



Solicited Sustainability Ratings

Press Release

London, 22 November 2023

Standard Ethics assigns the sustainability rating for **Snam's Euro-Commercial Paper Programme for the Issuance of Notes and ESG Notes**

London, 22 November 2023. Standard Ethics has assigned the Security Standard Ethics Rating (SER) "EE+" to **Snam S.p.A.'s Euro-Commercial Paper Programme for the Issuance of Notes and ESG Notes** (the "ECP Programme"), which has today been renewed by increasing the size up to €3.5 billion.

Snam, an operator in the energy infrastructure sector globally and active in the transportation, regasification and storage of natural gas, established its ECP Programme in 2018, aimed at issuing short-term debt securities called "euro-commercial papers" ("Notes"). The ECP Programme, which has been renewed in 2019 and 2020 by increasing the size from EUR 1 billion to EUR 2.5 billion, also integrates the Environmental, Social and Governance ("ESG") component, thus enabling it to also issue **ESG Notes**, which are the subject of the Security Standard Ethics Rating.

The Company is playing a key role in Italy and Europe to ensure the 'Security of Supply' of energy within the context of the gas supply crisis caused by the Russian invasion of Ukraine. **Snam** is clearly committed to the Energy Transition and the technological development of biomethane and hydrogen-based resources. Moreover, it has launched a set of initiatives, mainly in the energy and environmental sectors, with a high technical, scientific, and innovative content in order to reduce climate-altering gas emissions (carbon dioxide and methane).

Snam's corporate bodies enjoy a high level of independence and show diversity of skills. The Company's governance of Sustainability and Sustainability strategies are in line with **UN**, **OECD** and **EU** guidelines. **ESG** (Environmental, Social and Governance) reporting and **ESG** Risk Management follow European best practices.

Snam's renewed **Programme** seems to be supporting the financing of the Company's Sustainability targets and the implementation of its various initiatives. **The Programme** does not show features that could have a negative impact on the Company's strategic targets, and it increases the Company's financial resilience, especially in a stressful phase as the current one.

**** SEE METHODOLOGICAL NOTE BELOW ^{1 2} ****

¹ For the definitions of Sustainability and ratings adopted by Standard Ethics, please see: <https://www.standardethics.eu/company/esg-definitions>

² Standard Ethics takes into account Press Release Guidelines published by ESMA.



Security Standard Ethics Rating [^{sec}SER]: **EE+**
Long Term Expected ^{sec}SER [3y to 5y]: **Stable**

Applicant: **Snam S.p.A.**
Listing: Milan Stock Exchange
ISIN: IT0003153415
Market Capitalisation: 15.2 Bn Euro
Sector: Utilities
Industry: Utilities
Type of SER: Security
Date: 22 November 2023
Expiry Date: 22 November 2024
Last action: -
Previous SER: -
Instrument: **Euro-Commercial Paper Programme for the Issuance of Notes and ESG Notes**
ISIN:
Issue/Amount/Expiry 25.11.23 / 3.5 BLN EURO / 3Y
Type of document: Sustainability Security Rating Report

Level of Compliance

EEE	EEE-	EE+	EE	EE-	E+	E	E-	F
Full	Excellent	Very strong	Strong	Adequate	Non-compliant	Low	Very Low	Lowest level
Sustainable					Not Fully Sustainable		Not Sustainable	

Summary:

Snam is a worldwide energy infrastructure operator. The Company's activities involve transportation, regasification and storage of natural gas. Snam is the issuer of the Euro-Commercial Paper Programme for the issuance of Notes and ESG Notes ("the Programme"), the subject of the Security Standard Ethics Rating.

The Company is playing a key role in Italy and Europe to ensure the 'Security of Supply' with regards to the gas supply crisis due to the Russian invasion of Ukraine. Snam is clearly committed to the Energy Transition and the technological development of biomethane and hydrogen-based resources. It has launched a set of initiatives, mainly in the energy and environmental sectors, with a high technical, scientific and innovative content in order to reduce climate-altering gas emissions (carbon dioxide and methane).

Snam's corporate bodies enjoy a high level of independence and show diversity of skills. The Company's Governance of Sustainability and Sustainability strategies are in line with UN, OECD and EU guidelines. ESG (Environmental, Social and Governance) reporting and ESG Risk Management follow European best practices.

Snam's new Commercial Paper Programme seems to be supporting the financing of the Company's Sustainability targets and the implementation of its various initiatives. The Programme does not show features that could have a negative impact on the company's strategic targets and it increases the Company's financial resilience, especially in a stressful phase as the current one.

Important Legal Disclaimer: All rights reserved. Ratings, analyses and statements are statements of opinion as of the date they are expressed and not statements of fact. Standard Ethics' opinions, analyses and ratings are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. Standard Ethics Ltd does not act as a fiduciary or an investment advisor. In no event shall Standard Ethics Ltd be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of its opinions, analyses and rating.



All rights reserved ®

Standard Ethics Ltd

167-169 Great Portland Street, Fifth Floor

W1W 5PF London, UK – Company Number: 7703682

Published and produced by SE Research Office

Analysis, research, review: A. Voinich; M. Morello; A. Pirone; L. Inserra

Tracey Waters (Communication Manager)

Hub and Corporate Website in www.standardethics.eu

For all enquiries, please write to: headquarters@standardethics.eu

Recycled Paper



TABLE OF CONTENTS

STANDARD ETHICS	5
STANDARD ETHICS RATING.....	5
SE ANALYSIS UNIT.....	6
RESEARCH OFFICE AND RATING COMMITTEE	6
S.E. ALGORITHM OF SUSTAINABILITY®	6
ISSUED RATING	7
FINAL REPORT.....	8
ISSUER.....	8
1. FAIR COMPETITION, MARKET, DOMINANT POSITIONS, MARKET DISTORTIONS	8
2. MARKET WEIGHT, PARTICIPATION AND VOTE IN GENERAL MEETINGS.....	8
3. DIRECTORSHIPS, BOARD, INDEPENDENCE AND CONFLICT OF INTERESTS	9
4. GOVERNANCE OF SUSTAINABILITY, GOVERNANCE, ESG POLICIES, ESG DISCLOSURE	10
5. HUMAN RIGHTS.....	10
ISSUE	11
6. MAIN FEATURES OF THE FINANCIAL INSTRUMENT	11
7. FUTURES ESG AND IMPACTS	11
8. ADDITIONAL TARGETS.....	14
CONCLUSION.....	15
SOURCES.....	16
OTHER SOURCES	16

BACKGROUND, METHODOLOGY, RATING

New elements – such as the evolution of the Internet – have created open and transparent financial markets, in which growing segments of the population participate. This has resulted in:

- greater attention to **extra-financial** factors, both tangible and intangible, with repercussions on the level of trust and credibility of issuers;
- new assessments of the quality and long-term durability of listed financial products, related to both companies (stocks, bonds, green bonds) or institutional issuers (such as government bonds).

Standard Ethics has ascertained that we have reached the end of the classic financial era, which was focused exclusively on economic variables. Despite their fallibility and volatility, regulated markets have evolved and are proving to be the most important and independent system in assessing the long-term **sustainability**³ of numerous human activities.

The Standard Ethics Rating helps refine the strategies, language and ways in which an issuer operates on the market.

STANDARD ETHICS

Standard Ethics Ltd (SE) is a **Self-Regulated Sustainability Rating Agency**⁴ that issues **Non-Financial Solicited Ratings** to companies and sovereign nations.⁵ The Standard Ethics® brand has been around since 2004 in the world of “sustainable finance” and ESG (Environmental, Social and Governance) studies.

Standard Ethics is supervised by internal control and audit offices. The composition of the Board complies with the international guidelines on diversity of nationality, professional skills, independence and gender equality.

STANDARD ETHICS RATING

The Standard Ethics Rating, which has been put to the test over the last 15 years, is a Solicited Sustainability Rating (SSR). It has 3 main characteristics:

- **Solicited:** it is issued only at the request of an applicant, by means of a direct, bilateral and regulated agreement.
- **Standard:** it is always comparable to other ratings, as the methodology and issuance parameters are aligned to pre-established guidelines, and the algorithm takes into account the size and typology of the issuer.
- **Independent:** in order to remain third party to investors, Standard Ethics does not provide any individual investor with advice, analysis or data regarding companies under rating, it does not use the data gathered for asset management advisory services (to banks or funds) and it does not share it with third parties.

³ Standard Ethics synthesizes its vision in three cornerstones of sustainability:

1. Sustainable development policies are about the generations of the future; they have taken on a global dimension; and they are implemented on a voluntary basis. It is up to the main supranational organisations, officially recognised by nations across the globe, to establish the definitions, guidelines and strategies related to sustainable development through science.

2. Economic entities do not define the guidelines, goals and strategies on sustainability: they pursue them to the extent deemed possible.

3. Measuring the sustainability of economic entities means providing comparable and third-party data on their overall compliance with international guidelines.

⁴ In the absence of supervisory bodies and international legislative standards for ESG solicited ratings to corporates, Standard Ethics has, since the beginning of its activity, been self-regulating applying the models of credit rating agencies. In the main: Standard Ethics' clients are the companies that apply for a rating (Applicant-pay Model); in order to remain third party to investors, Standard Ethics does not provide any individual investor with advice, analysis or data regarding companies under rating; in order to offer uniformity in ratings, Standard Ethics has an ethically neutral approach and uses only UN, OECD and EU sustainability recommendations for reference; Standard Ethics uses a proprietary algorithm-based methodology to provide comparability, accuracy and transparency in its assessments; the disclosure of any rating action is regulated by procedures. The indications from ESMA are taken into account; Standard Ethics uses an "analyst-driven process", does not use artificial intelligence or software either in data analysis or in decision-making; Chinese Walls, procedures, compliance offices and independent committees are part of Standard Ethics' structure.

⁵ SE can issue unsolicited ratings to create and maintain national sustainability indices. SE regularly publishes on its website and updates the ratings of listed companies that are components of its indices.

In short, the Standard Ethics Rating is an opinion about the level of compliance by companies (and sovereign nations) in the field of sustainability on the basis of documents and guidelines published by:

- the European Union (EU);
- the Organisation for Economic Cooperation and Development (OECD);
- the United Nations (UN).

Standard Ethics uses an analyst-driven rating process, meaning the analysis performed does not require applicants to fill out forms and questionnaires or to provide any documents other than those already available and that Standard Ethics does not use artificial intelligence or software either in data analysis or in decision-making.

SE ANALYSIS UNIT

According to the methodology, guidelines and procedures of Standard Ethics, the Analysis Unit working on this “Security” rating has carefully analysed the following areas based on the set-up of the Main Transaction Players – MTPs (the areas have been divided into about 40 standard markers):

Main Transaction Players

- Fair competition, market, dominant positions, market distortions;
- Shareholders’ agreements, ownership and shareholders;
- Market weight, participation and vote in general meetings;
- Directorships, board of directors, independence and conflict of interests;
- Governance of sustainability, governance, ESG policies, ESG disclosure;
- Human rights.

Instrument

- Main features of the financial instrument;
- Futures ESG and impacts – in compliance with EU “DNSH” principle (do no significant harm) – with special focus on the following strategic macro-areas:
 - Carbon neutrality (according to the strategic plan & ESG reporting);
 - Circular economy (according to the strategic plan & ESG reporting);
 - Gender equality (according to the strategic plan & ESG reporting)

RESEARCH OFFICE AND RATING COMMITTEE

The Research Office compiles a Final Report and issues a rating based on its review of the work of the Analysis Unit.

The Rating Committee analyses the conformity of the collected data and the ensuing conclusions and it approves the issued rating.

Chinese Walls between the Analysis Unit, the Research Office, the Rating Committee and all other company offices ensure maximum transparency. A Compliance Officer oversees all steps and processes.

S.E. ALGORITHM OF SUSTAINABILITY®

Standard Ethics has developed a **proprietary algorithm**⁶ based on five “standards” and a premium variable – “k” – to process the data provided by the Analysis Unit (F_{cEU} ; $S_{aEU-OECD}$; Mw ; $I_{dEU-OECD}$; $C_{gUN-OECD-EU}$).

⁶ To ensure accuracy and comparability, Standard Ethics does not use weights and KPI based analyses or indicators, but uses a more sophisticated method based on its own proprietary six-group variable algorithm.

The first variable of the formula (F_c) is related to competition, which positively evaluates the company that competes and faces the market in an appropriate way. While it views negatively risky elements such as antitrust, investigations, fines or sanctions, tax evasion or simply a position of privilege that could, in the long run, prove problematic. The metric of the second and third variables (S_a and Mw) are also linked to typical considerations for many long-term institutional investors and analyse the importance of sensitive aspects for minority shareholders or for new shareholders, for example, with regards to shareholder agreements (not justified by operational needs), double voting rights, the presence of a controlling shareholder, conflicts of interest, and low contendibility. The fourth variable (I_d) looks at managerial scope, risk management and control as well as the reporting models and the composition of the Board of Directors, including areas such as independence and gender equality. The fifth (C_g) focuses on ESG factors: to see if the company is aligned with strategies

The balance between the five “standards” is the final pre-assessment underlying the rating.

Fc_{EU} = Fair competition. Main areas: Fair competition, including analysis of dominant positions, market distortions, cartels. Factors that can affect the other variables (Sources: the EU, and the main OECD regulators).

Sa_{EU-OECD} = Shareholders’ agreements. Main areas: Shareholders’ agreements, rights of minority shareholders, access to information (Sources: the EU and OECD, and the main OECD regulators).

Mw = Market weight. Main areas: Shareholding structure, weight and type of major shareholders, potential conflicts of interest in relation to other variables (Sources: mainly OECD regulators).

Id_{EU-OECD} = Independent directorship. Main areas: Structure and quality of boards and executive groups, ESG Risk and Control Management system, Risk Analysis. This standard is most likely to mitigate the risks associated with other variables and can increase the "k" variable. (Sources: the EU and the OECD).

Cg_{UN-OECD-EU} = Corporate Governance and Sustainability. Main areas: Overall assessment of applicant’s ESG strategies and corporate governance (in terms of shareholding structure and sustainability) by weighting the various elements also in relation to the balance of the other variables (Sources: the EU, OECD and UN).

k = Sustainability at Risk (SaR). Statistical projections.

g = Use of General-Purpose proceeds.

$$\left(\frac{(F_{cEU} + S_{aEU-OECD} + M_{wEU-OECD} \cdot f(S_a) \cdot f(Id_{EU-OECD}) + C_{gUN-OECD-EU} \cdot f(F_c) \cdot f(Id_{EU-OECD}))}{10} + k \right) + g(C_{gUN-OECD-EU})$$

ISSUED RATING

Security Standard Ethics Rating [^{sec}SER]: EE+
Long Term Expected ^{sec}SER [3y to 5y]: Stable

In Standard Ethics’ opinion, an “EE-” rating (or above) qualifies the debt instrument in line with an ESG/SRI approach.⁷

such as the Paris COP21 for the reduction of climate effects or the OECD guidelines for multinational enterprises as examples; k = Sustainability at Risk (SaR); g = Use of General-Purpose Bond proceeds.

⁷ Standard Ethics’ opinions, analyses and ratings are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the financial suitability of any security.

FINAL REPORT

ISSUER

1. FAIR COMPETITION, MARKET, DOMINANT POSITIONS, MARKET DISTORTIONS

The issuer's Corporate Standard Ethics Rating is **EE**.

Snam S.p.A. (Snam) is the holding company of the Snam Group. It is an energy infrastructure company and the main operator for transporting and dispatching natural gas in Italy.⁸

Snam is the leading European operator in natural gas transport, with a network of around 38,000 km in Italy and abroad. The company also deals with storage, of which it holds 17.1% of the European capacity, and regasification, with 6.5 billion cubic meters of gas that will rise to 16.6 billion cubic meters to 2025 due to the installation of regasification plants in Piombino and Ravenna. Snam is among the leading Italian listed companies by market capitalisation.

With its 80 years of experience in the development and management of infrastructure, Snam guarantees security of supply and promotes energy transition with investments in green gas (biomethane and hydrogen), energy efficiency and CCS (Carbon Capture and Storage) technology. It also creates new green areas through a benefit company focused on urban forestation projects.

Snam is committed, among the first companies in the energy sector, to achieving carbon neutrality ("Scope 1" and "Scope 2" emissions) by 2040. As of 2021, the company has set two reduction targets on indirect "Scope 3" emissions by 2030: one related to suppliers emissions and the other related to subsidiaries and other minor categories emissions.

Standard Ethics analysts have not found any significant recent case of market distortion by Snam in its sector: no Italian, European or any other foreign supervisory and antitrust authorities have recently reported such cases.

The Company has not benefitted from public financing or State aid that could be considered capable of distorting competition.

Snam has entered into commercial agreements whose nature does not go beyond normal commercial practices followed in this sector.⁹

2. MARKET WEIGHT, PARTICIPATION AND VOTE IN GENERAL MEETINGS

Snam is **listed** on the *Mercato Telematico Azionario* (MTA) of the **Italian Stock Exchange**.

Snam's "**main shareholder**" is the **market** as it holds around **67%** of its share capital.¹⁰ CDP Reti¹¹ holds **31,352%**; Romano Minozzi **7.460%**; Lazard **4,961%**.¹²

There is a significant **Shareholders' Agreement**.¹³

⁸ Snam's market share in the business of natural gas transportation in Italy is around 95%. Source: Company data.

⁹ On October 13th, 2022 the European Commission has declared the establishment of a joint venture between the two Italian companies SNAM S.p.A. and ENI S.p.A. to be "compatible with the internal market and with the EEA Agreement". The joint venture, which will be headquartered in Italy, will control the trans-Mediterranean gas pipeline used to import gas from Algeria to Italy. See EU Commission's Competition website under case number M.10619.

¹⁰ As of October 2023. Source: Company data.

¹¹ CDP Reti S.p.A. is an Italian majority state-owned holding company. It is currently owned by Cassa depositi e prestiti SpA (59.1%), State Grid Europe Limited - SGEL (35%), and Italian institutional investors (5.9%). State Grid Corporation of China is a Chinese state-owned enterprise. Its core business is the investment, construction and operation of power grids. Source: State Grid Corporation. Source: CDP Reti Data.

¹² On the basis of the communication received pursuant to Art. 120 of the Testo Unico della Finanza of 18 November 2022.

¹³ Parties to this Shareholders' Agreement are Cassa Depositi e Prestiti S.p.A. (CDP) and State Grid Europe Limited (SGEL), a company controlled by State Grid International Development Limited (SGID) registered in Hong Kong. SGID, in turn, is controlled by State Grid Corporation of China. The Financial Instruments covered by the agreements account for 94.1% of the entire share capital of CDP Reti (59.1% held by CDP and 35% held by State Grid Europe Limited) and, indirectly, all the ordinary shares of Snam (as well as Terna and Italgas) held by CDP Reti (31.4% of Snam's share capital and voting rights as at July 2020). The content of this shareholders' agreement covers matters such as: a) The corporate governance of CDP Reti. By way of example, the agreement states that the Board of Directors of CDP Reti is composed of five members, three of whom are appointed by CDP (including Chairman and CEO) and two by State Grid Europe Limited ("the Investor") as long as it holds a stake of at least 20% of the Company's share capital. In addition, as long as SGEL holds a stake equal to at least 20% of the share capital of CDP Reti, it will be entitled to designate one candidate to be included in the list of candidates for the office of director of Snam (in addition to Terna and Italgas) that will be presented by CDP RETI at their shareholders' meetings. b) Right of first offer between the two parties that have signed the agreement. If one of the parties intends to transfer all or part

Note has been taken of economic democracy and minority shareholders' protection as shown by compliance with relevant OECD principles of corporate governance. The "one share one vote" principle is applied.¹⁴

Online or postal voting at Shareholders' Meetings is not currently available.¹⁵

3. DIRECTORSHIPS, BOARD, INDEPENDENCE AND CONFLICT OF INTERESTS

The Company has a "traditional corporate governance model", with a Board of Directors and a Board of Statutory Auditors.¹⁶

There are **6 Independent directors** out of **9** in Snam's Board of Directors.¹⁷ **Gender equality has been substantially achieved.**¹⁸ Diversity principles are applied.¹⁹ The **Environmental, Social and Governance and Energy Transition Scenarios Committee** is one of the four committees within the Board of Directors.²⁰

Snam's **Remuneration Policy** takes into account a set of key ESG metrics and Sustainability remuneration targets²¹ that apply to the **2023-2025 Long-term share-based incentive plan**²² of the CEO and the Top Management.²³

The Company has adopted specific **Anti-Corruption Guideline** and Anticorruption Policy which promote, in accordance with the company's Code of Ethics, as well as with principle 10 of the global compact, promotes an overall zero tolerance policy against corruption.²⁴ There are also proper regulations against Money-Laundering. The Company has adopted and updated its own corporate policy on **whistleblowing**, which include specific communication channels managed by an external body (**Ombudsman**).²⁵

of its holding in CDP Reti, the other party to the Shareholders' Agreement will have the right of first offer on such holding. c) CDP's right of first refusal in the event of a Transfer to a Direct Competitor. d) Duration of the Shareholders' Agreement: 3 years from the Initial Subscription Date (November 2014), with automatic renewals for subsequent periods of 3 years (unless one of the Parties terminates the Shareholders' Agreement by written notice to be delivered to the other Party at least 6 months in advance). Source: 2022 Report on Corporate Governance and Ownership Structure, p. 35.

Source: Corporate website.

¹⁴ According to the Bylaws, Article 6. Source: Snam Bylaws.

¹⁵ "In accordance with Article 106, subsection 4 of Italian Decree Law no. 18 of 17 March 2020, participation at Shareholders' Meetings is only allowed through Designated Representatives. [...] Votes cannot be cast electronically and/or by mail." Source: Shareholders Meeting, June 2020, pp. 1-4.

¹⁶ Source: Corporate website.

¹⁷ According to both the Italian TUF (Testo Unico delle disposizioni in materia di intermediazione Finanziaria – Consolidated Law on Financial Intermediation and Corporate Governance Code).

¹⁸ Currently, the female Directors account for 4 members out of 9. The position of Chairman is held by a female director.

¹⁹ In terms of nationality, there are 2 Non-Italian directors on the Board. The remaining 7 Directors are Italian.

²⁰ The ESGSTE Committee offers advice and recommendations to the Board of Directors in order to promote the continuous integration of national and international best practices into the corporate governance of Snam and of environmental, social and governance matters into the Company's strategies. The objective is to create value for shareholders in general and for stakeholders in the medium to long-term, in accordance with the principles of sustainable development. Source: Corporate data.

²¹ The 2023 remuneration policy includes two new objectives in the incentive plans: a sustainability metric related to ESG criteria within the supply chain scoring model for the short-term plan (AMI), and a business metric related to Energy Transition Readiness for the long-term plan (LTI). 2023 Report on the Remuneration Policy and Fees Paid, p. 17.

²² Approved by Snam's Board of Directors on 15 March 2023, and the Ordinary Shareholders' Meeting held on 04 May 2023. Since 2010, Snam has been using, as resolved annually by the Board of Directors on the proposal of the Remuneration Committee, a long-term incentive plan for the Chief Executive Officer and the roles most directly impacting Company results, in order to better align their performances with the Company objectives over the medium to long term. Source: Information Document 2023-2025 Long-Term Share-Based Incentive Plan, p. 2.

²³ The Plan's Performance Conditions are linked to four parameters: Adjusted Net Profit, Value Added, Energy Transition Readiness, and ESG. Adjusted Net Profit and Value Added each have a weight of 40% and 20%, respectively. Energy Transition Readiness has an overall weight of 20%, which is divided into three sub-parameters: H2 ready grid KM, installed MW related to biomethane, and CSS - H2 projects and market design. ESG has a weight of 20% and is measured through two indicators: reducing natural gas emissions in the next three years and ensuring fair representation of the least represented gender in Snam's management team. Source: Information Document 2023-2025 Long-Term Share-Based Incentive Plan, p. 8-9.

²⁴ The Guideline, which was recently updated "incorporates the tenth principle of the Global Compact, which requires participants to avoid corruption in all its forms and to develop strong policies and concrete anti-corruption programmes, as well as to cooperate with governments, UN agencies and civil society to contribute to a more transparent global economy". Source: 2022 Annual Report, p. 281. During 2022, Snam participated in several multilateral initiatives on anti-corruption issues, including OECD and UN events. Source: 2022 Sustainability Report, p. 132.

²⁵ The Ombudsman "guarantees the receipt and analysis of each report received by applying criteria of the utmost confidentiality capable of protecting the reputation of the persons reported, as well as the effectiveness of the investigations. The preliminary investigation of the reports is carried out in an integrated and coordinated manner, through the involvement of the Internal Audit Function, after hearing the Legal, Governance, Compliance, ERM & HSEQ Function to the extent of its competence". Source: 2022 Annual Report, p. 52.

4. GOVERNANCE OF SUSTAINABILITY, GOVERNANCE, ESG POLICIES, ESG DISCLOSURE

The Company is steadily moving towards alignment with the global effort to achieve sustainable development.²⁶

In terms of Governance of Sustainability, the Company has a well-structured **Code of Ethics**²⁷ that complies with the main UN, OECD and EU sustainability guidelines.²⁸

The Company has also adopted a series of **sustainability policies**²⁹ based on UN, OECD and EU guidelines.³⁰

Snam has joined the **UN Global Compact**³¹ and the **CFO Taskforce for the SDGs**.³²

On the reporting side, the Snam's Annual Report offers a holistic overview of financial and non-financial performance by combining the information contained in the Director's Report, Integrated Report, Non-Financial Statement, Consolidated Financial Statements, and Annual Financial Statements.³³

Moreover, since 2018, Snam has been voluntarily releasing its **Climate Change Report** in accordance with the recommendations of the **Task Force on Climate-related Financial Disclosures** (TCFD).

Snam is a signatory of the **United Nations Zero Coalition**³⁴ and member of the "**Gas for Climate**" consortium.³⁵

5. HUMAN RIGHTS

Snam's **Human Rights Policy**, adopted in May 2018, complies with the international guidelines on human rights issued by the EU, the UN and the ILO.³⁶

Although Snam operates internationally and not just within the EU³⁷, no controversial case was identified concerning violation of human rights.

²⁶ "Aware of its key role in the country's energy transition, Snam shares the objectives of the European Green Deal for a "Just Transition" that does not only look at climate change but at the inclusion of workers and support for communities, guaranteeing social protection and respect for human rights. With this in mind, Snam has strengthened its business model, integrating sustainability even further into its industrial strategy". Source: Corporate website.

²⁷ Source: Snam Code of Ethics.

²⁸ There are formal references to the UN Universal Declaration of Human Rights, the ILO's Fundamental Conventions and the OECD Guidelines on Multinational Enterprises and other key international sustainability guidelines.

²⁹ E.g., the Human Rights Policy, the Anti-Corruption Guidelines, the Sustainable Development Policy, etc.).

³⁰ Given the major global issues and the type of Snam's operating activities, the Company is currently facing two main environmental challenges: a) a growing commitment to fighting climate change and containing energy consumption; and b) the protection of nature and biodiversity. Source: Company data.

³¹ "(...) In line with its business model, Snam has joined the UN Global Compact, the most important international sustainable development initiative, which aims to promote and disseminate ten global ethical principles concerning human rights, environmental protection, workers' rights and anti-corruption". Source: Sustainability Report 2019, p. 104.

³² "The CFO Principles supplement the UN Global Compact's Ten Principles to support companies in the transition to sustainable development and to leverage corporate finance and investments toward the realization of the Sustainable Development Goals (SDGs)". Source: CFO Principles on Integrated Sustainable Finance.

³³ Source: 2022 Annual Report, p. 6.

³⁴ "An alliance of the main global businesses and associations involved in the maritime, energy, finance and infrastructure sectors, aimed at the decarbonisation of shipping". Source: 2019 Sustainability Report, p. 43.

³⁵ Source: 2022 Annual Report, p. 110.

³⁶ As specified within the Human Rights Policy: "Snam pursues and disseminates a policy aimed at the effective implementation of the United Nations Universal Declaration of Human Rights, of the fundamental Conventions of the ILO – International Labour Organization, of the OECD guidelines for multinational enterprises and of the principles of the United Nations Global Compact". Source: Snam Human Rights Policy.

³⁷ For instance, Snam operates in the Middle East through United Arab Emirates and Abu Dhabi gas pipelines. Source: Interim Results 2020 - Presentation, p. 5 and following.

6. MAIN FEATURES OF THE FINANCIAL INSTRUMENT

ISSUE

Snam has established a new commercial paper programme up to a maximum of 3.5 billion euros³⁸ and with a 3-year duration: **Euro-Commercial Paper Programme for the issuance of Notes and ESG Notes** (“the Programme”).

Each issuance of Notes under the Programme will be denominated as “**ESG Commercial Paper Notes**”, as long as the Programme achieves and maintains at least a **Security Standard Ethics Rating** higher or equal to **EE-** (“Minimum ESG Rating”).

If the **Minimum ESG Rating** ceases to be met, the Issuer may continue to issue Notes under the Programme which, however, **may not be designated** as **ESG Commercial Paper Notes**.³⁹

The Security Standard Ethics Rating also includes some Additional KPIs: “**Snam ESG Commercial Paper Targets**”.⁴⁰

The Programme is rated by Standard Ethics Ltd, Fitch Ratings Ireland Limited, Moody's France SAS, S&P Global Ratings Europe Limited. **Arranger:** Citigroup. **Dealers:** Barclays, Citigroup, Bayerische Landesbank, BNP PARIBAS, Crédit Agricole CIB, ING, BofA, Société Générale. **Issuing and Paying Agent:** Citibank, N.A., London Branch.

The Programme will obtain a **STEP label**⁴¹ that identifies issuances within the specific market for the notes and facilitates the eligibility of these instruments for the Eurosystem.⁴²

7. FUTURES ESG AND IMPACTS

Commercial Papers (“Notes”) are short-term general-purpose debt instruments issued by a corporation to meet its liquidity requirements, and is typically used to finance working capital.⁴³

In November 2018, Snam had already launched an ECP programme up to a maximum of 1 billion euros that was increased to 2 billion in 2019.⁴⁴

The Company has gained significant expertise⁴⁵ in the Sustainable Finance sector as also demonstrated on most recent transactions in 2023 the Company successfully announced the placement of senior unsecured (i) **EU Taxonomy aligned transition Exchangeable bond** in September and due 2028, and Eu Taxonomy aligned transition bond in November and due 2029, both falling within the perimeter of the Sustainable Finance Framework of November 2021.⁴⁶

Overall, the Sustainable Finance instruments account for about 80% of the committed financing sources.⁴⁷

³⁸ Source: Company data.

³⁹ For the avoidance of doubt, any ESG Commercial Paper Notes that have already been issued will not be re-designated if the Minimum ESG Rating ceases to be met.

⁴⁰ The Company has also included 2 “Additional KPIs” that will be described further below.

⁴¹ It refers to the “Short term European Paper Initiative” as defined by the European Central Bank.

⁴² The programme is renewable and expandable, with multiple denominations in individual issues. The issues can be made with a premium or at a discount and pay a variable rate (Libor/Euribor). The Notes are not quoted; in general, the trading markets are the main international ones, in particular EURO. The USA is excluded.

⁴³ Under the Italian Banking Law, these financial instruments are called cambiali finanziarie. The maturity of each individual issue as part of an overall programme must be less than 365 days. In general, the programme is managed by an arranger bank that leads the dealer banks. Subscribers are qualified investors who need to employ liquidity in the short run. Therefore, the sale of the notes to the public is not allowed. The guarantee is implied by the issuer to whom the credit ratings relate. In turn, the programme may obtain a specific credit rating.

⁴⁴ See the Information Memorandum of Snam's 2018 and 2019 Euro Commercial Paper Programme.

⁴⁵ The Company “since 2018, has progressively aligned its financial strategy with the Group's sustainability objectives, in order to strengthen its role in the energy transition, as well as diversify its investor base and make them aware of its ESG initiatives and investments. This commitment has also taken the form of setting a target to increase the weight of sustainable finance in total funding to 80% by 2026 - reaching 70% in 2022 - as well as issuing bonds to finance investments in environmental sustainability and the energy transition. In this regard, between 2019 and 2022, Snam issued a Climate Action Bond, four Transition Bonds and an Inaugural EU Taxonomy-Aligned Transition Bond”. Source: 2022 Annual Report, pp. 132-134.

⁴⁶ “For an aggregate notional amount of €500 million (the Bonds), exchangeable for existing ordinary shares of Italgas (the Shares). The Bonds will be issued at their principal amount of €100,000 and will bear a fixed rate coupon equal to 3.25% per annum, payable semi-annually in arrear on 29 March and 29 September of each year, with the first coupon to be paid on 29 March 2024. The Bonds will have a maturity of 5 years and will be redeemed at their principal amount at maturity (except in case of early redemption, exchange or purchase and cancellation), subject to the Issuer's option to deliver Shares and, as the case may be, an additional amount in cash.”. Source: Press Release 22 September 2023.

⁴⁷ Source: 2023 Interim Results -9 november Presentation, p. 10 and following.

In recent years, the energy sector has been at the heart of major international crises, both in the health and geopolitical spheres. These crises have had a profound impact on the sector, but they have also created opportunities for it to play a key role in addressing them.

Snam's commitment to ESG issues has continued in 2023. In such a scenario, the Euro Commercial Paper programme that Snam is launching is a further financial support consistent with the Company's sustainable development strategy and useful for the implementation of the various initiatives that have been described. It does not show characteristics that could have negative effects on the strategic objectives. On the contrary, it facilitates Company's targets by increasing its overall financial resilience, especially in a stressful phase like the current one.

Carbon Neutrality

The Carbon Neutrality targets (according to strategic plans & ESG reporting)⁴⁸ are those presented in Snam's **2022-2026 Strategic Plan**.⁴⁹ The Company's targets are based on the **EU 2050 Long-term Climate Strategy**.

Snam, through its sustainability model, already monitors over 140 KPIs in the ESG area, many of which are supported by long-term targets.⁵⁰

A substantial part of its approach to the so called "**Green Hydrogen**" is based on the Climate Strategy.⁵¹ The Green Hydrogen treating process is fully based on the European Commission's recommendations.⁵²

Its strategic plans provide for significant CO₂ emission reductions, in line with the objectives set by the European Commission in the European Green Deal.⁵³ The company has set ambitious **targets for reducing Scope 1 and Scope 2 greenhouse gas emissions**,⁵⁴ to achieve Carbon Neutrality on its operations by **2040** and also two challenging targets on Scope 3 emissions.⁵⁵

⁴⁸ SE Analysts take into account of a list of topic-related "markers" such as: 1) Scope 1 and Scope 2 GHG emission reductions targets; 2) Scope 3 GHG emissions reduction targets; 3) the time frame to reach emission reductions targets (e.g. 2025 vs 2030 vs 2040 vs 2050); 4) the % of energy from renewable sources.

⁴⁹ "Snam's strategy aims at solving the so-called 'energy trilemma', i.e. the need to simultaneously guarantee security of supply, sustainability and competitiveness (...). Through a 10 billion euro investment, the Plan addresses all three dimensions of the trilemma towards a flexible and resilient energy system. 9 billion euros will be used to strengthen the gas infrastructure, so that it can also transport and store green gases such as biomethane and hydrogen, thus becoming a multi-purpose infrastructure. 1 billion euros will support transition businesses more directly, enhancing energy efficiency, green molecules and CO₂ capture and storage. 450 million euros will be allocated across the board to the Group's innovation and digitalisation programme, with projects dedicated to safety, supply continuity and cost reduction". Source: 2023 Sustainability Profile, p. 6.

⁵⁰ With its ESG Scorecard, Snam has decided to further strengthen this process by defining KPIs and specific annual targets in the environmental (natural gas emissions, energy saving, green innovation, soil and biodiversity protection), social (welfare, employee engagement, safety, gender diversity, responsible and sustainable supply chain, local communities) and governance (governance structure and its functioning, infrastructure reliability, anti-corruption) spheres. On natural gas emissions, Snam has strengthened the objectives that it had previously set by increasing reductions by 2025 (last year the Company reported -45% compared to 2015 whereas this year the target is -55% by 2025 and -65% by 2030. Snam has changed the baseline because it has joined the UNEP protocol on the containment of methane emissions which provides for this baseline). Still on natural gas emissions, the Company will also increase the percentage of gas that is recompressed in the network during maintenance activities. Until last year the target was to keep a minimum of 33% but the Company will increase this percentage and undertakes to always keep it above 40% on average for the last 5 years. Source: Company data.

⁵¹ See the "Hydrogen Corridor project, i.e. the SouthH2 Corridor Project, which Snam (as infrastructure operator) has nominated for PCI (Project of Common Interest) in December 2022, focused on the use of existing midstream infrastructures to be reconverted to transport green hydrogen, with the inclusion, where necessary, of some new dedicated infrastructures". The company also maintains numerous partnerships, projects, agreements, and collaborations aimed at developing the energy transition business. Source: 2022 Annual Report, pp. 244-245.

⁵² "(...) Hydrogen will have to be produced by water electrolysis using carbon-free electricity or from natural gas steam reforming using Carbon Capture and Storage. Hydrogen thus produced can then contribute to decarbonise various sectors: first, as storage in the power sector to accommodate variable energy sources; second, as an energy carrier option used in heating, transport and industry and, finally, as feedstock for industry such as steel, chemicals and e-fuels in those sectors that are most difficult to decarbonise (...)". Source: EU COM(2018) 773 final "A clean Planet for all" p. 10 and following.

⁵³ See the European Commission's Clean energy for all Europeans Package and 2050 Climate Long-term Strategy, which aim to reduce CO₂ emissions by 40% by 2030 and achieve net-zero emissions by 2050. European Commission website.

⁵⁴ According to its 2022-2026 Strategic Plan, "Greenhouse gas emissions (Scope 1 and Scope 2) measured in 2018 are expected to be reduced by 28% by 2025, by 40% by 2027, by 50% by 2030 and by 100% by 2040, compensating for emissions that cannot be eliminated through selected offsetting projects". Sources: 2023 Sustainability Profile, p. 8; 2022 Annual Report, p. 74.

⁵⁵ The Strategic Plan 2022-2026 identifies ambitious objectives and concrete actions in the short, medium and long term. Source: Company data. Snam is reducing Scope 3 emissions by collaborating with its subsidiaries and suppliers to define and implement decarbonization plans, and by reducing fuel consumption, business trips, and home-work trips. In addition, the "activities related to the

The company's commitment to the energy transition is reflected in its investments in **energy efficiency**⁵⁶ and **biomethane**,⁵⁷ which contribute to decarbonization and the circular economy. Targets also comply with the Sustainable Development Goals.⁵⁸ The objectives are reported and monitored on an annual basis.⁵⁹ According to Standard Ethics analysts, these objectives are challenging and ambitious as they exceed those defined in the 2030 European Strategy for Carbon Neutrality.⁶⁰

Circular Economy

The company's commitment to the circular economy is embodied in its **biomethane** business.⁶¹

Over the past years, the company has been involved in university partnerships to develop technological solutions for the circular economy,⁶² as well as specific initiatives.⁶³

All the above initiatives are in line with EU targets on the elimination of disposable plastics.⁶⁴

Waste management is not a material issue for Snam and therefore, for the time being, the Company has not set objectives on this topic.⁶⁵ However, the company reports, on an annual basis, a set of specific KPIs that are consistent with Circular Economy.⁶⁶

Gender Equality

Gender Equality has been achieved at Board level, despite the Company's Bylaws establish compliance-level gender balance goals.⁶⁷

The Company has a comprehensive set of corporate policies that promote Diversity and Inclusion across all levels of the organization. Snam's **Diversity & Inclusion**

energy transition business contribute to avoiding emissions that would otherwise be generated by other actors in the country system. Specifically, from the combined effect of the emissions not produced as a result of Renovit energy efficiency measures and as well as the emissions from the combustion of biomethane produced by Bioenerys, which can be considered zero if associated with the Guarantees of Origin, Snam has estimated that avoided emissions by 2025 will be 500 ktons CO₂eq". Source: 2022 Annual Report, p. 75.

⁵⁶ Mainly through the B-corp subsidiary Renovit. Please note that in "January 2022, Renovit achieved B Corp certification, becoming the first certified company in terms of turnover and number of employees in the energy and environment sector and one of the top five in Europe. B Corp certification rewards companies that distinguish themselves in the marketplace by operating according to high standards of social and environmental performance by integrating the goal of profit with a positive impact on the environment, people and communities in which they operate". Source: 2022 Annual Report, p. 245.

⁵⁷ See the following section for more details.

⁵⁸ SDG Goals 7, 9, 12 and 13.

⁵⁹ Annual data are available on the Company's website (Sustainability section) as well as in its Sustainability Report.

⁶⁰ European Commission – DG Energy and Environment. "2030 Climate Energy Framework".

⁶¹ Mainly through Bioenerys and the technical know-how of IES Biogas. During 2022, the Company "consolidated a role as an industrial developer, with about 40 MW of biogas and biomethane plants operational by the end of 2022. The Group intends to increase this share with the aim of creating a biomethane platform. In particular, Snam will accelerate the development of biomethane and expand its production from agricultural waste and organic waste, also through collaboration with leading companies in the relevant sectors, from which Snam will acquire new expertise". 2022 Annual Report, p. 27.

⁶² For example with Politecnico di Milano.

⁶³ In 2019, Snam launched the "Snam PlasticLess" initiative aimed at eliminating all plastics for packaging by 2023, except for the amount required for safety reasons and eliminating single use plastic in drink vending machines in all its premises by 2020. By 2022, incoming plastic was reduced by 96 percent and the amount of plastic in and out of the packaging of centralized warehouses. Source: 2022 Annual Report, p. 270.

⁶⁴ See ^{EU COM(2018) 28 final} and European Strategy for Plastics in Circular Economy.

⁶⁵ Source: 2022 Annual Report, p. 117. Waste production varies considerably from year to year and depends on progress made when laying pipelines and carrying out replacement work (ferrous scrap that goes to recovery). Source: Company data.

⁶⁶ According to the 2019 Sustainability Report, the % of waste recovered from production operations has been progressively reduced since 2017. In that year, it amounted to 80% whereas in 2018 it amounted to 60%. Finally, in 2019 it had gone down to 42%. Source: 2019 Sustainability Report, p. 115.

⁶⁷ On 23 October 2019, Snam Shareholders Extraordinary meeting amended the Bylaws thus establishing that "(...) In relation to the provisions on gender balance in the composition of the Board of Directors and Board of Statutory Auditors, voluntarily implementing within its Bylaws the current gender division criterion of at least one third of the total number of members of the Board of Directors and of the Board of Statutory Auditors (in reference to both Standing Auditors and Alternate Auditors) in keeping with the most recent recommendations of the Corporate Governance Code for listed companies regarding "gender balance" – approved in July 2018 – and national and international best practices". Source: Press Release, 23 October 2019.

Policy,⁶⁸ has been supplemented by three appendices: the **Harassment Policy**, the **Recruiting @ Snam Policy** and the **Gender Equality Policy**.⁶⁹ In October 2023, Snam adopted a new and innovative policy dedicated to **Social Gender Transition**.⁷⁰

The Company's approach to diversity and social inclusion is aligned with international standards.⁷¹

Snam is also committed to gender equality and inclusion promoting awareness and internal training initiatives and collaborating with schools and universities.⁷²

The **Diversity & Inclusion Team**, created in 2020, monitors and coordinates the different diversity and inclusion initiatives; it is supported also by ERGs (Employees Resource Groups) on topics such as LGBTQ+, parenting, disability, inclusion and promotion of STEM disciplines, gender parity and intergenerational.

The company aims to increase the percentage of women in executive and management positions to 27% by 2026, with the same goal for the succession plan.⁷³

The number of female employees has been increasing over the years. There have been improvements concerning gender equality, especially ⁷⁴ at middle management levels.⁷⁵

Further progress to reduce the Gender Pay Gap is expected.⁷⁶

8. ADDITIONAL TARGETS

Although this document is assessing, through a set of markers, the Company positioning with respect to the UN, OECD and EU Sustainability Guidelines, Snam has requested that a set of "**Additional KPIs**" already included in other financial instruments such as the **Sustainable/KPIs Linked Revolving Credit Facility**, be highlighted.

The Additional KPIs are:

- Limit natural gas emissions ⁷⁷
- Women involved in training (percentage).⁷⁸

⁶⁸ This takes inspiration from the UN, OECD and EU principles on Gender Equality.

⁶⁹ Source: 2022 Annual Report, p. 291.

⁷⁰ This policy makes the Company "one of the first companies in the energy sector in Italy to make such a commitment. The new document complements the company's other Diversity & Inclusion policies and accompanies transgender people working at Snam on their path to asserting the gender they feel is their own, activating a process to support and protect individual needs". Source: Press Release 13th October 2023.

⁷¹ The two topics are treated in a holistic way in the Company's D&I Policy that refers to the Universal Declaration of Human Rights of the United Nations, the Fundamental Conventions of the International Labour Organization, the Guiding Principles of the OECD for multinational organizations and the Principles of the Global Compact. Therefore, as stated in the D&I Policy: "Snam guarantees equal dignity and opportunity to everyone regardless of their country of origin, culture, religion, gender, sexual orientation, political opinions and any other characteristic and personal style". Source: Snam Diversity and Inclusion Policy.

⁷² The Company is "engaged in numerous initiatives aimed at consolidating awareness of this issue. These include membership of Valore D, as a Supporting Member, InspirinGirls, Parks, Shetech, Rock your Mind and YEP - Young Women Empowerment Program, associations, campaigns, events and programmes that support inclusion, talent and female leadership for the growth of companies and the country". Source: 22 Annual Report, p. 253.

⁷³ Respectively from 23% and 26% in the year 2022. Source: 2022 Annual Report, p. 250.

⁷⁴ In total, women make up 16,5% of Snam workforce. The remaining 83,5% are male.

⁷⁵ The number of female middle managers has increased from 109 in 2020 to 149 in 2022. The number of female senior managers has decreased from 27 in 2020 to 26 in 2022, but they still represent a small minority of the total number of senior managers. Source: 2022 Annual Report, p. 267.

⁷⁶ Women/men remuneration differential refers to the ratio between the wages of female employees and the number of female employees and is based on three categories: employees, middle management and executives. Snam reported that "in 2022 the gender pay gap will remain substantially constant, in line with the trend of recent years, and, as highlighted by a specific study commissioned from an external consultant, not critical of the reference context. In particular, the pay differential improved by one percentage point for middle managers and white-collar workers, while it stood at 89% for executives, in line with the average rates recorded nationally. The accrual data also show an improving trend in the gender pay gap in recent years". Source: 2022 Annual Report, p. 255.

⁷⁷ "As for the first target, it is calculated on the perimeter of SNAM Group, considered constant on the basis of Snam Strategic Plan 2021-2025 approved on November 2021, with a base year of 2015 and is set to be equal to -55% as of 31 December 2025 and equal to -65% as of 31 December 2030 in line with long term target of the Issuer to reach Carbon Neutrality in 2040 as per its Business Plan 2022-2026. The yearly level of the percentage of natural gas emission reduction will be specified in the consolidated non-financial statement included in the Annual Report. This relates to Sustainability Development Goal 13 (Climate Action)." Source: Euro-Commercial Paper Programme for the issuance of Notes and ESG Notes. Information Memorandum.

⁷⁸ "As for the second target, it is based on the current perimeter of SNAM Group, considered constant on the basis of Snam Strategic Plan 2021-2025 approved on November 2021, and is set to be equal to 90% of the women employed in the SNAM Group as of 31 December 2025. The yearly level of the percentage of women population involved in training will be specified in the consolidated non-financial statement included in the Annual Report. It will demonstrate the extent to which this training system is applied throughout the organization in favour of women and whether there is inequality of access to these opportunities. This relates to Sustainability Development Goal 5

The Additional KPIs are considered in the rating process but do not determine the outcome of the evaluation.

CONCLUSION (Summary)

Snam is a worldwide energy infrastructure operator. The Company's activities involve transportation, regasification and storage of natural gas. Snam is the issuer of the Euro-Commercial Paper Programme for the issuance of Notes and ESG Notes ("the Programme"), the subject of the Security Standard Ethics Rating.

The Company is playing a key role in Italy and Europe to ensure the 'Security of Supply' with regards to the gas supply crisis due to the Russian invasion of Ukraine. Snam is clearly committed to the Energy Transition and the technological development of biomethane and hydrogen-based resources. It has launched a set of initiatives, mainly in the energy and environmental sectors, with a high technical, scientific and innovative content in order to reduce climate-altering gas emissions (carbon dioxide and methane).

Snam's corporate bodies enjoy a high level of independence and show diversity of skills. The Company's Governance of Sustainability and Sustainability strategies are in line with UN, OECD and EU guidelines.

ESG (Environmental, Social and Governance) reporting and ESG Risk Management follow European best practices.

Snam's new Commercial Paper Programme seems to be supporting the financing of the Company's Sustainability targets and the implementation of its various initiatives. The Programme does not show features that could have a negative impact on the company's strategic targets and it increases the Company's financial resilience, especially in a stressful phase as the current one.

* * *

SOURCES

(Where there are no dates, the most recent versions prevail)

The documents that have been consulted were published by the Client before the delivery of the guidelines.

The main sources are: Internal Code of Conduct, Financial Statements, ESG Reporting; Report on Corporate Governance and Company Ownership; Articles of Association; Bylaw Italian Legislative Decree 231/2001; Internal Regulations; Minutes of the Meetings of the Board of Directors with amendments to the Articles of Association; Regulations of the Shareholders' Meetings; Minutes of Shareholders' Meetings, Notices of Meetings and related explanatory reports; Various procedures including "related party transactions" and "Internal Dealing"; Documents on remuneration, qualitative and quantitative composition of top management bodies and sustainability strategies (at Group level too). Data and information given during meetings with internal functions were also used.

OTHER SOURCES

Moreover, documents supplied by national and international regulatory bodies, the national stock exchange and independent sites.

* * *

standardethics.eu

For all enquiries, please write to: headquarters@standardethics.eu



Important Legal Disclaimer. All rights reserved. Ratings, analyses and statements are statements of opinion as of the date they are expressed and not statements of fact. Standard Ethics' opinions, analyses and ratings are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. Standard Ethics Ltd does not act as a fiduciary or an investment advisor. In no event shall Standard Ethics Ltd be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of its opinions, analyses and rating.



** NOTE **

Standard Ethics is a **Self-Regulated Sustainability Rating Agency** that issues **Non-Financial Sustainability Ratings**. In the absence of supervisory bodies and international legislative standards for ESG solicited ratings, Standard Ethics has been self-regulating since the beginning of its activity, applying the models of credit rating agencies.

Standard Ethics clients are companies that wish to receive a rating (**Applicant-Pay Model**) and no consultancy is provided to investors.

As a brand, **Standard Ethics**® has been making a name for itself in the world of Sustainable Finance and ESG (Environmental, Social and Governance) studies since 2004 and aims to promote sustainability and governance standard principles emanating from the European Union, the OECD and the United Nations.

STANDARD ETHICS RATING (SER) solicited and unsolicited

The **STANDARD ETHICS RATING (SER)** is an opinion on how distant a corporation (or issue) is from international sustainability guidelines.

It has the following characteristics: it is "**solicited**", "**standard**" and "**independent**"; it is issued at the request of the client through a direct and regulated one-to-one relationship; the algorithm is compliant with the indications and guidelines provided by the European Union, the OECD and the United Nations on sustainability and sustainability governance; its assignment is incompatible with the supply of any other services that differ from ESG ratings or evaluation. By applying this methodology, Standard Ethics' approach can be considered as '**ethically neutral**'.

Standard Ethics Algorithm ©

$$\frac{(F_{CEU} + Sa + Id_{EU-OECD} + Mw \cdot f(Sa) \cdot f(Id_{EU-OECD}) + Cg_{UN-OECD-EU} \cdot f(Fc) \cdot f(Id_{EU-OECD}))}{10} + k$$

Any philanthropic or socio-environmental policies that are not aligned with sustainability indications do not have positive effects on the rating. "**Unsolicited**" Ratings are issued to update Indices and OECD country rankings. even in these cases, the principles of standardization and independence mentioned above, which are at the base of Standard Ethics activities, remain valid.

CORPORATE, SECURITY, COUNTRY: THREE RATING TYPOLOGIES

The **Corporate** SER is assigned to a corporate entity as a whole (whether it is an issuer or not).

The **Security** SER is assigned to a General-Purpose issue (bond or other financial debt instrument). However, the analysis takes into account the issuer, its nature and industrial plans, as well as its development and sustainability strategies.

The **Country** SER evaluates the OECD nations to which the following have been added over time: Argentina, Brazil, Bulgaria, China, Egypt, India, Romania, Russia, South Africa and the Vatican City State. In assessing nations, Standard Ethics favours nations with a stable and proven democracy that meets the highest standards in terms of human rights, environmental policies, relations with developing countries, and sustainable economic structures, capable of guaranteeing a high level of substantive and formal democracy and common security.

Publication of STANDARD ETHICS RATING

The agency publishes the ratings ("**solicited**" or "**unsolicited**") attributed to the constituents of its indices. It does not undertake any commitments for others.

STANDARD ETHICS RATING SCALE

The final evaluations by Standard Ethics on the level of conformity of companies and nations to sustainability principles (Standard Ethics principles) are expressed by means of nine different STANDARD ETHICS RATING classifications: **EEE**; **EEE+**; **EE+**; **EE**; **EE-**; **E+**; **E**; **E-**; **F**. An "EE-" classification or above indicates compliance. Each single rating classification can have a positive or negative **Outlook**. Whenever a company or country is downgraded to an "F", holding its securities may have a negative impact and a Security Segregation Impact Notice (SSIN) will disclose details. Those nations and companies which do not comply with the values expressed by the United Nations, OECD and EU, or that do not release enough information, or are facing major changes, do not receive ratings and are included amongst the "pending" issuers.

Standards for Listed Companies

In principle, Standard Ethics advises that in their Articles of Association, companies formally refer to the Universal Declaration of Human Rights approved by the United Nations on 10 December 1948. Standard Ethics also advises that, in general terms, companies have adapted their structures according to the UN, OECD and EU regulations on sustainability (with particular reference to corporate governance). The basic conditions that listed companies have to meet are as follows: to hold a competitive position and not a monopolistic one and not being linked to cartels; to make sure that their shares are listed and can be bought without restrictions and that they enjoy substantive rights (voting trusts, for instance, are not acceptable); to have widespread ownership of the capital or no conflict of interest; all Board members must be independent of capital ownership and must abide by a Code of Conduct that ensures transparency; to have procedures to check observance of the latest internationally recognized social and environmental standards (according to UN, OECD and EU guidelines). Further positive elements are: transparent staff selection (including managers); an independent internal monitoring body (liaising with the Shareholders' Meeting and working at Board level) to check that the Board works in line with the latest UN, OECD and EU standards and principles on conflicts of interest and Corporate Governance; an independent internal monitoring body (e.g. the Audit Committee) which is accountable to shareholders and monitors that the Board works in line with the latest UN, OECD and EU standards and principles on extraordinary accounting and finance; an internal body which reports and facilitates the company's adherence to the latest international social and environmental standards and principles; an external relations and communications department which works in line with the latest standards and principles on sustainability and transparency and applies with due independence the "comply or explain" principle whereby failure to comply with international guidelines on sustainability has to be duly motivated.

Vulnerability and Risk Analysis

A STANDARD ETHICS RATING is not a forecasting rating nor is it a probabilistic model. Nevertheless, as the economist Irving Fisher used to say: "The future casts its shadow on the present". Therefore, the analyses on policies and governance highlight levels of implicit vulnerability vis-à-vis the future. Vulnerability can come from economic, operational and reputational risks. The latter ones, unlike the most common practices, have been classified by Standard Ethics since 2011 as primary and secondary risks where primary reputational risks are standalone risks not deriving from operational risks. This classification introduces original elements in vulnerability analysis and leads to the belief that companies with at least a "double E" are structurally better positioned to withstand seriously negative events (either economic, operational or reputational) and capable of reducing their potential frequency.

Assessments of Negative Events

The assessments carried out by Standard Ethics are not predictive and, therefore, do not primarily focus on the analysis of negative events and their future effects, but rather on the adequacy of organizational adjustments made by companies to reduce the risk of a similar event taking place again. If, over a reasonable period of time, suggested solutions appear to be inadequate for the rating assigned to a company, a new rating will be proportionally assigned so that the most suitable level is reached.

Standard Ethics Indices

Each Standard Ethics Index is an Open Free Sustainability Index and offers full disclosure: the methodology, selection criteria, and calculation formula are public and can therefore be used for free as a benchmark by decision makers and stakeholders. SE indices have applied the same methodology since 2004 and are self-funded. Standard Ethics' business is focused on sustainability ratings and its indices are not sold as reference indices for financial products.

For further information on Standard Ethics and its governance, please visit www.standardethics.eu

Legal Disclaimer

The Standard Ethics Rating is the result of statistical and scientific work carried out since 2004 to provide a snapshot of the economic world in relation to ethical principles promoted by large international organizations. Under no circumstances, therefore, does Standard Ethics, by publishing Ratings, intend to solicit the purchase or sale of securities by any issuer.

Standard Ethics est une **agence de notation de durabilité autorégulée** qui émet des **notations de durabilité non financières**. En l'absence d'organes de surveillance et de normes législatives internationales pour les notations **ESG** sollicitées, Standard Ethics a, depuis le début de son activité, procédé à une autorégulation en appliquant les modèles des agences de notation de crédit. Les clients de Standard Ethics sont des organismes qui souhaitent bénéficier d'une notation (**Applicant-Pay Model**). Nous ne fournissons pas d'activité de conseil aux investisseurs.

En tant que marque, **Standard Ethics**® est connue depuis 2004 dans le monde de la "finance durable" et des études ESG (environnementales, sociales et de gouvernance). Elle vise à promouvoir les principes standards de durabilité et de gouvernance publiés par l'Union Européenne, l'OCDE et les Nations Unies.

STANDARD ETHICS RATING (SER) sollicités et non sollicités

Le **STANDARD ETHICS RATING (SER)** est un avis sur la distance qui existe entre un organisme (ou une émission) et les indications internationales en matière de durabilité.

Il réunit les caractéristiques suivantes: il est "**sollicité**", "**standard**" et "**indépendant**"; il est émis à la demande du client par le biais d'un rapport bilatéral direct et régulé; l'algorithme est établi sur la base des indications et des lignes directrices de l'Union Européenne, de l'OCDE et des Nations Unies en matière de durabilité et de gouvernance de la durabilité; et l'accomplissement de cette tâche est incompatible avec la fourniture d'autres services que la notation ou l'évaluation ESG. En appliquant cette méthodologie, l'approche de Standard Ethics peut être considérée comme **«éthiquement neutre»**.

Standard Ethics Algorithm ©

$$\frac{(F_{CEU} + S_a + I_{d_{EU-OCDE}} + M_w + f(S_a) * f(I_{d_{EU-OCDE}}) + C_{g_{UN-OCDE-EU}} * f(F_c) * f(I_{d_{EU-OCDE}}))}{10} + k$$

Les politiques sociales, environnementales ou de responsabilité philanthropique qui ne sont pas en ligne avec les directives de durabilité n'ont pas d'effet positif sur la notation. Les notations **«non sollicitées»** sont utilisées pour mettre à jour ou pour conserver les indices de Standard Ethics, ainsi que pour le classement des pays de l'OCDE. Les principes de standardisation et d'indépendance mentionnés ci-dessus, qui sont à la base de l'activité de Standard Ethics, restent valables même dans ces cas.

CORPORATE, SECURITY, COUNTRY: TROIS TYPES DE RATING

Le **Corporate** SER est assigné à un organisme dans son ensemble (qu'il s'agisse d'un émetteur ou pas).

Le **Security** SER est assigné à une émission General-Purpose (obligation ou autres outils de dette financière). Néanmoins, l'analyse tient compte de l'émetteur, de sa nature et de ses plans industriels, ainsi que de ses stratégies de développement et de durabilité.

Le **Country** SER évalue les nations OCDE auxquelles au fil du temps se sont ajoutées: Argentine, Brésil, Bulgarie, Chine, Egypte, Inde, Roumanie, Russie, Afrique du Sud et État du Vatican. En évaluant les nations, Standard Ethics favorise les nations ayant une démocratie stable et rodée, visant à satisfaire les conditions les plus élevées en termes de droits de l'homme, politiques environnementales, relations avec les Pays en développement, durabilité des structures économiques, susceptibles d'assurer de hauts niveaux substantiels et formels de démocratie et de sécurité commune.

Publication des STANDARD ETHICS RATING

L'agence publie les notations ("**sollicitées**" ou "**non sollicitées**") attribuées aux composantes de ses indices. Elle ne prend aucun engagement pour les autres.

Classes de STANDARD ETHICS RATING

Les notations finales émises par Standard Ethics sur le niveau de conformité des entreprises et des nations aux principes de durabilité (principes Standard Ethics), sont réparties en neuf classes différentes : **EEE; EEE-; EE+; EE; EE-; E+; E; E-; F**. Le niveau "EE-" ou plus indique un bon niveau de conformité. Chaque classe de notation peut avoir une perspective positive ou négative. Toutefois, les nations et les entreprises ne respectant pas les valeurs exprimées par les Nations Unies, l'OCDE et l'UE, celles ne délivrant pas assez d'informations ou étant confrontées à de grands changements ne reçoivent pas de notation et figurent parmi les émetteurs "en suspens".

Normes pour les sociétés cotées en bourse

Standard Ethics souhaite que dans leurs statuts, les entreprises fassent formellement référence à la Déclaration Universelle des Droits de l'Homme approuvée par les Nations Unies le 10 décembre 1948. Standard Ethics souhaite également que, d'une manière générale, les entreprises aient adapté leurs structures selon les lignes guides les plus avancées concernant la durabilité et la gouvernance d'entreprise. Les conditions fondamentales que les entreprises cotées doivent respecter sont les suivantes: avoir une position concurrentielle et non une position monopolistique et ne pas être impliquées dans des affaires de cartels; s'assurer que leurs actions soient cotées, qu'elles puissent être achetées librement, sans restriction aucune, et qu'elles bénéficient de droits fondamentaux (les votes fiduciaires, par exemple, sont interdits); posséder l'intégralité du capital ou n'avoir aucun conflit d'intérêts; tous les membres du Conseil d'Administration doivent être indépendants de toute propriété et soumis à un Code de Conduite assurant la transparence; mettre en place des procédures de contrôle internes s'assurant du respect des normes sociales et environnementales internationalement reconnues (selon les lignes directrices de l'ONU, de l'OCDE et de l'UE). Autres points positifs: un processus de sélection du personnel transparent (y compris des dirigeants); un organe de surveillance interne indépendant (en liaison permanente avec la réunion des actionnaires et faisant partie du Conseil d'Administration) pour vérifier que le travail du Conseil d'Administration soit conforme aux lignes directrices et principes de l'ONU, de l'OCDE et de l'UE en matière de conflits d'intérêts et de gouvernance d'entreprise, de comptabilité et de finance spécifique; un service de communication et relations publiques qui, conformément aux dernières normes et au principe "se conformer ou s'expliquer", communique régulièrement et indépendamment avec le monde extérieur.

Vulnérabilité et analyse des risques

UN STANDARD ETHICS RATING n'est ni une notation prévisionnelle ni un modèle probabiliste. Néanmoins, comme le disait l'économiste Irving Fisher: "Le futur jette son ombre sur le présent". Par conséquent, les analyses sur les 'politiques' et la gouvernance met en évidence des degrés de vulnérabilité implicite vis-à-vis du futur. La vulnérabilité peut provenir de risques économiques, opérationnels ou de réputation. Ces derniers, contrairement aux pratiques les plus communes, ont été classés par Standard Ethics depuis 2011 en tant que risques primaires et secondaires, les risques primaires de réputation étant des risques distincts ne découlant pas des risques opérationnels. Cette classification introduit de nouveaux éléments dans les analyses sur la vulnérabilité et porte à croire que les entreprises possédant au moins un "double E" sont structurellement plus à même de résister aux événements négatifs (économiques, opérationnels ou de réputation) et plus aptes à réduire la fréquence potentielle de ces crises.

Évaluations des événements négatifs

Les évaluations réalisées par Standard Ethics ne sont pas prévisionnelles. De ce fait, elles ne se concentrent pas essentiellement sur l'analyse des événements négatifs et leurs conséquences, mais plutôt sur le caractère adéquat des ajustements organisationnels effectués par les entreprises, ce, afin de réduire le risque qu'un tel événement ne se reproduise à l'avenir. Si, sur une période de temps raisonnable, les solutions proposées semblent être inadéquates à la notation accordée à une entreprise, une nouvelle notation sera attribuée de façon à ce que l'on parvienne au niveau le plus pertinent. Si ce facteur se révèle être un changement dans les politiques ou la gouvernance d'entreprise, la classe du STANDARD ETHICS RATING pourra être immédiatement corrigée.

Indices Standard Ethics

Chaque indice de Standard Ethics est un *Open Free Sustainability Index* et prévoit une divulgation totale: la méthodologie, les critères de sélection et la formule de calcul sont publics et peuvent être librement utilisés – sans aucun coût – comme *benchmark* par les décideurs et les parties prenantes. Les indices SE appliquent la même méthodologie depuis 2004 et sont autofinancés. L'activité de Standard Ethics se concentre sur les notations de durabilité et ses indices ne sont pas vendus comme indices de référence pour les produits financiers.

Pour toute information sur Standard Ethics et sa gouvernance, veuillez visiter le site <http://www.standardethics.eu>

Mentions légales

La notation Standard Ethics est le fruit d'un travail statistique et scientifique réalisé de manière à avoir un aperçu du monde économique par rapport aux principes éthiques promus par les grandes organisations internationales. Par conséquent, lors de la publication de ses notations, Standard Ethics n'entend en aucun cas solliciter l'achat ou la vente de titres de la part des émetteurs.

Standard Ethics è una “Self-Regulated Sustainability Rating Agency” che emette **rating non-finanziari di sostenibilità**. Standard Ethics si è, fin dall'inizio della sua attività, autoregolata attraverso regole statutarie e procedurali per applicare i modelli delle agenzie di rating di merito creditizio. I clienti di Standard Ethics sono le entità che desiderano ricevere un rating (**Applicant-Pay Model**) e non viene fornita consulenza agli investitori. Il marchio **Standard Ethics**® è noto dal 2004 nel mondo della “finanza sostenibile” e degli studi ESG (*Environmental, Social e Governance*) per promuovere principi standard di sostenibilità e governance provenienti dall'Unione Europea, dall'Ocse e dalle Nazioni Unite.

STANDARD ETHICS RATING (SER) sollecitato e non sollecitato

Lo **STANDARD ETHICS RATING (SER)** è una opinione circa la distanza tra un ente (o una emissione) e le indicazioni internazionali sulla sostenibilità.

Unisce le seguenti caratteristiche: è “**solicited**”, “**standard**” e “**indipendente**”; viene emesso su richiesta del cliente attraverso un rapporto bilaterale diretto e regolato; l'algoritmo è uniformato alle indicazioni e linee guida dell'Unione Europea, dell'Ocse e delle Nazioni Unite in materia di sostenibilità e governance della sostenibilità; l'emissione è incompatibile con la fornitura di altri servizi diversi dai rating o valutazioni ESG. Applicando questa metodologia, l'approccio di Standard Ethics si può definire “**ethically neutral**”.

Standard Ethics Algorithm ©

$$\frac{(F_{CEU} + S_a + I_{EU-OECD} + M_{DW} * f(S_a) * f(I_{EU-OECD}) + C_{G_{UN-OECD-EU}} * f(F_c) * f(I_{EU-OECD}))}{10} + k$$

Eventuali politiche filantropiche o di responsabilità socio-ambientale non allineate alle indicazioni di sostenibilità, non hanno effetti positivi sul rating. I Rating “**unsolicited**” vengono emessi per mantenere o aggiornare indici o per aggiornare il ranking delle nazioni Ocse. Rimangono validi – anche in questi casi – i principi di standardizzazione ed indipendenza sopra citati che sono alla base dell'attività di Standard Ethics.

CORPORATE, SECURITY, COUNTRY: TRE TIPI DI RATING

Il **Corporate** SER è assegnato ad un ente nel suo complesso (che sia un emittente o meno).

Il **Security** SER è assegnato ad un'emissione General-Purpose (obbligazione o altri strumenti di debito finanziario). Tuttavia, l'analisi tiene conto dell'emittente, della sua natura e dei suoi piani industriali, nonché delle sue strategie di sviluppo e sostenibilità.

Il **Country** SER valuta le nazioni Ocse a cui sono state aggiunte nel corso del tempo: Argentina, Brasile, Bulgaria, Cina, Egitto, India, Romania, Russia, Sud Africa e lo Stato della Città del Vaticano. Nel valutare le nazioni, Standard Ethics favorisce le nazioni dalla democrazia stabile e collaudata, tesa a soddisfare i più alti requisiti in termini di diritti umani, in termini di politiche ambientali, di relazioni con i paesi in via di sviluppo, di sostenibilità delle strutture economiche, in grado di garantire alti livelli sostanziali e formali di democrazia e di sicurezza comune.

Pubblicazione degli STANDARD ETHICS RATING

L'agenzia pubblica i rating (“**solicited**” o “**unsolicited**”) attribuiti ai componenti (*constituent*) dei propri indici. Non assume impegni per gli altri.

Classi dello STANDARD ETHICS RATING

Le valutazioni finali sul livello di conformità delle aziende, delle emissioni e delle nazioni ai principi di sostenibilità (principi di Standard Ethics) sono espresse attraverso nove diverse classi dello STANDARD ETHICS RATING: **EEE**; **EEE-**; **EE+**; **EE**; **EE-**; **E+**; **E**; **E-**; **F**. Il livello “**EE-**” o superiore, indica una opinione di “conformità”. Ogni singola classe di rating può avere un **Outlook** positivo o negativo. Qualora una entità fosse declassata a livello “**F**”, detenere i suoi titoli potrebbe avere un impatto negativo ed una *Security Segregation Impact Notice* (SSIN) fornirà i dettagli.

Le nazioni e le imprese che non rispettano i valori espressi dalle sopra citate organizzazioni o che non forniscono dati pubblici sufficienti ai necessari approfondimenti, non ricevono valutazioni e sono “sospesi”. Tra gli emittenti “sospesi” vengono inseriti anche i casi in cui si è in attesa di informazioni, evoluzioni o chiarimenti.

Elementi standard richiesti alle società quotate

Nel caso delle società quotate, la “tripla E” viene assegnata se sussistono alcuni presupposti *standard*, tra cui, la previsione statutaria del rispetto della Dichiarazione universale dei diritti umani approvata dalle Nazioni Unite il 10 dicembre del 1948 (e delle principali norme internazionali che la completano e specificano), ed in termini generali, l'adeguamento della propria struttura alle indicazioni di sostenibilità e *corporate governance* più avanzate. Le condizioni fondamentali che le imprese quotate devono rispettare sono le seguenti: una posizione competitiva e non monopolistica e senza il coinvolgimento in cartelli competitivi; un capitale liberamente quotato ed acquistabile e con i medesimi diritti sostanziali (es. i patti di sindacato, a seconda della tipologia, possono comportare una valutazione negativa); una proprietà ampiamente diffusa e priva di posizioni dominanti o azionisti di controllo controbilanciati da adeguati strumenti di governo e controllo; tutti i consiglieri d'amministrazione indipendenti dalla proprietà e sottoposti ad un Codice di Condotta che garantisca un operato trasparente; una procedura interna e di controllo che verifichi il rispetto degli standard internazionalmente riconosciuti più aggiornati in materia sociale ed ambientale (Onu; Ocse; UE). Altri elementi positivi sono: una selezione del personale trasparente (compresi i dirigenti); un organismo indipendente di controllo interno (e/o gestione rischi), auspicabilmente collegato all'Assemblea dei Soci ed operativo sino al livello del CdA, per verificare il rispetto delle indicazioni comunitarie e dei principi sui conflitti di interesse, sulla *corporate governance*, su contabilità e finanza straordinaria, promossi dalla UE, dall'Onu e dall'Ocse; un ufficio di relazioni esterne e di comunicazione che in linea con le ultime norme ed il principio “**Comply or Explain**”, comunica all'esterno con regolarità ed indipendenza.

Analisi della vulnerabilità e dei rischi

Lo **STANDARD ETHICS RATING** non è un rating con funzioni predittive e non è un modello probabilistico. Nondimeno, come sosteneva l'economista Irving Fisher: “Il futuro getta la sua ombra nel presente”; pertanto, l'analisi condotta sia sulle *policy* e sia sulla *governance* aziendale evidenzia dei livelli di vulnerabilità implicita rispetto al futuro. Vulnerabilità derivante da rischi economici, operativi e reputazionali. Questi ultimi, diversamente dalle prassi più diffuse, sono classificati da Standard Ethics (dal 2011) in *primari* e *secondari*, dove i *rischi reputazionali primari* hanno propria natura e non derivano dai rischi operativi. Questa classificazione introduce elementi originali nell'analisi della vulnerabilità e porta a ritenere che le società classificate almeno con la “doppia E”, siano strutturalmente più idonee a sopportare eventi negativi severi (economici, operativi o reputazionali) e siano ritenute in grado di ridurre la loro potenziale frequenza.

Valutazione degli eventi negativi

Le valutazioni di Standard Ethics, non essendo predittive, non si focalizzano primariamente sull'analisi degli eventi negativi ed i loro effetti futuri, ma sull'adeguatezza delle correzioni organizzative che l'azienda fornisce sul momento al fine di ridurre il rischio che un analogo accadimento possa ripetersi. Qualora, nell'arco di un ragionevole lasso di tempo, le soluzioni proposte apparissero inadeguate alla classe di rating in possesso all'azienda, la classe di rating verrà proporzionalmente portata al livello più consona.

Indici di Standard Ethics

Ogni indice di Standard Ethics è un *Open Free Sustainability Index* e prevede la totale *disclosure*: la metodologia, i criteri di selezione e la formula di calcolo sono pubblici e sono quindi liberamente utilizzabili – senza costi – come *benchmark* dai decisori e dalle parti interessate. Gli indici SE applicano la stessa metodologia dal 2004 e sono autofinanziati. L'attività di Standard Ethics si concentra sui rating di sostenibilità e i suoi indici non sono venduti come indici di riferimento per i prodotti finanziari.

Per ogni informazione su Standard Ethics e la sua governance si rimanda al sito: www.standardethics.eu.

Legal Disclaimer

Lo Standard Ethics Rating è il risultato di un lavoro scientifico portato avanti dal 2004 per fornire un quadro aggiornato del mondo economico in relazione ai principi etici promossi dalle grandi organizzazioni internazionali. In nessun caso, Standard Ethics - attraverso valutazioni ed emissioni - intende sollecitare l'acquisto o la vendita di titoli da parte di qualsiasi emittente.

Standard Ethics es una “**Agencia de calificación de la sostenibilidad autorregulada**” que emite **calificaciones de sostenibilidad no financieras**. Desde el comienzo de su actividad, Standard Ethics se ha autorregulado a través de reglas estatutarias y de procedimiento para aplicar los modelos de las agencias de calificación crediticia.

Los clientes de Standard Ethics son las entidades que desean recibir una calificación (**Applicant-Pay Model**) y no se brinda asesoramiento a los inversores.

La marca, **Standard Ethics**® es conocida desde 2004 en el mundo de las “finanzas sostenibles” y de los estudios ESG (Medioambientales, Sociales y de Gobernanza) con vistas a promover principios estándares de sostenibilidad y de gobernanza procedentes de la Unión Europea, de la OCDE y de Naciones Unidas.

STANDARD ETHICS RATING (SER) solicitado y no solicitado

El **STANDARD ETHICS RATING (SER)** es una opinión acerca de la brecha entre una entidad (o una emisión) y las pautas internacionales sobre la sostenibilidad.

Reúne las siguientes características: es “**solicitado**”, “**estándar**” e “**independiente**”; es emitido a petición del cliente a través de una relación bilateral directa y regulada; el algoritmo se fundamenta en las indicaciones y pautas de la Unión Europea, de la OCDE, de Naciones Unidas en el ámbito de la sostenibilidad y la gobernanza de la sostenibilidad; su emisión es incompatible con el desempeño de otros servicios que no sean la calificación o las evaluaciones ESG. Al aplicar esta metodología, el planteamiento de Standard Ethics puede ser definido “**éticamente neutral**”.

Standard Ethics Algorithm ©

$$\frac{(Fc_{EU} + Sa + Id_{EU,OCDE} + Mw \cdot f(Sa) \cdot f(Id_{EU,OCDE}) + Cg_{UN-OCDE-EU} \cdot f(Fc) \cdot f(Id_{EU,OCDE}))}{10} + k$$

Eventuales políticas filantrópicas o de responsabilidad socioambiental no conformes con las pautas de sostenibilidad no tienen efectos positivos sobre la calificación.

Las Calificaciones “**no solicitadas**” son emitidas para mantener o actualizar índices o para poner al día el ranking de las naciones de la OCDE. Continúan teniendo validez, incluso en estos casos, los principios de estandarización e independencia arriba apuntados que estriban en la base de la actividad de Standard Ethics.

CORPORATE, SECURITY, COUNTRY: TRES TIPOS DE CALIFICACIÓN

El **Corporate** SER es asignado a una entidad en su conjunto (que se trate de un emisor o no).

El **Security** SER es asignado a una emisión General-Purpose (obligación u otros instrumentos de deuda financiera). Sin embargo, el análisis tiene en cuenta al emisor, su naturaleza y sus planes industriales, así como sus estrategias de desarrollo y sostenibilidad.

El **Country** SER evalúa las naciones OCDE a las que se han añadido en el tiempo: Argentina, Brasil, Bulgaria, China, Egipto, India, Rumania, Rusia, Sudáfrica y el Estado de la Ciudad del Vaticano. A la hora de evaluar las naciones, Standard Ethics favorece las naciones con una democracia estable y consolidada, tendiente a cumplir con los más altos requerimientos en términos de derechos humanos, de políticas medioambientales, de relaciones con los países en desarrollo, de sostenibilidad de las estructuras económicas, en condiciones de garantizar altos niveles sustanciales y formales de democracia y seguridad común.

Publicación de los STANDARD ETHICS RATING

La agencia publica las calificaciones (“**solicitadas**” o “**no solicitadas**”) asignadas a los componentes (*constituent*) de sus propios índices. No asume compromisos hacia los otros.

Clases del STANDARD ETHICS RATING

Las evaluaciones finales sobre el nivel de conformidad de las empresas, las emisiones y las naciones con los principios de sostenibilidad (principios de Standard Ethics) son expresadas a través de nueve diferentes clases del STANDARD ETHICS RATING: **EEE; EEE-; EE+; EE; EE-, E+, E, E-, F**. El nivel “**EE-**” o superior, indica una opinión de “conformidad”. Cada clase individual de calificación puede tener **Outlook** positivo o negativo. Sin embargo, si una entidad fuera degradada al nivel “**F**”, poseer sus títulos podría tener un impacto negativo y una *Security Segregation Impact Notice* (SSIN) proporcionará los detalles.

Las naciones y las empresas que no cumplen con los valores expresados por las arriba apuntadas organizaciones o que no facilitan datos públicos suficientes para las profundizaciones necesarias no reciben evaluaciones y resultan “pendientes”. Entre los emisores “pendientes” se incorporan también los casos en los que se espera información, evoluciones o aclaraciones.

Requerimientos estándares para las sociedades cotizadas

Para las sociedades cotizadas, se asigna la “triple E” si se cumplen algunas condiciones estándares, como por ejemplo, la referencia en los estatutos al

respeto de la Declaración universal de los derechos humanos aprobada por las Naciones Unidas el 10 de diciembre de 1948 (y de las principales normas internacionales que la completan y la complementan) y en términos generales, que la estructura de estas sociedades cumpla con las pautas de sostenibilidad y gobernanza corporativa más avanzadas. Las condiciones fundamentales que las empresas cotizadas deben respetar son las siguientes: una posición competitiva y no monopolista y sin la participación en carteles competitivos; cerciorarse de que sus acciones estén cotizadas, que puedan ser compradas libremente y que se beneficien de los mismos derechos sustanciales (por ej., los acuerdos de sindicación, según su tipología, pueden conllevar una evaluación negativa); una propiedad muy extensa del capital y sin posiciones dominantes o accionistas de control, con el contrapeso por otra parte de herramientas adecuadas de gobierno y control; que todos los integrantes del consejo de administración sean independientes de la propiedad y sometidos a un Código de Conducta que garantice una labor transparente; un procedimiento interno y de control que verifique el cumplimiento de los estándares más avanzados reconocidos a nivel internacional en el ámbito social y medioambiental (ONU, OCDE, UE). Otros puntos positivos son: una selección del personal transparente (incluidos los altos cargos); un organismo independiente de vigilancia interna (y/o de gestión de riesgos) en conexión con la Asamblea de los Accionistas y que forme parte del Consejo de Administración, para verificar el cumplimiento de las indicaciones comunitarias y de los principios de la UE, de la ONU y de la OCDE, en el ámbito de los conflictos de intereses, de la gobernanza corporativa, de la contabilidad y de finanzas extraordinarias; un servicio de comunicación y relaciones públicas que de conformidad con las últimas normas y el principio “cumplir o dar explicaciones” se comunique con el exterior con regularidad e independencia.

Vulnerabilidad y análisis de los riesgos

El **STANDARD ETHICS RATING** no es una calificación predictiva ni tampoco un modelo probabilista. Sin embargo, como dijo el economista Irving Fisher: “la sombra del futuro se proyecta en el presente”; por consiguiente, el análisis llevado a cabo tanto en las *políticas* como en la gobernanza corporativa destaca niveles de vulnerabilidad implícita frente al futuro. Vulnerabilidad que procede de riesgos económicos, operativos y de reputación. Desde 2011, Standard Ethics clasifica estos últimos, a diferencia de las prácticas más difundidas, como riesgos *primarios* y *secundarios*, donde los *riesgos de reputación primarios* tienen su propia naturaleza y no proceden de los riesgos operativos. Esta clasificación incorpora elementos originales en el análisis de la vulnerabilidad y nos lleva a pensar que las sociedades con al menos una “doble E” son las más adecuadas bajo un prisma estructural para hacer frente a eventos negativos severos (económicos, operacionales o de reputación) y más capaces de reducir la potencial frecuencia de estas amenazas.

Evaluación de los eventos negativos

Las evaluaciones de Standard Ethics no son predictivas y por lo tanto no se focalizan primariamente en el análisis de los eventos negativos y sus efectos futuros, sino en lo adecuado de las correcciones organizativas que la empresa facilita en el acto para reducir el riesgo que un acontecimiento parecido pueda repetirse. Si en un espacio de tiempo razonable, las soluciones propuestas resultaran inadecuadas para la clase de calificación que tiene la empresa, la propia clase será llevada proporcionalmente al nivel más adecuado.

Índices de Standard Ethics

Cada índice de Standard Ethics es un *Open Free Sustainability Index* y prevé una completa *divulgación*: la metodología, los criterios de selección y la fórmula de cálculo son públicos y pueden libremente emplearse, sin costes, como *benchmark* por lo responsables de la toma de decisiones y las partes interesadas. Los índices SE aplican la misma metodología desde 2004 y son autofinanciados. La actividad de Standard Ethics se centra en las calificaciones de sostenibilidad y sus índices no se venden como índices de referencia para productos financieros.

Para cualquier información sobre Standard Ethics y su gobernanza véase el sitio: www.standardethics.eu.

Advertencia legal

El **STANDARD ETHICS RATING** es el resultado de un trabajo científico que se lleva a cabo desde 2004 para brindar un marco actualizado del mundo económico en relación con los principios éticos promovidos por las grandes organizaciones internacionales. Por consiguiente, con la publicación de sus calificaciones, Standard Ethics no pretende, en ningún caso, solicitar la compra o la venta de títulos cualesquiera que sean los emisores.

Communication and Public Affairs Office

www.standardethics.eu

Tracey Waters – Head of Communication Office

Matteo Gori – Communication Manager

headquarters@standardethics.eu

tracey.waters@standardethics.eu

matteo.gori@standardethics.eu