

independence of the Board). Past ethical or legal controversies, and the way they were resolved, are also monitored. For each of these topics, a particular attention is paid to the following points:

- environmental aspects: the Company focuses on the trend in actual achievements, or investments actually carried out, rather than intentions statements and carbon neutrality plans that span over several decades and thus cannot be verified. Whenever the information is available, it aims to check the evolution of emissions and water consumption over the last few years, on a revenue-adjusted basis. As for renewable energies, Graphene Investments tries to differentiate those companies, which only make use of certificates (and thus only move the problem without resolving it) from those whose behavior really has an influence on the energy mix.

- social aspects: Graphene Investments checks the availability of policies to guarantee employees main rights and, whenever the data is available, it reviews various details from a measurable standpoint: trends characterizing safety at work, evolution in training budgets, consistency in the representation of the various employee categories between the management and the general workforce, etc. Various more subjective points are also taken into account, like those relating to the quality of social dialogue, or those which may help detect a potentially detrimental effect of the company's products or behaviors on its clientele or the general society.

- governance aspects: Graphene Investments checks the composition of the Board, with a particular attention to directors' experience, their independence, and their consistent attendance to meeting. The separation of the Chairman and CEO roles is studied on a case-by-case basis, because the personalities involved and their role in the company's history are considered more important than the principle of keeping the positions separate. At this stage, we do not either systematically value measures linking executives' compensations to their ESG initiatives, because the criteria used for reference look too partial and easy to tamper with.

- controversies: the controversies in which the company may have been involved are checked when the facts occurred during the tenure of the current management team. Only confirmed cases (and not a mere press article containing some criticism) are taken into account, with a particular attention to those which may be signs of a loose sense of ethics.

On all of the above factors like for the assessment of corporations' fundamentals, our analysis framework is customized for local and sectorial standards. To encourage companies which truly make efforts rather than those which are structurally less exposed, an analysis of trends is favored over the absolute level of quality. Graphene Investments' professionals also aim to remain free from any influence of emotional factors, to think rigorously and pragmatically and go beyond the pre-conceived ideas and the scientifically-doubtful theories that sometimes dominate the debate in ESG-related areas.

In addition, Graphene Investments is happy to study any request from institutions who, having defined themselves the restrictions they wish to apply to their own investments, would like to discuss the implementation of a customized version of its standard strategies in a segregated account.

