

SUSTAINABILITY POLICY

Subject: **Inarcassa Sustainability Policy**

(Update approved by the Board of Directors on 17 November 2023)

1. INTRODUCTION

Inarcassa, Cassa Nazionale di Previdenza ed Assistenza per gli Ingegneri ed Architetti Liberi Professionisti (National Social Security and Support Fund for Self-employed Engineers and Architects; hereinafter “Fund”) was established as a public entity in 1958 and transformed in 1995 into a private association, founded upon a Statute and a General Social Security Regulation stipulated by the National Committee of Delegates and approved by the supervising ministries. It is therefore a body capable of operating independently, but under public control, in favour of the category to which it refers.

At the end of 2023, the members will number around 175,700 self-employed professionals, up by 0.1% on 2022. Forecasts for 2024 indicate that the trend will continue, and membership is expected to remain below 176,000.

The increase in number of pensioners is in line with the projections of the Technical Audit and is expected to stand at around 45,700 by the end of the year, reaching 48,850 by the end of 2024. Inarcassa is classified as a “non-commercial entity” pursuant to Article 73(1 c) of Presidential Decree No 917 of 22/12/1986 (TUIR, Consolidated Law on Income Tax) and, pursuant to Article 74, Paragraph 2 of the TUIR — as last amended by Article 38, Paragraph 11 of Legislative Decree No 78 of 31 May, converted into Law No 122 of 30 July 2010 –, “*The following do not constitute commercial activities: ... b) the pursuit of social security, welfare and healthcare activities by public bodies set up exclusively for this purpose, including local health authorities, as well as the pursuit of social security and welfare activities by private bodies of mandatory social security*”, while the income generated by the pursuit of “de-commercialised” activities falls into the other categories envisaged by the TUIR (mortgage, capital and other).

The use of resources deriving from the collection of compulsory contributions is a necessary and essential activity for the achievement of institutional goals.

Contribution – which is the tool for ensuring concrete protection of constitutionally guaranteed social security – is based on compulsory payments, calculated as a percentage of professional income; minimum fixed contributions are due in any case, regardless of income and turnover.

Inarcassa has adopted a Code of Ethics¹ which defines the set of rights, duties and responsibilities to be assumed expressly with regard to each stakeholder with whom the Fund interacts within the scope of its activity. These principles complement the main mission of the Fund, which is to optimise the management of resources in the exclusive interest of its members.

¹ <https://www.inarcassa.it/site/home/amministrazione-trasparente/disposizioni-general/atti-general/articolo6793.html>

In keeping with the social security principle of "Distribution", Inarcassa operates in such a way as to ensure the successful marriage of the criteria of sustainability with adequacy of service over time. To achieve this balance, Inarcassa aligns its operations with actions inspired by both the inter-/intra- generational guarantee and the optimal use of pension savings with a view to long-term returns. The provision of integrated social security and welfare services is also an essential part of the Mission, to meet in combination and synergically all the needs and requirements that arise at the different stages of members' lives.

The financial strategy that Inarcassa intends to pursue, through the use of resources, is to identify the efficient risk - return combinations in a time frame consistent with the commitments made with regard to the members as envisaged by the Actuarial Technical Audits prescribed by the Supervising Ministries and by COVIP, the Pension Fund Supervisory Commission (Article 2, Paragraph 2 of Decree 509/1994 et seq., and by the RGP 2012, Article 9).

The management objectives, both general and for individual asset classes, are given definite form at the time of construction of the Strategic Asset Allocation and reviewed on a monthly basis with the prospective Tactical Asset Allocation.

This Sustainability Policy defines the principles and methods that guide the Fund in its choice of investments, (hereinafter called the "Policy"), the direction of the managers in their investment choices, the subsequent monitoring and the reporting on the activity to all the stakeholders. This Policy complements, without any limitation or impediment, the investment policy adopted by the Fund which has the aim of pursuing the protection and increase in value of members' assets in the long term. Inarcassa affirms its commitment to pursuing sustainable and responsible management in full compliance with the United Nations Principles for Responsible Investment (UNPRI), of which it has been a signatory since 2017. As of the end of 2023, 80% of Inarcassa's asset managers are members of the PRI. In order to strengthen and reaffirm its commitment to sustainability, Inarcassa joined the Forum for Sustainable Finance in 2020. This non-profit association, founded in 2001, aims to promote the integration of environmental, social, and governance criteria in policies and investment processes. In mid-2023, as a significant contribution to climate action and to positively influence the business policies of globally leading listed companies, Inarcassa subscribed to the Climate Action 100+ initiative as an Investor Supporter. This move aligns with the organization's commitment to the transition to a sustainable future and aims to broaden the dialogue with enterprises that play a pivotal role in promoting the global transition to net-zero emissions.

2. VISION AND PRINCIPLES

In the belief that incorporating sustainability and responsibility criteria in investment and pension decisions constitutes value and that this value is also perceived as an "economic" value, the ability to identify, monitor and manage environmental, social and governance factors (ESG) becomes one of the significant distinguishing elements of long-term investments. The adoption of a strategic approach that also takes ESG factors into account is a practical necessity for correct risk assessment and management.

Inarcassa therefore believes that integrating sustainability criteria into its investment activity is necessary for successfully and more effectively implementing the relationship of trust with its members.

As stated, Inarcassa identifies environmental sustainability objectives as representative of its commitment to create value in the long term both in financial terms and towards the community and the environment.

The objectives are identified at the "corporate" level and are translated into internal policies and procedures aimed at raising awareness among all employees and limiting the environmental impact of business operations for the benefit of all stakeholders.



The Inarcassa Green Project is therefore intended as a concrete contribution towards sustainability, which complements that already offered by the Assets and sustainable finance initiatives, through the adoption of a series of measures aimed at reducing environmental impacts in the workplace and promoting a culture of sustainability, generating benefits that go far beyond the boundaries of its own organisation.

Within the framework of the sustainable policies project, the Fund adheres to internationally shared principles and standards that can serve as guidelines for defining its approach as a responsible investor. The Fund undertakes to comply with the United Nations Principles for Responsible Investment (UNPRI). As an institutional investor, it recognises its duty to act in the long-term interest of its beneficiaries. In this fiduciary role, it recognises that environmental, social and corporate governance (ESG) issues can influence portfolio performance. It also recognizes that the application of these Principles helps to align the interests of investors with the wider interests of society.

In light of the objectives set out, Inarcassa undertakes to:

1. Incorporate ESG factors into investment analysis and its decision-making processes;
2. Be an active shareholder and consider ESG factors when exercising ownership rights;
3. Encourage transparency on ESG issues from investee organisations;
4. Promote PRIs in the asset management industry;
5. Collaborate between subscribers to make PRIs more effective (interaction among signatories);
6. Report on the implementation of PRIs (ESG analysis and reporting framework).

As a PRI signatory, Inarcassa publicly commits to adopting and implementing PRIs, where consistent with its fiduciary responsibilities. Inarcassa also undertakes to evaluate their effectiveness and improve their content over time.

The Principles of Responsible Investment were, in fact, developed by an international group of institutional investors to reflect the growing relevance of environmental, social and corporate governance criteria in investment practices. The Fund therefore believes that this can improve the ability to fulfil its fiduciary mission in the interest of the professional category represented and to improve the alignment of investment activities with the broader interests of the company. Inarcassa therefore also encourages other investors to adopt these principles.

The perception of the present paints a future with uncertain shades of grey, the result of investment choices that are often indifferent or insensitive to climate, environmental and human issues. For these reasons, it is considered of ethical and strategic interest to members, employees, the institution, counterparties and future generations that Inarcassa works conceptually and concretely to build infrastructures that operate sustainably. These infrastructures take the form of tools designed by governance and such as to be measured.

On the investment front, Inarcassa also aligns its corporate objectives with the 2030 Agenda Sustainable Development Goals (SDGs), which entered into force on 1 January 2016 and, although they are not legally binding, are a source of inspiration for programmes and public policies for all countries, regardless of the level of development. The SDGs are also a point of reference for SRI investors, who can identify the impact of their investments ex-ante and measure it ex-post based on individual objectives.

Inarcassa has identified the following:

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all



Goal 7 supports universal and reliable access to modern energy generation services at affordable prices. Given that sustainable development depends on economic development and on the climate, Goal 7 aims for a significant increase in the share of renewables in the global energy mix and a doubling of the global rate of improvement in energy efficiency. Another goal is to promote research in renewable energies, as well as investment in clean energy infrastructure and technologies.

Inarcassa's contribution

The Fund contributes towards Goal 7 through financial management by selecting strategies and products of investment in economic activities and technologies that promote the development and accessibility of renewable energies, energy efficiency, the reduction of the use of fossil fuels for the generation of energy, respecting the environment and the communities in which they operate. Inarcassa intends to increase this contribution over time by following the technological evolution in industry and the strategies and products offered by the financial industry.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



Goal 9 aims to build resilient infrastructure, promote industrialisation and foster innovation. More efficient use of resources and the adoption of more clean and environmentally friendly technologies and industrial processes required to make infrastructure and industries sustainable by 2030.

Goal 9 aims to support the development of technology, research and innovation, especially in developing countries, provide small industries and businesses with greater access to affordable credit and financial services and increase the integration of these companies in the markets. It also aims to support universal and affordable internet access in the world's least developed countries.

Inarcassa's contribution

The Fund achieves its contribution to Goal 9 through financial management, considering infrastructures in particular as a tool for innovation, sustainable use of resources and distribution of technology on a global scale. Inarcassa supports industrial and infrastructural progress and innovation through its liquid investments primarily with a global focus; it supports sustainability projects at domestic level through illiquid equity investments (Private Markets and Real Estate) and intends to increase its commitment in this direction by adopting specific ESG selection standards and participating in association initiatives (for example, Assodire).

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable



Goal 11 aims to reduce the negative effects of the environmental impact of cities, particularly in terms of air quality and waste management. It calls for more inclusive and sustainable forms of urbanisation, based in particular on a participatory, integrated and sustainable approach to urban planning. The goal also aims to ensure universal access to safe and inclusive green and public spaces, especially for

women, children, the elderly and people with disabilities, and to provide access to safe and affordable transport systems.

Inarcassa's contribution

The Fund has always invested locally to contribute to the growth of the national economy and support the activity of the professional categories to which it belongs. The contribution to Goal 11 consists of attention to areas of investment, such as green and accessible construction, clean transport and technology for smart cities. Commitment to this Goal is also performed at corporate level through the Inarcassa Green project.

Goal 12: Ensure sustainable consumption and production patterns



Goal 12 implementing the 10-year framework of programmes on sustainable consumption and production patterns targets the environmentally friendly management of chemicals and all waste, as well as a substantial reduction of waste generation through measures such as recycling.

Goal 12 also aims to halve food waste, encourage businesses to adopt sustainable practices and promote sustainable public procurement policies.

Inarcassa's contribution

The Fund contributes to Goal 12 as a business by striving to eliminate single-use plastic and reduce the use of paper, as set out in the Inarcassa Green project. The Fund intends to increase this contribution with portfolio management by seeking solutions within the offering of financial strategies and products that support the circular economy and a sustainable production and consumption model for the environment and the community.

Goal 13: Take urgent action to combat climate change and its impacts



The goal recognises that the United Nations Framework Convention on Climate Change is the primary international intergovernmental forum for negotiating the global response to climate change. Complementing this dialogue, Goal 13 advocates strengthening resilience against climate-related natural disasters and reaffirms the commitment made by developed countries to mobilise jointly \$100 billion annually from all sources, by 2020, to help developing countries to adapt to climate change.

Inarcassa's contribution

The Fund is committed to combating climate change by pursuing targets to improve and reduce CO2 emissions in company operations and in the property portfolio. Inarcassa applies sector and product filters based on CO2 emissions in its selection of investments (watch lists), periodically monitors the absolute and relative carbon footprint of the portfolio compared to the reference benchmark and implements initiatives to mitigate and reduce this footprint over time.

Goal 17: Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development



Successful implementation of the 17 Sustainable Development Goals depends on a global financing framework that goes beyond official commitments to support development.

Alongside public and private funding, the political sphere should ensure a greater contribution to the achievement of the objectives in question.

Goal 17 calls on developed countries to renew their pledge to allocate 0.7% of gross national income to public support for development. It aims to ensure greater mobilisation of domestic resources to reduce reliance on foreign support, as well as increased international collaboration in science, technology and innovation, and the promotion of a fair multilateral trading system. Goal 17 also supports the improvement of macroeconomic stability and the consistency of policies with the interests of sustainable development.

Inarcassa's Contribution

The Fund intends to contribute concretely to Goal 17 through the commitment to disseminate sustainable finance and ESG issues in the financial and social security sector. Inarcassa carries out engagement activities with the issuers in its portfolio in order to promote the adoption of sustainability practices and good corporate governance.

Inarcassa is a signatory of the Principles for Responsible Investment (PRI), a member of the Sustainable Finance Forum and of the Association of Private Social Security Institutions (AdEPP), has joined the European Green Deal, established Assodire and actively participates in the dissemination of sustainable finance initiatives promoted by these networks. The Fund also promotes awareness of ESG issues among its employees and associates through the Inarcassa Green project and specific training activities.

For further details on the targets related to the goals described, see <https://asvis.it/goal-e-target-obbiettivi-e-traguardi-per-il-2030/>.

3. PURPOSE

The purpose of this document is to define the sustainable investment policy (Sustainability Policy) that Inarcassa intends to implement in order to obtain efficient risk-return combinations from the use of the resources entrusted to it over a period of time consistent with its social security commitments.

This document is recognised as the Sustainable Investment Policy adopted by Inarcassa and approved by the Board of Directors on **17/11/2023**.

The Sustainability Policy does not replace the Fund's Investment Process Document, but adds to it; it contains the recommendations, practices and definitions inspired by international best practices and legal provisions, on the approaches to sustainable investment, the instruments adopted and the role of the parties involved. This Policy also applies to investments in illiquid assets, for which, during selection, an analysis is undertaken of the manager's methods in relation to investment sustainability.

For the preparation, implementation and periodic monitoring of activities connected to sustainable and responsible investments, the Fund engages an ESG Advisor, selected through public tender awarding a 24-month contract for the services of ESG Score and ESG Risk Assessment and Reporting for Inarcassa's assets.

The contract stipulated with the ESG Advisor envisages the following services:

- a. Assessment of and reporting on the Inarcassa liquid portfolio with different levels of granularity (Macro Asset, Single Portfolio, Single Instrument);
- b. Preparation of materials for investor communication and reporting to its governing bodies and stakeholders (members, supervisory authorities);
- c. Support for the compilation of the annual PRI reporting framework, for the part concerning the methods and techniques for assessing the impact of sustainability on Inarcassa's assets;
- d. Carbon Footprint Portfolio, which measures the direct and indirect emissions of climate-changing gases by an investment portfolio;
- e. Sustainable Development Portfolio, which measures the sustainable development impact of companies included in an investment portfolio

The sustainability objectives that Inarcassa aims to achieve with reference to both the overall activity and that of individual investments are periodically decided by the Board of Directors, implemented by the Fund with the support of the Sustainability Advisor and have an impact on the Fund's stakeholders.

4. STRATEGY

The Fund, in line with the PRI's definition of sustainable and responsible investment, defines sustainable and responsible investment as an approach that aims to integrate environmental, social and governance (ESG) factors in investment decisions, to improve risk management and generate sustainable returns over the long term.

Inarcassa identifies and defines as adoptable the following sustainable and responsible investment strategies:

1- Negative/exclusionary screening: explicit exclusion of individual issuers or sectors or countries from the investment universe, based on certain principles and values.

2- Positive/best-in-class screening: selection of issuers in the portfolio according to environmental, social and governance criteria, prioritising the best within a universe, category or asset class. This

approach involves selecting or overweighting the best performers or companies with the strongest improvement trends, identified through an ESG analysis (best in class, best in universe, best effort).

3-Norms-based screening: investment selection based on compliance with international norms and standards.

4- ESG integration: explicit inclusion of the principles outlined above and of others that in the future should be identified within the ESG framework of in traditional financial analysis. The integration process is focused on the potential (negative or positive) impact of ESG issues on the economic and financial results of the company and therefore on the effects in terms of risk-return of the investment.

5- Sustainability themed investing: selection of issuers in the portfolio according to environmental, social and governance criteria, focusing on one or more themes or sectors.

6- Impact/community investing: investments in companies, organisations and funds set up with the intention of generating a positive and measurable social and environmental impact, together with a financial return

7- Corporate engagement and shareholder action: dialogue with the company on sustainability issues and exercise of voting rights in relation to equity participation.

5. OBJECTIVES

The management objectives, both general and for individual asset classes, are given definite form at the time of the construction of the Strategic Asset Allocation and reviewed on a monthly basis with the prospective Tactical Asset Allocation. The strategic allocation of assets, with the identification of the proportions to be invested in the various asset classes (for which the geographical areas, the sectors of activity, the reference currencies and the margins of fluctuation to be maintained). The successful implementation of the combined investment and sustainability strategies also depends heavily on the expertise and ability of the managers to evaluate the sustainability criteria in the composition of their portfolio in accordance with the objectives defined by the Fund. For further details on the "Criteria for defining and implementing the investment policy", see paragraph 5.2 of the "Process for defining and implementing the investment policy".

With regard to the sustainability objectives identified by the definition of the Strategic Asset Allocation 2023-2027 to be achieved through the implementation of the portfolio, 3 targets have been identified:

1. ESG Quality score of at least 63 (Percentile ranking out of 100)
2. Carbon Intensity² not over 175 tCO₂e/\$M
3. Improvement compared to the strategic benchmark, including through thematic and impact investing, of the proportion of the portfolio that pursues the various SDGs, with particular reference to the goals detailed in paragraph 2 – Vision and Principles.

² Carbon Intensity is calculated in tonnes of CO₂ emitted per EUR million in revenues and provides an indication of the portfolio's potential exposure to climate-related risks.

6. GOVERNANCE

The parties involved in the various phases of the investment process and definition of financial sustainability strategies are significant stakeholders and, at the same time, are capable of exercising a strong influence. Specifically, the structure includes:

- National Committee of Delegates (CND),
- Board of Directors (BoD),
- Board of Statutory Auditors,
- Presidency,
- General Management
- Assets Management
- ESG Advisor

The parties listed have different roles and responsibilities. For further details on the duties and responsibilities of the parties involved, see paragraph 4 of the "Process for defining and implementing the investment policy".

- ESG Strategy Representative: supports the parties listed above in order to ensure that the strategies implemented by them in accordance with the provisions of Paragraph 4 of the "Process for defining and implementing the investment policy" are consistent and correctly integrated with the provisions of the Sustainability Policy. It also ensures the correct monitoring of the objectives identified in this document by acting as the contact person both for the ESG Advisor in the transfer of information on the sustainability of the financial instruments held in the portfolio, and for any external bodies that report on the sustainability of the Fund's financial investments.

7. APPLICATION

The sustainable management objectives, the methods for selecting and monitoring managers, the application times and the sustainability parameters are defined below.

I. Sustainable management objectives

The diversification established through the Strategic Asset Allocation in terms of instruments and geographical areas prefigures a broad and wide-reaching management style, with the aim of achieving the pre-established financial and sustainable objectives. The Fund also applies the differentiated implementation of sustainability strategies on the various portfolios (shares, corporate bonds, government bonds, investment funds, management mandates) to ensure optimum efficiency of management.

Inarcassa periodically sets the strategic sustainable objectives to be pursued with portfolio management, in line with the financial objectives.

The Fund aims to improve its portfolio performance in terms of environmental, social and corporate governance quality (portfolio ESG Quality Score) both absolute and with respect to the reference benchmark. Inarcassa also monitors the evolution of the ESG quality indicator (ESG rating momentum) reserving the right to rate positively investments that contribute to the increase in the portion of the portfolio showing a positive/upward trend.

Furthermore, in line with the SDGs selected as relevant by the Fund, Inarcassa aims to reduce the environmental impact of the property portfolio, measuring it by means of Carbon Intensity, monitored both in absolute terms and relative to the benchmark. Carbon Intensity is calculated in tonnes of CO₂ emitted per EUR million in revenues and provides an indication of the portfolio's potential exposure to climate-related risks.

Inarcassa aims to improve the proportion of the portfolio, that pursues the various SDGs, compared to the strategic benchmark, including through thematic and impact investing, with particular reference to the selected Goals.

II. Selection and monitoring

The manager selection process considers financial and sustainable parameters. The managers are chosen following a detailed analysis that takes into consideration, among other things, the following sustainability criteria:

- membership of the PRI;
- the degree of integration of sustainability factors in investment processes;
- the quality and soundness of ESG/SRI investment processes;
- the quality of the team and the experience in sustainable management;
- non-financial reporting on portfolios;
- certifications (in particular for private markets/real assets);
- adherence to international conventions and standards;
- assessment of the level of commitment to sector guidelines or initiatives that promote responsible investment practices.

This selection process is carried out by the Assets Management offices and examined by the Board of Directors, which leads on to the investment approval.

The Monitoring, Benchmarking & Reporting Office (internal to the Assets Management) uses the information collected by the Custodian Bank from the counterparties, in the case of direct investment, and from Managers, in the case of indirect investment and UCITS subscription, in order to monitor the truthfulness, fairness, completeness and alignment of the data, including accounting and tax data, for the purposes of the controls that Inarcassa is required to implement.

Inarcassa, with the support of the Sustainability Advisor, analyses the composition of the portfolios, ensuring that there are no issuers that violate the principles and parameters dictated by the sustainability policy. In the event of misalignments, the Fund launches a discussion with the manager/company to obtain clarifications and justifications of the management choices.

III. Application times

The application of sustainability principles and objectives must take place gradually over time, so as to avoid short-term financial imbalances. While adopting a sustainable approach to a large part of the invested assets, the Fund can implement sustainability strategies differently on the various portfolios and/or asset classes so as to ensure greater efficiency of portfolio management. Today, ESG ratings for Illiquid investments are also available (Private Markets and Real Estate). The standards of illiquid due diligence were integrated with a specific ESG questionnaire administered to all managers in order to gather a pool of non-financial information useful for building a base that can be analysed in terms of sustainability.

This process generated assessment standards for private market and real asset funds in early 2022, updated every six months.

IV. Sustainability parameters

The sustainability parameters defined by the Fund are aimed at an assessment that takes into account the environmental, social and governance profile of the issuers of the assets present in its portfolios.

In particular, for "corporate" issuers, the sustainability profile is defined by analysing management methods and performance in sectors including environment, human rights, human resources, local communities and corporate governance; for "government" issuers, the sustainability profile is defined by analysing commitments and results in the field of environmental protection, civil society and solidarity and institutional governance. The aforementioned analyses are carried out by evaluating the issuers' compliance with universally recognised regulations and standards issued by international bodies.

In this regard, the Fund defines, according to the criteria detailed in Annex 1:

- a. **Exclusion lists:** in order to exclude from the investment universe any issuers that operate directly in the production of weapons banned by UN Conventions, in violation of fundamental humanitarian principles (anti-personnel mines, cluster bombs, enriched uranium, biological weapons, chemical weapons, non-detectable fragments, blinding lasers, incendiary weapons, white phosphorus)
- b. **Watch lists:** aimed at identifying issuers operating in controversial sectors and issues, such as fossil fuels and the violation of human rights and monitoring their compatibility with the principles of this policy.

The ESG Advisor is responsible for assessing the sustainability profiles of Inarcassa's investments, in collaboration with the Assets Management, which is based on data and information processed internally and provided by external info-providers specialised in this type of analysis. In particular, the Assets Management is required to assess periodically the definition criteria for the Sustainability profiles and the list of issuers to be excluded from the investment universe, by submitting them to examination by the BoD.

V. Integration of sustainability strategies

The Fund pursues the integration of sustainability criteria through strategies of positive inclusion and negative exclusion.

The Fund establishes the ESG criteria best aligned with its goals and principles of responsible investment. These criteria also enable improved control of risks and the possibility of seizing sustainability-related return opportunities. This approach is defined as positive inclusion and is applied through the strategies indicated in Paragraph 4 above.

Issuers are flagged for exclusion through the creation of exclusion lists and this may concern a specific tool or all the instruments it issues. With the help of the ESG Advisor, Inarcassa evaluates the issuers and draws up one exclusion list and one watch list to be shared with the managers, so that they can refer to them in their management activity. Inarcassa periodically checks the composition of the portfolios and promptly informs the managers if there are any issuers that are to be included on the lists.

VI. Results of the monitoring of the Sustainability Policy, detailed data in Annex 2

The ESG evaluates quarterly compliance with the information contained in this document and monitors the sustainability objectives established by the Strategic Asset Allocation 2023-2027 and produces a series of documents for internal use reported on annually by Inarcassa in the Annual Report.

8. ENGAGEMENT

The term Engagement identifies all the dialogue undertaken by the investor towards the companies in the portfolio and its main stakeholders on both financial and sustainability issues. This is a long-term process, aimed at positively influencing the behaviour, policies and practices of all financial subjects. The engagement activities promote the progressive achievement of the sustainability objectives defined by both the PRIs and the Sustainable Development Goals and improve market transparency. The Fund prioritises associative engagement, considering this to be the most effective way to obtain positive results with issuers in the short term. Inarcassa participates in collective initiatives promoted in collaboration with other institutional investors or by organisations such as the Forum for Sustainable Finance and the PRIs. Engagement can target sectors, be focused on particular themes or on individual issuers that appear on the watch lists.

The resulting dialogue (periodic meetings, conference calls, sending written communications) forms the cornerstone of “soft” engagement.

Engagement also features, and is strengthened by:

- Participation in shareholders' meetings
- Exercising the right to vote
- participation in public debates and moments of direct dialogue between the Company and Investors
- participation in campaigns promoted directly by the Fund and open to multiple national and international parties

The Fund intends to create a constructive dialogue on financial, environmental, social and corporate governance issues with issuers that have considerable weight in a portfolio and may be involved in serious controversies.

Issuers subject to engagement are added to the Watch List, which is periodically monitored. If, following engagement, the company has a negative response to improving their sustainability profile, the Fund may decide to reduce or divest the stock in its portfolio issued by this company, taking into account the market conditions, in any case, in the interests of the members.

As a signatory of PRI and in accordance with UNPRI Principle No 2 ("We will be active owners and incorporate ESG issues into our ownership policies and practices"), in early 2020, Inarcassa co-founded the association Assodire – Association of Responsible Investors along with ENPAM (National Body of Social Security and Support for Doctors and Dentists) and CF (National Insurance and Support Fund for lawyers and prosecutors). In October 2023, the association welcomed a new member, Fondoposte (Fondo Nazionale di Pensione Complementare per il Personale di Poste Italiane S.p.A.), a supplementary pension fund for employees of the Italian postal service.

Assodire is a voluntary and non-profit association and is open to other pension funds, as well as other institutional investors who identify with the founding principles. The association aims to facilitate active participation through the exercise of voting rights, monitoring management issues and establishing policies and best practices. Additionally, the association aims to improve understanding of the profile and role of pension investors, and recognise their particularities, in order to assist both the market and regulatory authorities. To this end, over time, it expects to launch actions of communication towards stakeholders, to collaborate in terms of financial education in order to broaden the knowledge of pension savers. Lastly, it should be noted that the Association pursues the same principles in relation to the long-term commitment of shareholders reaffirmed by the Directive (EU) 2017/828 of 17 May 2017 (*Shareholders Rights Directive II – SHRD II*), transposed into Italian law by Leg. Decree No 49 of 16 June 2019 and intends, within its area of expertise, to offer support to associates in bringing it into effect.

Exercising the right to vote

Inarcassa may decide to exercise actively the voting rights deriving from the ownership of shares, with the aim of improving the governance and sustainability practices of the corporate issuers in which it holds investments and to foster an ever greater consideration of sustainability issues. In principle, the right to vote is exercised by identifying thresholds of relevance of the shareholding for issuers that the Fund considers "significant", based on the weight of the shareholding in the Inarcassa portfolio or because they operate in a geographical area of particular interest, such as the same national territory as the Fund.

Outsourcing the exercise of voting rights

Without prejudice to the fact that the ownership of the right to vote belongs, in any case, to the Fund, in the event of outsourcing the exercise of voting rights (managers, specialized companies, Assodire), the Fund provides voting instructions for specific cases and monitors the consistency of the vote expressed by third parties with its own voting policy. Each party appointed to vote, at the request of the Fund, undertakes to receive from the Fund itself the proxy and the documentation required to exercise the right to vote.

9. REPORTING

Inarcassa constantly monitors the activity of the managers. The Fund periodically prepares portfolio analyses to ensure compliance with financial and sustainability objectives, and adequacy to PRI principles. Inarcassa issues periodic reports on its activities to its members and all its stakeholders. Some of these documents fall within the Fund's operating and decision-making process and are therefore confidential. All other documents of interest to stakeholders are instead published on the Inarcassa website.

Documents Reserved for the Board of Directors:

- Analysis of periodic portfolio monitoring
- Analysis of the expected riskiness of the portfolio
- Analysis of portfolio sustainability
- Analysis of controversies, and of exclusion and watch lists
- Communications with issuers
- Communications with managers

Available to the public:

- Investment Policy. Available in full on the site (*including revisions and updates*)
- Sustainable Investment Policy. Available in full on the site (*including revisions and updates*)
- Annual Report. Report published annually on the website containing detailed information on sustainability activity
- PRI Report. Available on the PRI website for members

ANNEX 1

1.1 Exclusion and watch lists

The Board of Directors has approved the exclusion from the investment universe of issuers that operate directly in the production of weapons banned by the UN Conventions and that violate fundamental humanitarian principles (anti-personnel mines, cluster bombs, depleted uranium, biological weapons, chemical weapons, non-detectable fragments, blinding lasers, incendiary weapons, white phosphorus).

On controversial issues and sectors, on the other hand, the Board of Directors passes resolutions on the exclusion and watch criteria relating to the securities/instruments in the portfolio.

Inarcassa defines two types of exclusion and watch criteria:

- a. *product-based*: companies producing and operating in areas that do not comply with the sustainability objectives adopted in the Sustainable Policy and such as to generate reputational and financial risks for the Fund.
- b. *conduct-based*: this includes serious human rights violations, severe environmental damage, serious corruption, serious violation of the rights of people in situations of war or conflict and other particularly serious violations of fundamental ethical rules (see Annex 1, paragraph 1.3) against which the engagement proved ineffective (see "Engagement").

The controversial sectors and issues identified and approved by the Inarcassa Board of Directors are:

- Controversial weapons (exclusion list)
- Fossil fuels (watch list)
- Human rights (watch list)

1.2 Approach and analysis

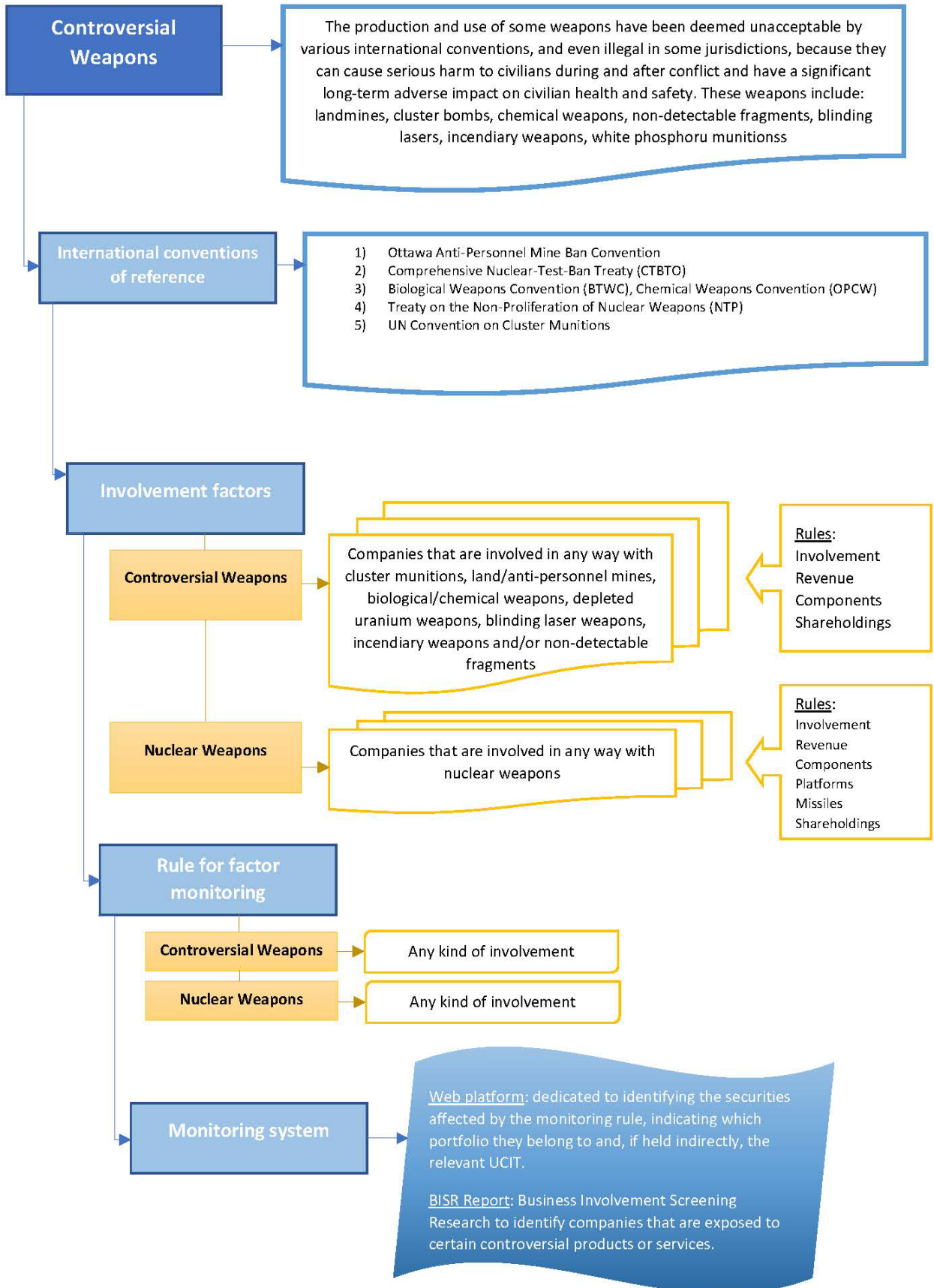
The documents and indications on the exclusions approved by the Board of Directors are provided to the managers on an annual basis or at any subsequent update. Inarcassa periodically monitors the portfolio and reports to the manager any securities that fail to comply with the exclusion or watch guidelines adopted. The manager is required to watch the stock carefully, taking into account, in the exclusive interest of the Fund, market, liquidity and portfolio construction constraints.

Investments in securities issued by companies belonging to controversial sectors and issues identified by the Fund (fossil fuels, animal testing and human rights) are monitored and are permitted if these securities are included in the basket of the main sustainability indexes or in the case where the issuers have been assigned a high ESG rating with at least one major ESG data provider. Otherwise, the manager must provide the Fund with financial and sustainability analyses that justify its presence in the portfolio. The security is automatically placed on the Fund's watch list and can be subject to engagement.

The exclusion and watch lists are monitored from a financial and sustainability perspective. Below is the monitoring procedure for each issue included in the exclusion and watch list.

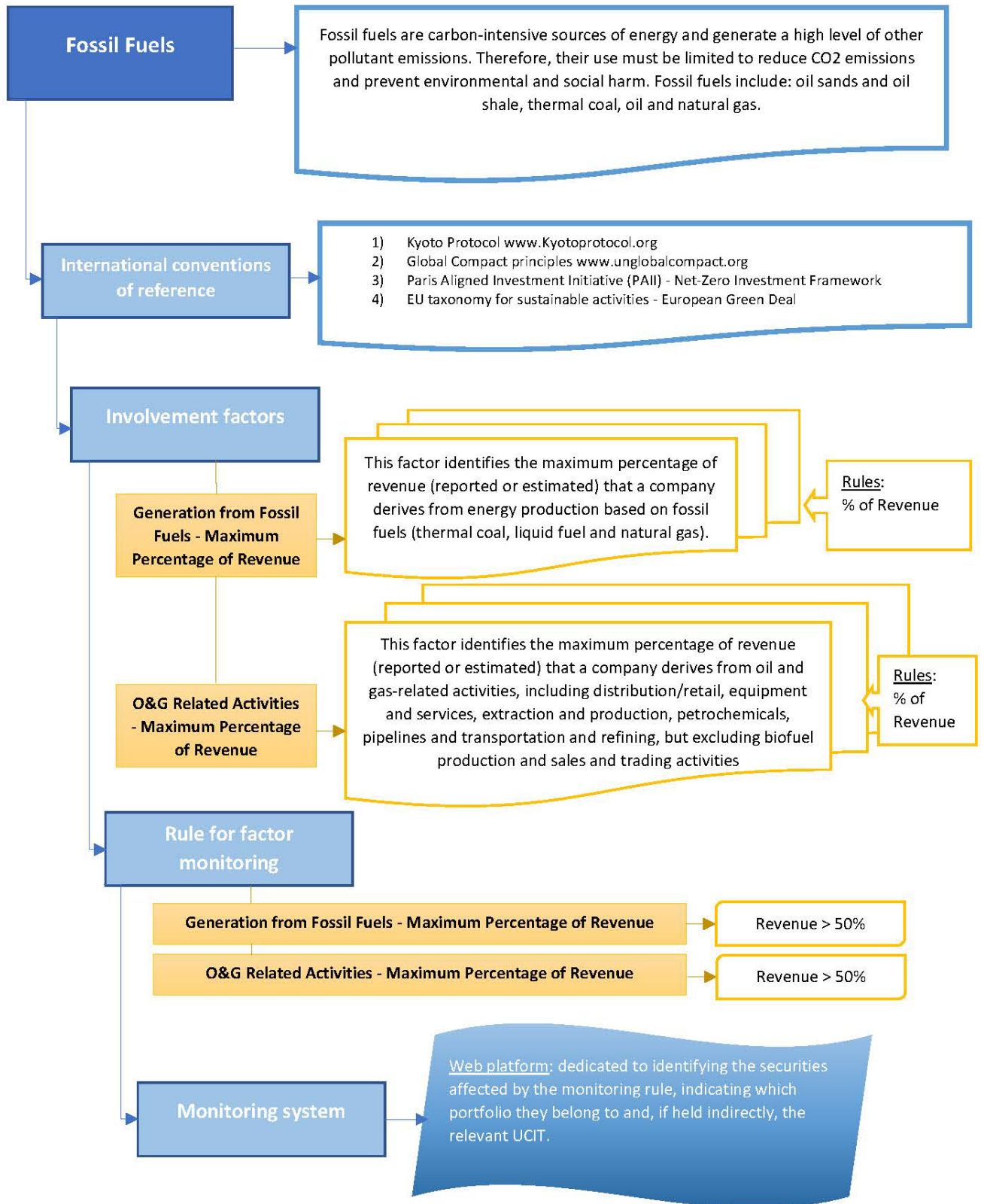
EXCLUSION LIST

CONTROVERSIAL WEAPONS

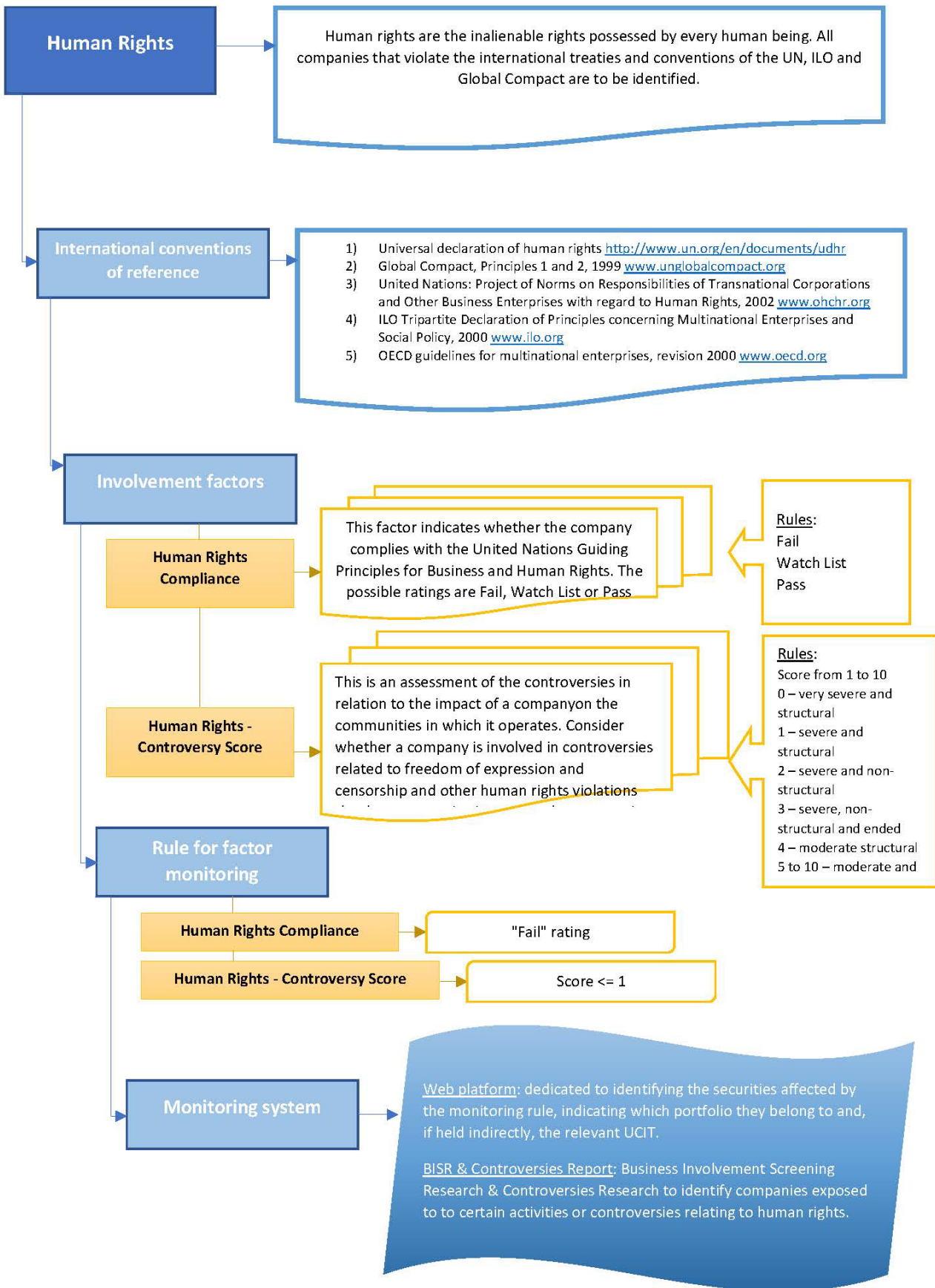


WATCH LIST

FOSSIL FUELS



HUMAN RIGHTS



1.3 International conventions and treaties

Human rights

- 1) Universal declaration of human rights <http://www.un.org/en/documents/udhr>
- 2) Global Compact, Principles 1 and 2, 1999 www.unglobalcompact.org
- 3) United Nations: Project of Norms on Responsibilities of Transnational Corporations and Other Business Enterprises with regard to Human Rights, 2002 www.ohchr.org
- 4) ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 2000 www.ilo.org
- 5) OECD guidelines for multinational enterprises, revision 2000 www.oecd.org

Arms

- 1) Ottawa Anti-Personnel Mine Ban Convention,
- 2) Comprehensive Nuclear-Test-Ban Treaty (CTBTO),
- 3) Biological Weapons Convention (BTWC), Chemical Weapons Convention (OPCW)
- 4) Treaty on the Non-Proliferation of Nuclear Weapons (NTP)
- 5) UN Convention on Cluster Munitions

Rights of workers

- 1) ILO Declaration on Fundamental Principles and Rights at Work, 1998 www.ilo.org
- 2) United Nations: Convention on the Elimination of All Forms of Racial Discrimination www.ohchr.org
- 3) United Nations: Declaration on the Elimination of Discrimination against Women, 1967 www.unhcr.org

Environmental protection

- 1) Kyoto Protocol www.Kyotoprotocol.org
- 2) Global Compact principles www.unglobalcompact.org

Business ethics and consumer rights

- 1) OECD Guidelines for Multinational Enterprises www.oecd.org
- 2) Business Principles for Countering Bribery by Transparency International www.transparency.org
- 3) United Nations guidelines for consumer protection (as expanded in 1999) www.unctad.org

ANNEX 2

1.1 Results of monitoring the Sustainability Policy

2023 is coming to an end and, as of the date of writing, Inarcassa has obtained an overall portfolio rating of AA on the MSCI ESG Rating³ (ESG Quality Score 7.5/10), a level reached by weighting the score for the liquid and illiquid portion with the respective portfolio weights. In terms of ESG rating distribution, the value is rated as leader (AA rating), an improvement compared to the previous quarter. In particular, the overall rating improved since the last survey in March 2023 thanks to an upgrade of the illiquid portfolio from an A to AA rating. Among the analysed asset instruments, 35% are rated as Leader, while 60% fall into the Average bracket, with 23% rated A. With respect to the overall ESG quality score for the analysed instruments (7.5/10), the weight of the Governance (G) component is just over 38%, the Social (S) component contributes around 34%, while the Environmental (E) component currently weighs around 27%.

During the year, with the collaboration of the ESG Advisor, the analysis project was consolidated aimed at evaluating and examining the ESG factors of the illiquid component, which provided an overview of the assessment of Inarcassa's investments (liquid and illiquid components). The assessments of the illiquid portfolio are of good quality, although conditioned by the domestic real estate funds of Fabrica Sgr, which have an ESG rating of "BBB" and account for approximately 40% of the entire illiquid component.

Portafoglio Complessivo

	ESG Rating	ESG Quality Score	Environmental (Weight - 27.4%)	Social (Weight - 34.0%)	Governance (Weight - 38.5%)
Portfolio Scores	AA	7.50	6.30	6.58	6.71
Benchmark Scores	A	6.58	6.11	6.08	6.48

Portafoglio Liquido

	ESG Rating	ESG Quality Score	Environmental (Weight - 23.8%)	Social (Weight - 34.5%)	Governance (Weight - 41.7%)
Portfolio Scores	AA	7.28	6.60	6.70	6.95
Benchmark Scores	A	6.58	6.11	6.08	6.48

Portafoglio Illiquido

	ESG Rating	ESG Quality Score	Environmental (Weight - 33.3%)	Social (Weight - 33.3%)	Governance (Weight - 33.3%)
Portfolio Scores	AA	7.18	5.82	6.38	6.35
Benchmark Scores	A	6.58	6.11	6.08	6.48

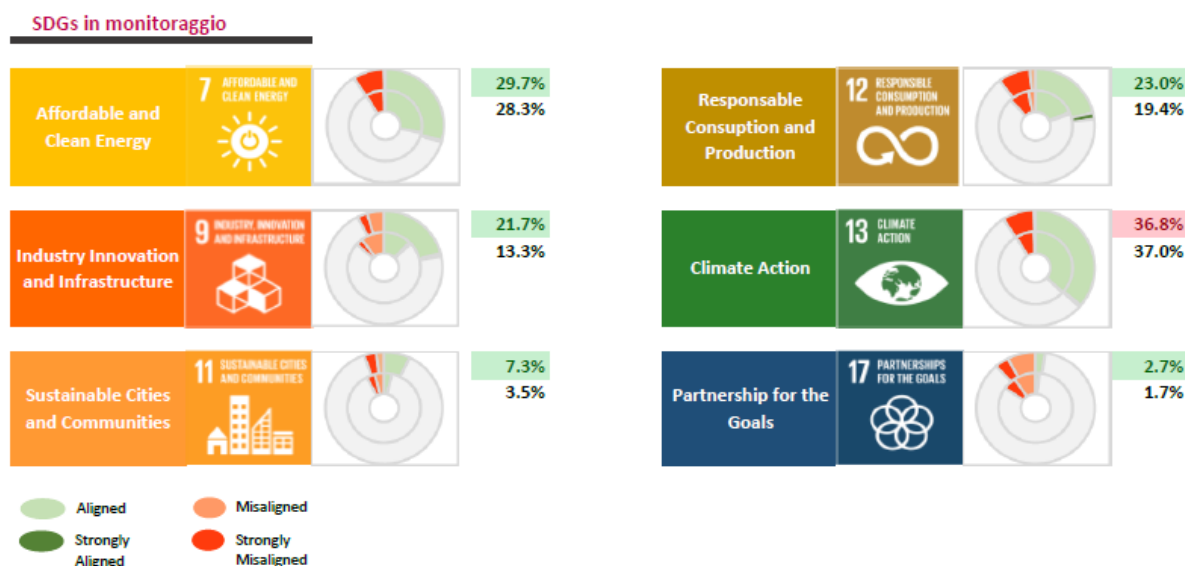
Part of the reporting provided by Nummus also includes an assessment of the CO2 emissions of the Fund's investments. The carbon emissions of the liquid portfolio are 17% lower than the traditional benchmark, the carbon intensity is 6% lower, and finally the weighted average carbon intensity is just over 15% below the benchmark. To clarify, the carbon footprint of the portfolio calculates the amount of greenhouse gas emissions generated by production processes. The aim is to establish the environmental impact of the emissions on the continuously evolving climate, in order to encourage environmental sustainability against climate change.

³ The MSCI ESG Rating is designed to measure a company's resilience to material environmental, social and governance (ESG) risks in the sector over the long term. The methodology is based on rules to identify sector leaders and those lagging behind based on their exposure to ESG risks and their capacity to manage those risks relative to their peers. ESG ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). The evaluations include equities, fixed income securities, loans, mutual funds, ETFs and countries.

	Carbon Footprint			
	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity
	t CO2e / \$M Invested*	t CO2e	t CO2e / \$M Sales	
Portfolio	119.8	626,189	155.1	141.1
Benchmark	144.9	698,757	164.5	165.8

* based on € 5,227,210,140 invested

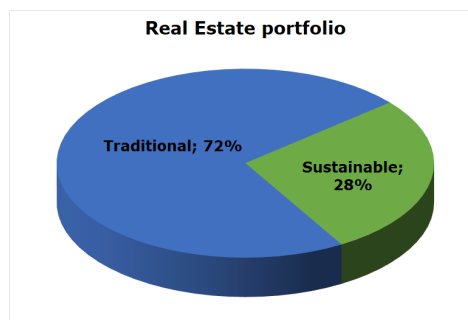
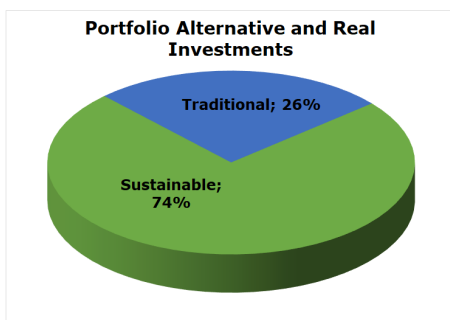
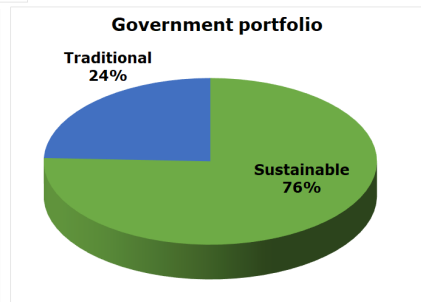
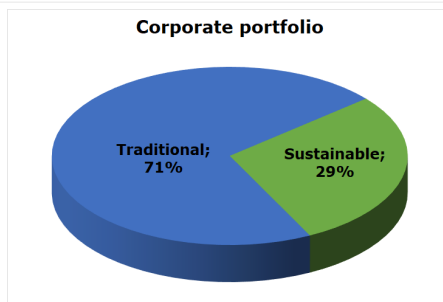
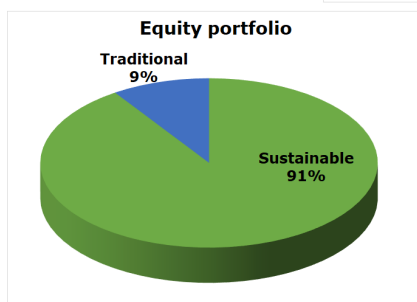
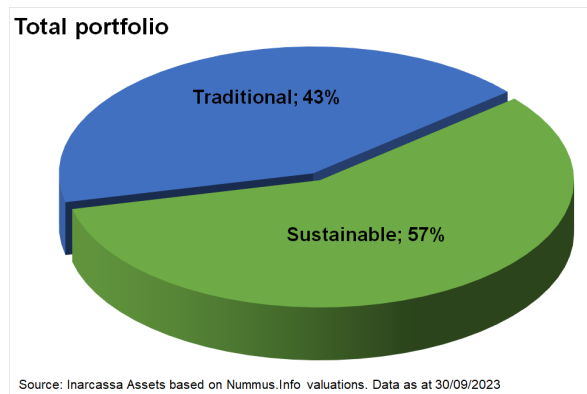
Regarding the SDGs⁴, at the moment it is only possible to calculate the impact on the sustainable development goals for the asset component invested in the securities market (liquid portfolio). Based on the latest data available, the impact on the goals identified by Inarcassa is as follows:



The Sustainable Impact of the portfolio is determined by the exposure to revenues that contribute to sustainability. The exposure is then calculated as the weighted average of the percentage of each company's revenue that come from sustainable goods and services. The portfolio is classified as "moderate" and has a higher sustainability exposure than the official benchmark, whilst it is perfectly aligned with the purely ESG benchmark.

With regard to the methods of application of the sustainability policies, the graph below shows the breakdown of the Inarcassa Assets in September 2023 into sustainable and traditional investments, and we can see that, to date, around 60% of the assets are allocated to sustainable investment strategies and a Nummus.info rating (MSCI ESG Rating) of at least A.

⁴ Please refer to paragraph 2 of the Sustainability Policy for more details on the SDGs selected by Inarcassa.



In particular, the equity segment is over 90% invested in sustainable ESG/SRU-labelled instruments and includes Italian equities with a Nummus (MSCI ESG) rating of at least A; we note that the calculation includes companies in the Italian equity portfolio that present a variety of strategies aimed at reducing emissions, including the establishment of reduction targets, the use of cleaner energy sources and effective management of energy consumption. During the period between the first and second quarter of 2023, two new listed companies were added to the Azionario Italia portfolio: BPER Banca subscribed in April for EUR 25 million and Poste Italiane in June for a value of EUR 30 million.

Portfolio Scores	ESG Rating	ESG Quality Score		
	AA	Environmental (Weight - 29.9%)	Social (Weight - 33.2%)	Governance (Weight - 36.9%)
		7.39	8.28	7.45

Benchmark Scores	ESG Rating	ESG Quality Score		
	A	Environmental (Weight - 28.2%)	Social (Weight - 37.1%)	Governance (Weight - 34.7%)
		6.54	8.54	6.40

N.	Equity company	Investment (€)	ESG RATING	Esg Quality Score	Carbon Intensity (t/ \$ mln sales)
1	INTESA SANPAOLO SPA	156.284.489	AA	8,1	3
2	TERNA SPA	131.051.573	AAA	8,9	486
3	ENI SPA	120.492.956	A	6,7	303
4	SNAM RETE GAS	106.420.080	AA	7,4	358
5	A2A SPA	99.588.833	BB	4,1	371
6	BANCO BPM SPA	67.101.556	A	6,9	9
7	ITALGAS SPA	54.037.093	AA	8,5	56
8	WEBUILD SPA	38.638.024	AA	7,1	59
9	ENAV SPA	35.747.808	BBB	5,2	5
10	POSTE ITALIANE SPA	31.201.734	AA	8,1	12
11	BPER BANCA SPA	27.808.378	AA	7,9	2
12	B.MPS	24.860.377	BB	3,6	9
13	BF S P A	20.882.350	A	-	312
14	ITALMOBILIARE SPA	18.860.856	A	6,9	13
15	FINCANTIERI	17.621.624	BB	4,1	21
16	MAIRE TECNIMONT SPA	17.377.344	AA	8,4	5
17	PRYSMIAN SPA	14.779.310	AA	7,7	59
18	FINE FOODS	8.389.916	AA	-	47
19	LVENTURE GROUP SPA	472.296	AA	-	771
Total (30/09/2023)		991.616.598			

The corporate bond segment has a sustainable allocation of around 80%, with a remaining smaller, traditional component of direct bonds and high-yield funds.

Just under 30% of the portfolio dedicated to government investments is allocated to sustainable solutions, with a significant component invested in Italian government bonds, including the two Green Government Bonds underwritten and then subsequently increased. The sustainability component also includes the French inflation-linked issue for an invested total on three securities of EUR 270m.

During 2023, investments were approved for 8 new sustainable debt issues, specifically 1 Social Bond (Invitalia); 3 Sustainabilitylinked Bonds (ENI; Autostrade; Aeroporti di Roma) and 4 Green Bonds (A2A; Banco BPM; Alperia; Ferrovie dello Stato). Alperia is a “green” issue, the proceeds of which will be used for projects in Renewable Energy, Energy Efficiency and Clean Transportation. The issuer Alperia is the main energy supplier for South Tyrol. The company produces and sells renewable energy, managing efficiently the national grid and district heating plants, also supporting the development of electric mobility and innovative smart projects in energy and environment. The group operates thirty-five hydroelectric power plants in South Tyrol, seven photovoltaic systems, seven district heating plants, one biomass power plant, more than nine thousand kilometres of the electricity network and one thousand charging stations throughout the country, serving a total of over 350,000 customers. The bond issued by Ferrovie dello Stato is a green bond, the proceeds of which will be used by both Trenitalia and RFI (Rete Ferroviaria Italiana): for electric Trenitalia passenger trains and the

maintenance of electric rolling stock, for MIR (MercItalia Rail) electric locomotives and freight wagons, as well as their maintenance, and for RFI HS electric infrastructure and maintenance of railway lines.

The Autostrade initiative instead involves a sustainability-linked bond issued by Autostrade per l'Italia for a total of EUR 750 million. The issue is linked to specific targets of reduction of greenhouse gas emissions and installation of charging stations for electric vehicles along the motorway network. The same type of bond was issued by Aeroporti di Roma linked to CO₂ emissions reduction operations both controlled directly by ADR (Scope 1 and 2) and dependent on third parties (Scope 3), and maintaining its ACA4+ (Airport Carbon Accreditation) certification.

It is worth noting that all issues are IG, except Banco BPM, which has a higher risk profile as with a Moody's rating of Ba2.

Among the real investments, 93% of infrastructure funds have an ESG scoring of at least A, while for private equity alone, the percentage drops to around 68% due to instruments with not so recent vintage.

With regard to the component invested in private debt funds, more than 70% of instruments are rated A or higher.

The domestic real estate portfolio includes 10 instruments categorised as Art. 8 pursuant to the SFDR for a commitment of around EUR 180 million and 1 instrument under Art. 9 SFDR (City Regeneration Fund), while the global real estate portfolio consists of a total of 21 instruments, of which 8 categorised as Art. 8 pursuant to the SFDR; however, overall, the global portfolio has ratings of A or higher for around 80% of the instruments.

In the context of illiquid investments, it is worth noting Arpinge S.p.A. owned by Inarcassa, Cassa Geometri (Cipag) and Industrial Experts (Eppi). Inarcassa is a shareholder of Arpinge S.p.A. with a EUR 70-million stake, equal to 40.385% of the share capital. The company operates in the infrastructure sector, with particular focus on energy transition (renewables, energy efficiency and mobility/parking). This is an innovative project that involves pension savings in real economy projects, focusing in particular on the issue of sustainability and environmental and social impacts. All of Arpinge's assets are allocated in support of the energy transition, more specifically energy from renewable sources, smart mobility and energy, and improving energy efficiency. At the end of 2021, Inarcassa's Board of Directors approved an investment in Energy Transition Fund I, managed by Copenhagen Infrastructure Partners. This fund, with a total value of EUR 3 billion, stands as the world's largest fund dedicated to clean hydrogen. In particular, the Fund will focus mainly on greenfield projects in OECD countries and aims to contribute to the decarbonisation of sectors including agriculture, aviation, shipping, chemical manufacturing and steel production through the use of green fuels and carbon-free fertilisers.

There are further investment opportunities in Italy and abroad provided by Funds that invest in social infrastructure and follow the principles of energy and social sustainability. This asset class includes the following types of real estate: residential, healthcare, offices and industry. To this end, Inarcassa has joined the Coima Sgr initiative in the ESG City Impact Fund, the first Italian closed-end investment fund with measurable ESG (Environmental, Social & Governance) impact objectives which will invest in sustainable regeneration of national territory. For some years now, Inarcassa has been in continuous dialogue with the main manager of the domestic real estate component of the assets, Fabbrica Sgr, stimulating sensitivity towards innovation and change combined with social sensitivity with the purpose of encouraging the integration of the concept of sustainability within the corporate culture and governance of the company.

In light of the investment activities described, there is clearly full alignment with the sustainability policy, with the following results:

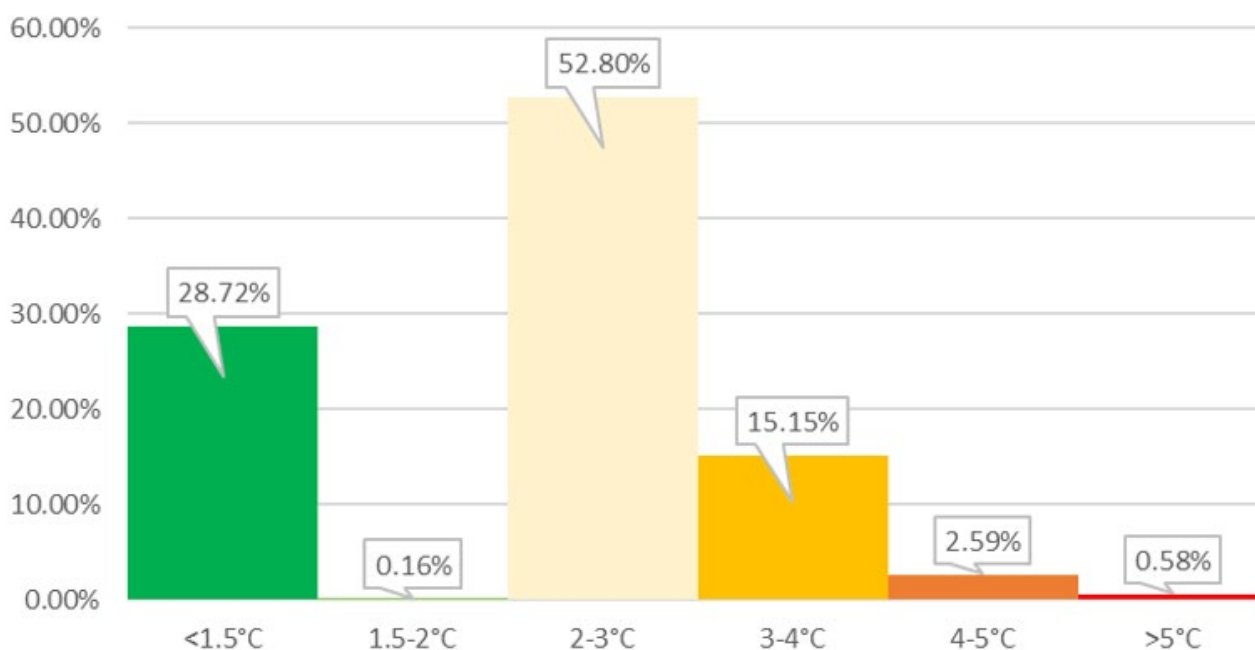
Obiettivi da raggiungere in base all'asset allocation strategica

	Obiettivo	Portafoglio
ESG Quality Score \geq di	63/100	73
Carbon Intensity (t CO ₂ /€M) < di	173	155
Allineamento SDGs	PTF > Bench	OK

From the significant plan and commitment of the Fund in accordance with the principles of ethics and transparency in conducting business and in decision-making processes, we outline below some of the main ESG metrics referring only to the liquid portfolio in relation to the new regulatory framework, in relation to **CARBON RISK**:

1. Alignment with the **Paris Agreement (2 °C)**: measurement of the temperature increase resulting from the impact of the company's activities. The Paris Agreement has the target of limiting global warming preferably to 1.5 degrees and in any case below 2 degrees Celsius. Companies which show a figure below 2 °C are in alignment.

Current Temperature Alignment - Paris Agreement 2°C su portafoglio riponderato

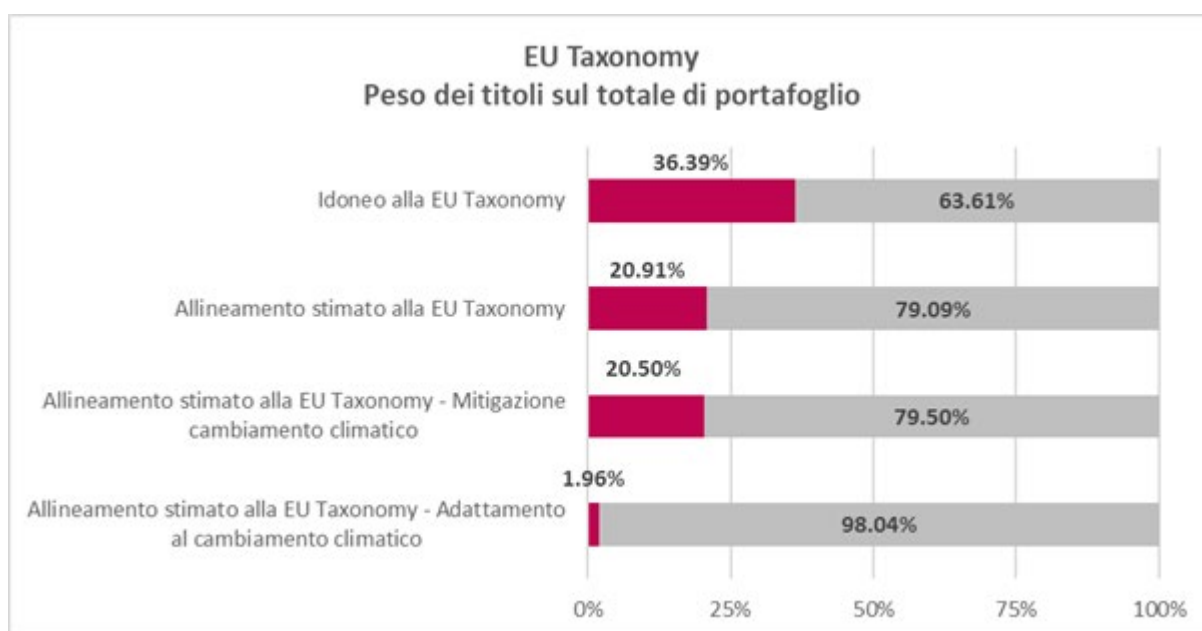


2. **SBT – Science Based Target initiative (SBTi):** This initiative aims to guide the private sector towards climate action, through science-based emission reduction targets. It is a partnership between CDP (Carbon Disclosure Project), United Nations Global Compact, WRI (World Resources Institute) and WWF. A Science Based Target is a “science-based” greenhouse gas emission reduction target. That is, in line with the level of decarbonisation necessary to limit the increase in global temperature to below 1.5 °C compared to pre-industrial temperatures.

Science Based Target peso in portafoglio	Totale	SBTi approved - 1.5 degrees C	SBTi approved - Well-below 2 degrees C	SBTi approved - 2 degrees C
<i>Totale</i>	29.91%	19.13%	6.62%	4.16%
AZIONARIO	18.79%	12.01%	3.80%	2.98%
OBBLIGAZIONARIO	10.07%	6.55%	2.41%	1.11%
RIT.ASSOL. & INV.REALI	1.05%	0.56%	0.42%	0.07%

3. Alignment with EU Taxonomy

The metric indicates the maximum proportion of a company's revenues deriving from products and services that address environmental objectives by companies that do not reveal serious controversies, meeting the criteria Do No Significant Harm and Minimum Social Safeguards of the EU Taxonomy. Also excluded: issuers involved in controversial weapons and connected with the tobacco industry.



The proportion of total revenues covered by the Taxonomy, regardless of whether the profits contribute significantly to one of the environmental objectives, qualifies for the EU Taxonomy.

Alignment with the environmental goal "Climate change mitigation": indicates the maximum proportion of a company's revenues deriving from products and services aligned with the goal of climate change mitigation.

Alignment with the environmental goal "Climate change adaptation": indicates the maximum proportion of a company's revenues deriving from products and services aligned with the goal of climate change adaptation.

Elaborating on Inarcassa's sustainability actions, we point out that the Fund's participates in numerous collective and non-collective engagement initiatives. During 2023, engagement activities were increased, counting in fact:

- 17 Engagement Meetings with the support and participation of ESG Advisor Nummus.Info;
- 12 General update meetings with companies in the Azionario Italia portfolio;
- 20 Ordinary and Extraordinary Shareholders' Meetings convened by the Italian Equity portfolio companies;
- remote participation in the periodic financial results presentations of all 19 companies in the Italian Equity portfolio

Participation, during Sustainability Week 2023, in 16 virtual conferences of the participating listed companies both as an investor and as part of the Engagement Working Group of the Forum for Sustainable Finance (FFS). It should be noted that as part of the Entity's participation in the Engagement Working Group, an engagement action was launched in 2023 towards the Italian State, understood as the issuer and main actor in the achievement of the sustainability objectives set at national level. The initiative focuses on Italy's policies on certain environmental, social and governance issues. By virtue of its role as an Ordinary Member of the FFS and its now constant participation in the FFS's main working tables, Inarcassa joined this action also in line with its extensive participation in terms of investment in BTP Green issues. It is highlighted that, in terms of the environment, the issues prioritised for the 2023 engagement are in line with the most virtuous operators on the social security market and with the associations and initiatives supported by Inarcassa (PRI, Forum for Sustainable Finance, Assodire). Examples include:

- alignment with the European taxonomy of environmentally sustainable economic activities;
- disclosure of environmental data through CDP (Carbon Disclosure Project) surveys;
- alignment of climate-changing emissions reduction targets with the standards of the Science Based Targets initiative (SBTi);
- the introduction of corporate policies for the sustainable management of water resources and the protection of biodiversity.

In the social sphere, the priority issues are:

- just transition;
- safety in the workplace;
- interaction with local communities; generational equality and workforce stability.

Finally, with regard to governance, the issues identified for 2023 mainly concern gender equality; remuneration policies; fiscal and lobbying policies.

The sustainable finance action parameters that have already been adopted for some time with the progressive inclusion, within the invested assets, of instruments with an ESG approach also include the Inarcassa Green Project. The evolutionary path of Inarcassa therefore continues towards full financial and structural sustainability. This results in an efficient and strategic management of the resources available, be they natural, financial, human or relational, in order to generate value in from a medium-long term perspective. The Inarcassa Green Project, an expression of the innovative drive and new planning that Inarcassa has undertaken in terms of Sustainability and Environmental Protection, will continue according to the multi-year plan (2020-2025 Business Plan) defined by the

Board of Directors. As part of the first stage of the project, various initiatives have been launched aimed at the progressive elimination of single-use plastic, the use of materials and products with low environmental impact, the development of sustainable mobility, the reduction of consumption and waste, energy saving, the development of corporate organisational well-being and, lastly, the promotion of projects of environmental and social value. In compliance with the law on sustainable mobility and environmental protection, we have also appointed a Mobility Manager to implement the planning, programming, management and promotion of optimal sustainable mobility solutions for commuting employees. The operational proposals for 2023 include the start of redevelopment of the headquarters with a view to improving the energy performance of the three buildings in via Salaria and a architectural and functional redevelopment with the reorganisation of internal spaces, redesigned in line with the evolutions in current and future operations and approaches.

To conclude, the scorecard below shows the findings of the evaluation report received by UNPRI in 2023. PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors. Signatories are required to report on their responsible investment activities annually. Reporting ensures accountability of the PRI and its signatories. It is a standardised transparency tool for signatory reporting and the assessment provides useful feedback to signatories for learning and development. The value of PRI reporting for signatories is to showcase their responsible investment activities within a global framework that allows them to monitor progress and learn from the progress of other signatories in the same category.

The modules are rated with a numerical system ranging from 1 to 5 stars. The lowest possible rating is one star, awarded to those whose responsible investment behaviour is at the lower end of what is expected of signatories. The highest possible rating is five stars and is awarded to signatories who demonstrate leadership in responsible investment.

The feedback received shows that in terms of passive and indirect investment in listed equity, Inarcassa's rating is aligned with of the average for asset owner signatories, while in terms of active investment, Inarcassa ranks higher than average.

In terms of fixed income, the results are excellent with a score of 78/100 and 4 stars. Please note that the questions are different from those used in the 2021 reporting. This means that past reports and past results cannot be used for comparison, which will not be the case in 2024 as the tool will not change in content.

Summary Scorecard



ANNEX 3

GLOSSARY

Paris Agreement: Agreement adopted at the Paris climate conference (COP21) in December 2015; it establishes a global framework to prevent dangerous climate change by limiting global warming to well below 2 °C and continuing efforts to limit it to 1.5 °C. It entered into force on 4 November 2016 following ratification by 55 countries responsible for at least 55% of global emissions.

Green economy: Low-carbon economy, resilient to climate change, more resource efficient and circular. The transition to a green economy is a key element to ensure the long-term competitiveness of the European Union economy; on this point, the European Commission's Action Plan on sustainable finance (8 March 2018) defines among its objectives the gradual development of an EU Taxonomy of sustainable activities, with the aim, among others, of supporting investors in identifying environmentally sustainable activities, facilitating the inflow of capital towards these activities.

Engagement: involves the establishment of a dialogue between investors and companies on issues of Corporate Social Responsibility, CSR. It can take various forms, from awareness-raising letters, meetings with management, pressure campaigns among multiple investors, to more decisive shareholder advocacy, i.e. direct intervention in the corporate decision-making process through the presentation of motions at shareholders' meetings.

ESG factors: Environmental, social and governance issues considered "material" for Inarcassa and for the relevant stakeholders.

Governance: the set of principles and processes that guide an organisation in achieving its objectives.

Green Bonds: Bonds issued in relation to projects that have a positive impact on the environment, such as energy efficiency, producing clean energy, sustainable land use, etc.

Socially responsible investing (SRI): “the practice of taking environmental and/or social impact into consideration alongside financial assessments in the decisions to purchase or sell a security or in the exercise of ownership rights. SRI involves selecting shares of companies, mostly listed, which meet certain social responsibility criteria, i.e. they operate according to principles of transparency and fairness towards their stakeholders, including, for example, employees,

shareholders, customers and suppliers, the communities in which they are located and the environment. This approach helps to develop an economic system that is more supportive and sustainable in the expectation of returns that are not necessarily lower than those otherwise achievable through traditional investments."

Sustainable Investment: Investment in an economic activity that contributes to an environmental objective measured, for example, through key resource efficiency indicators relating to energy use, use of renewables, use of raw materials, water resources and land use, waste generation, greenhouse gas emissions, as well as the impact on biodiversity and the circular economy, or an investment in an economic activity which contributes to a social objective, in particular an investment that helps to combat inequality, or which promotes social cohesion, social inclusion and industrial relations, or an investment in human capital or in economically or socially disadvantaged communities, provided that such investments do not cause significant harm to any of those objectives and that the companies benefiting from such investments adhere to good governance practices, in particular as regards solid management structures, relations with personnel, remuneration of personnel and compliance with tax obligations (Article 2, No 17 of Regulation (EU) 2019/2088).

United Nations Sustainable Development Goals (SDGs): Sustainable Development Goals (SDGs) defined within the framework of the 2030 Agenda for Sustainable Development, an action programme for people, the planet and prosperity signed in September 2015 by the governments of the 193 UN member states. There are 17 goals, which are in turn divided into 169 specific targets.

- Goal 1: End poverty in all its forms everywhere;
- Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture;
- Goal 3: Ensure healthy lives and promote well-being for all at all ages;
- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- Goal 5: Achieve gender equality and empower all women and girls;
- Goal 6: Ensure availability and sustainable management of water and sanitation for all;
- Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all;
- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation;
- Goal 10: Reduce inequality within and among countries;
- Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable;
- Goal 12: Ensure sustainable consumption and production patterns;
- Goal 13: Take urgent action to combat climate change and its impacts;
- Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development;
- Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;
- Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels;
- Goal 17: Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

Principle for Responsible Investment (PRI): These are the principles launched by the United Nations in 2006 with the intention of promoting the practice of sustainable and responsible investment among institutional investors.

Corporate Social Responsibility (CSR): “the responsibility of companies for the impact they have on society”, “the voluntary integration by companies of social and ecological concerns into their business operations and relationships with stakeholders.”

Negative screenings: concern the company's sector of activity (e.g. exclusion of companies involved in gambling) or controversial issues (e.g. violations of the human rights of workers in the supply chain) or deficiencies (e.g. lack of an environmental management system) identified. They lead to a ban on investment in the companies concerned.

Positive screenings: “businesses are considered in positive terms, seeking to identify companies whose conduct or products stand out for their social responsibility.”¹ The investment will therefore be directed primarily towards companies that set themselves ahead of the rest in these terms, within their particular industry.

SFDR: The Sustainable Finance Disclosure Regulation is a European regulation introduced to improve transparency in the market of sustainable investment products, prevent greenwashing and increase the transparency of sustainability claims made by financial market participants.

Stakeholders: individuals engaged in various capacities in the life of an organisation. As far as a company is concerned, this can include employees, shareholders, customers and suppliers, the communities in which they operate and the environment. Each of them has expectations with regard to the organisation.

Task Force on Climate-related Financial Disclosures (TCFD): This body was established in 2015 by the Financial Stability Board (FSB) with the task of drawing up recommendations on the reporting of climate risks, with the purpose of guiding and encouraging companies to align the information disclosed with the expectations and needs of investors.

EU Taxonomy: classification system establishing a list of sustainable economic activities and the Commission-delegated act includes specific energy activities in the gas and nuclear sectors on the list of sustainable economic activities

United Nations Global Compact (UNGC)

United Nations initiative with the aim of promoting a culture of corporate social responsibility through the sharing, implementation and dissemination of common principles and values. This

initiative resulted in the elaboration of 10 universal principles divided into 4 areas: Human Rights, Labour, Environment, Anti-Corruption.

1) Human rights

- I. Businesses should support and respect the protection of internationally proclaimed human rights; and
- II. make sure that they are not complicit in human rights abuses. Human rights are universal and are recognized for all human beings without distinction.

2) Labour

- I. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- II. the elimination of all forms of forced and compulsory labour;
- III. the effective abolition of child labour; and
- IV. the elimination of discrimination in respect of employment and occupation.

3) Environment

- I. Businesses should support a precautionary approach to environmental challenges;
- II. undertake initiatives to promote greater environmental responsibility; and
- III. encourage the development and diffusion of environmentally friendly technologies.

4) Anti-Corruption

- I. Businesses should work against corruption in all its forms, including extortion and bribery.