currently Linea Valori Responsabili includes five mutual funds covering all the main risk/return profiles.

Excluded sectors/activities are, among others, weapons, tobacco, gambling, nuclear energy, pesticides, activities harmful to human rights and other controversial activities, excluding firms doing business in these fields. Three sectors: financial, oil and mining are suspended (i.e. not invested). In addition, Etica Sgr does not invest in government bonds issued by countries that retain the death penalty or do not guarantee political freedoms and civil rights.

Companies passing the negative screening are assessed according to a positive analysis based on environmental, social and governance criteria. Each criterion gets a composite score based on an evaluation of multiple indicators for policy, implementation and performance. Only issuers whose scores exceed an absolute threshold and rank as the best in their sector ("Best in Class" approach) are admitted to the Investable Universe of the funds. Further details are available at the following link:

<https://www.eticasgr.com/en/responsible-investment/selection-of-securities/linea-valori-responsabili-selection>

**Linea Futuri Responsabili:** The mutual funds belonging to Linea Futuri Responsabili pay particular attention to a specific investment theme, with securities selected on the basis of a scrupulous analysis of the issuers' social and environmental responsibility. Currently the line is composed of one mutual fund, Etica Impatto



Clima, which focuses on climate change. The fund diversifies the investment on stock markets around the world, selecting, through a careful socio-environmental analysis, the securities of the best performing companies in terms of social responsibility. The main focus is the attention to the transition to a low carbon economy balancing equity market opportunities with a solid base in bonds. In particular, Etica Impatto Clima fund admits in its Investable Universe the financial instruments classified as Green Bond.

Further details are available at the following link: [https://www.eticasgr.com/en/responsible-investment/selection-of-securities/linea\\_futuri\\_responsabili\\_selection](https://www.eticasgr.com/en/responsible-investment/selection-of-securities/linea_futuri_responsabili_selection)

The whole process conducted internally by Etica Sgr, and the whole process of the Analysis and Research Area is certified according to UNI EN ISO9001:2015 quality standard.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Etica Sgr analyses the impact of climate change related factors in terms of risk-opportunities for issuers in the portfolios. Since 2017, Etica Sgr' Risk Manager has realized a proprietary statistical and predictive metrics to estimate ESG risk: the Value at Risk metrics based on the statistical measure of Entropy focused on environmental, social and corporate governance related factors, and the new Tensorial Risk Metrics. The risk models consist of assigning to each security in portfolio an ESG score which is higher for the securities of virtuous firms and countries, and lower for those least attentive to these issues. This enables to organize the securities into ESG risk classes. This distribution reveals that ESG risk is lower the more the securities attentive to environmental, social and governance questions are concentrated in the higher scoring classes. For the new fund "Etica Impatto Clima", ESG Risk metrics has been adapted in order to be applied on its ESG score, which is focused on Environmental domain.

Etica Sgr's ESG risk metrics opens the way to the introduction of an innovative and rigorous approach, partly thanks to the demonstration of a strong statistical correlation with traditional financial portfolio risk; results of calculation of ESG risk metrics show that environmental and social factors contribute to overall financial risks implicit in the equities and bonds price for about 5 to 12%.

In terms of opportunities, Etica Sgr in 2018 has created the new line called "Linea Futuri Responsabili" and launched the new fund: Etica Impatto Clima. The investment strategy of the fund pays particular attention to a specific investment theme, with securities selected on the basis of a scrupulous analysis of the issuers' environmental and social responsibility and the main opportunity is related to select "Best-in-Class" issuers related to low-carbon economy. The investment policy, and analysis, is integrated with data on the impact of issuers operations on the environment and respective issuers transition to a low carbon economy (i.e. multi-year corporate targets on emissions reduction and use of renewable energies) and with an assessment of the reputational risk of each individual issuer.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

**SG 01.8  
CC**

Indicate the associated timescales linked to these risks and opportunities.

Etica Sgr established a set of KPIs to monitor its environmental impact, deriving from business as usual operations. All KPIs refer to a timescale of 3 years while the progress is conducted on annual basis.

No

**SG 01.9  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Etica Sgr established a set of KPIs to monitor its environmental impact, deriving from business as usual operations. . In addition to the KPIs, the company assesses: its Carbon Footprint and compensation activities to reach its targets; the Carbon Footprint of the investments of the funds (equity portion); part of the engagement activities with issuers in the portfolios are focused on climate change (in line with SDG 13).

No

**SG 1.12  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

Public PRI Climate Transparency Report

Annual financial filings

Regular client reporting

Member communications

Other

specify

In 2018 Etica Sgr implemented the reporting of Carbon Footprint of investments following the recommendations of the Task Force in Climate related Financial Disclosure (TCFD).

**SG 02**

**Mandatory**

**Public**

**Core Assessed**

**PRI 6**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1**

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

- URL

URL

{hyperlink:<https://www.eticasgr.com/en/retail-clients/documents>}

- Attachment (will be made public)

Attachment

[File 1:EticaSgr\\_Fund\\_Rules\\_EN\\_ott18 \(6\).pdf](#)

- Formalised guidelines on environmental factors

URL/Attachment

- URL

URL

{hyperlink:<https://www.eticasgr.com/en/responsible-investment/selection-of-securities>}

- Attachment (will be made public)

- Formalised guidelines on social factors

URL/Attachment

- URL

URL

{hyperlink:<https://www.eticasgr.com/en/responsible-investment/selection-of-securities>}

- Attachment (will be made public)

- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

{hyperlink:<https://www.eticasgr.com/en/responsible-investment/selection-of-securities>}

- Attachment (will be made public)

- Sector specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.eticasgr.com/en/responsible-investment/selection-of-securities}

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:https://www.eticasgr.com/en/responsible-investment/selection-of-securities}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:https://www.eticasgr.com/en/responsible-investment/engagement-by-etica-sgr/etica-sgr-engagement-and-shareholder-activism-guidelines}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://www.eticasgr.com/en/responsible-investment/engagement-by-etica-sgr/etica-sgr-engagement-and-shareholder-activism-guidelines}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

**SG 02.2**

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{[hyperlink:https://www.eticasgr.com/en/responsible-investment/selection-of-securities](https://www.eticasgr.com/en/responsible-investment/selection-of-securities)}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{[hyperlink:https://www.eticasgr.com/en/responsible-investment/our-impact/impact-report](https://www.eticasgr.com/en/responsible-investment/our-impact/impact-report)}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{[hyperlink:https://www.eticasgr.com/en/retail-clients/ethical-funds](https://www.eticasgr.com/en/retail-clients/ethical-funds)}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{[hyperlink:https://www.eticasgr.com/en/retail-clients/documents](https://www.eticasgr.com/en/retail-clients/documents)}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{[hyperlink:https://www.eticasgr.com/en/responsible-investment/selection-of-securities/linea-valori-responsabili-selection](https://www.eticasgr.com/en/responsible-investment/selection-of-securities/linea-valori-responsabili-selection)}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.eticasgr.com/en/responsible-investment/engagement-by-etica-sgr/italian-principles-of-stewardship}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.eticasgr.com/en/responsible-investment/our-impact/impact-report}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.eticasgr.com/en/responsible-investment/our-impact/carbon-footprint}

Attachment

Other RI considerations, specify (1)

Other RI considerations, specify (2)

We do not publicly disclose any investment policy components

## Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees

Oversight/accountability for climate-related issues

Assessment and management of climate-related issues

No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other Chief-level staff or head of department
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other role, specify (1)
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	Other description (1)
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Other role, specify (1)

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

<b>SG 07.6 CC</b>	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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Etica Sgr is the first Italian asset management company to have signed the Montreal Carbon Pledge in 2015. Since then, Etica Sgr is committed to measure and report the carbon footprint of its investments on an annual basis. Every year, the Board of Directors of Etica Sgr oversees the results of the carbon footprint assessment with three strategic objectives: 1) Positioning the portfolio towards more sustainable companies in relation to environmental and climate change strategies (i.e. companies committed to keep global warming under 2°C, in line with COP 21 targets); 2) Improving the risk-return profile of the equity portfolio (i.e. reducing exposure in companies without robust environmental risk mitigation plans); 3) Obtaining climate change related data and information (i.e. GHG emissions; climate change performance) useful for engagement with companies in the equity portfolio.

**SG 07.7  
CC**

For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.

Etica Sgr is the first Italian asset management company to have signed the Montreal Carbon Pledge in 2015. Since then, Etica Sgr is committed to measure and report the carbon footprint of its investments on an annual basis. Every year the CEO oversees the results of the carbon footprint assessment with three strategic objectives: 1) Positioning the portfolio towards more sustainable companies in relation to environmental and climate change strategies (i.e. companies committed to keep global warming under 2°C, in line with COP 21 targets); 2) Improving the risk-return profile of the equity portfolio (i.e. reducing exposure in companies without robust environmental risk mitigation plans); 3) Obtaining climate change related data and information (i.e. GHG emissions; climate change performance) useful for engagement with companies in the equity portfolio.

## ESG issues in asset allocation

**SG 13**

**Mandatory**

**Public**

**Descriptive**

**PRI 1**

**SG 13.1**

Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors

Describe

Etica Sgr performs stress test of its portfolios comparing them with bespoke ESG indices, to estimate potential losses in terms of VaR decomposed by the Environmental, Social and Governance risks factors. Etica Sgr calculates every day a stress tested ESG Risk, based on daily variations of ESG company scores.

- Yes, to assess future climate-related risks and opportunities

Describe

Investment policy for "Etica Impatto Clima" aims to select issuers involved in a low-carbon transition strategy over a medium and long term perspectives. Climate risks highlighted with potential financial impacts are classified on Transition risks for Policy, Market, Technology, Reputation, and Physical risks over different asset class and sectors.

- No, not to assess future ESG/climate-related issues

**SG 13.2**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

Allocation related to active ownership objectives of the year related to the Engagement Plan approved



by the Board of Directors of Etica Sgr.

We do not consider ESG issues in strategic asset allocation

SG 13 CC	Voluntary	Public	Descriptive	General
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<b>SG 13.4 CC</b>	Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.
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- Initial assessment
- Incorporation into investment analysis
- Inform active ownership
- Other

<b>SG 13.5 CC</b>	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

<b>SG 13.6 CC</b>	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
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Yes

	Describe
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Risk management department of Etica Sgr has conducted analysis in short and medium term perspectives for ESG factors. In particular have been identified relevant climate change indicators to define risky variables in short and medium term, moreover in the analysis with medium term timeline have taken into consideration also significant and unforecasted shocks on climate change variables.

No

<b>SG 13.7 CC</b>	Indicate whether a range of climate scenarios is used.
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- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

<b>SG 13.8 CC</b>	Indicate the climate scenarios the organisation uses.
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Provider	Scenario used
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM			54	033	261
Currency	EUR				
Assets in USD			61	646	176

Specify the framework or taxonomy used.

The AuM reported refers to the newly launched fund Etica Impatto Clima which investment policy is focused on selecting issuers with best performance on environmental and social domains, and with particular attention to the transition towards a low carbon economy.

Climate related risks are taken in consideration also for the funds of "Linea Valori Responsabili" for investment decisions making, active ownership and engagement activities to encourage a climate-supportive company activity. Climate related risks and opportunities are taken in consideration throughout the whole investment process for issuers from different sectors where climate change is a significant area of concern (e.g. Utility and Industrial sectors).

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3** Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

Carbon avoided, carbon efficiency, low carbon product; Science Based Targets; CDP Score; Investments for emissions reduction.

- None of the above

**SG 14.5** Additional information [Optional]

Please consider that data of Scope 1 and Scope 2 emissions of companies in portfolio are not used in the calculation of ESG risk metrics for the environmental variables per se. They are condensed in the indicator "GHG emissions management" within the overall ESG assessment.

The definition of targets, in terms of absolute targets and intensity targets, depends on the disclosure of companies included in the overall equity portfolios.

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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**SG 14.6 CC** Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	This metric is used to steer portfolios towards sustainability, improve the risk-return ratio of the equity portfolio and obtain relevant information for engagement with companies.	Tons CO2e / \$M revenue	Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value), rather than the equity ownership approach (as described under methodology for Total Carbon Emissions).
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	This metric is used to steer portfolios towards sustainability, improve the risk-return ratio of the equity portfolio and obtain relevant information for engagement with companies.	Tons CO2e / \$M invested	<p>Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach as described under methodology for Total Carbon Emissions.</p> <p>The current portfolio value is used to normalize the data.</p> <p>As reported by TCFD Annex weaknesses of this metric include: metric does not take into account differences in the size of companies (e.g., does not consider the carbon efficiency of companies) and changes in underlying companies' market capitalization can be misinterpreted.</p>
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	This metric is used to steer portfolios towards sustainability, improve the risk-return ratio of the equity portfolio and obtain relevant information for engagement with companies.	Tons of CO2e	<p>Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach. Under this approach, if an investor owns 5 percent of a company's total market capitalization, then the investor owns 5 percent of the company as well as 5 percent of the company's GHG (or carbon) emissions.</p> <p>As reported by TCFD Annex weaknesses of this metric include: metric is generally not to be used to compare portfolios because the data are not normalized and changes in underlying companies' market capitalization can be misinterpreted.</p>
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	This metric is used to steer portfolios towards sustainability, improve the risk-return ratio of the equity portfolio and obtain relevant information for engagement with companies.	Tons CO2e / \$M revenue	<p>Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach as described under methodology for Total Carbon Emissions.</p> <p>The company's (or issuer's) revenue is used to adjust for company size to provide a measurement of the efficiency of output.</p> <p>As reported by TCFD Annex weaknesses of this metric include: changes in underlying companies' market capitalization can be misinterpreted.</p>
<b>Exposure to carbon-related</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority	This metric is used to steer portfolios towards sustainability, improve the risk-return ratio of the	\$M and %	This metric focuses on a portfolio's exposure to sectors and industries considered the most GHG emissions intensive according to TCFD sector

<b>assets</b>	of assets <input type="checkbox"/> Minority of assets	equity portfolio and obtain relevant information for engagement with companies.		classification. As reported by TCFD Annex weaknesses of this metric include: metric does not provide information on sectors or industries other than those included in the definition of carbon-related assets (i.e., energy and utilities sectors under the Global Industry Classification Standard excluding water utilities and independent power and renewable electricity producer industries).
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<b>SG 14.8 CC</b>	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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Process for climate-related risks is integrated into overall risk management

	Please describe
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Climate-related risks are integrated into overall risk management process to explain their impact into risk-profile of single issuers, asset classes, and sectors. Risk Management department conducts analysis in short and medium term perspective for environmental, social and governance component of VaR. In particular, relevant climate change indicators have been identified to determine risky variables in short and medium term. The analysis with medium-term timeline takes into consideration also significant and un-forecasted shocks on climate change variables in relation to unpredicted impact in financial variables.

Process for climate-related risks is not integrated into our overall risk management

<b>SG 14.9 CC</b>	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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Yes

	Please describe
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Etica Sgr engaged with companies from various sectors to encourage better disclosure on climate change with the aim of improving data availability and enable an improved ability to access. Some example of engagement activities are: recommendation of setting up a public policy on managing climate change related risks with specific targets on emissions reduction within a timeframe; encouraging wider disclosure on reporting annual performance towards targets; encouraging the adoption of Science-Based-Targets (in line with TCFD recommendations); encouraging the investments for a low-carbon economy with in products and/or better technology; adoption of scenario analysis.

Etica Sgr engaged in collaboration with CDP network in the "Non-Disclosing Campaign" and took leadership position for 1 Italian Company invested in its equity portfolio.

No, we do not engage

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

**SG 15.2** | Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

100

**SG 15.3** | Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Energy efficiency / Clean technology
- Renewable energy
- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

Etica Sgr allocates 100% of its assets for equity and bond portfolio on specific environmental and social themed areas without any limit defined ex ante.

Asset class invested

- Listed equity

% of AUM

100

- Fixed income - SSA

% of AUM

100

- Fixed income - Corporate (financial)

% of AUM

100

- Fixed income - Corporate (non-financial)

% of AUM

100

- Fixed income - Securitised
- Cash

Brief description and measures of investment

Etica Sgr identifies megatrends for environmental and social areas, classified as relevant for companies in the investable universe and link them to engagement activities with investee Companies. In 2018, main areas of interests have been, among others: Energy efficiency and Clean technology; Renewable energy; Sustainable agriculture.

No