



**MEDIOBANCA**  
SOCIETÀ GESTIONE RISPARMIO

# **POLICY ON SUSTAINABLE INVESTING (ESG)**



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# 1 Introduction and objectives

## 1.1. Introduction

Mediobanca SGR (the “SGR”) is convinced of the need to embrace environmental, social and governance principles (“ESG”) in its investment process as a matter of priority, to consolidate confidence among investors and markets, to bolster the company’s reputation, and to counter the development of practices and activities considered not to be in line with the Mediobanca Group’s principles. ESG principles are a key factor in pursuing the creation of value in financial as well as social and environmental terms.

To pursue these objectives, with this Policy Mediobanca SGR undertakes not to invest in activities considered to be highly risky for the environment and/or for the society, and to consider the governance standards of issuers in order to identify the issues and analyse the potential related risks, by means of analysis of the ownership structure, the internal and external units responsible for corporate governance, the management remuneration and incentive policies, the capital allocation decisions, the policies in the area of communication with stakeholders and the production strategies and processes.

Accordingly, Mediobanca SGR favours companies considered to be virtuous from an ESG viewpoint and in line with the SGR’s ethical principles, in order to protect investments made on behalf of clients and assess risk aspects as comprehensively as possible.

Regulation (EU) 2019/2088 of the European Parliament and of the Council (“Regulation 2088”) has introduced new measures to promote the commitment of all market participants to environmental, social and governance issues. Specifically, the objective of Regulation 2088 is to reduce information asymmetries and inconsistency in terms of information regarding sustainability risks<sup>1</sup> and the integration of ESG criteria into the investment process, introducing the obligation for financial market participants to provide disclosures to end-investors at the pre-contractual stage and via their institutional website. Additional disclosures are also required for products that promote environmental, social and governance characteristics (under Article 8 of Regulation 2088) and products with sustainable investment objectives (under Article 9 of Regulation 2088).

Regulation 2088 also establishes harmonized rules on transparency for financial markets participants with regard to the consideration of the adverse impacts of the investment processes on sustainability. In order to incorporate the requirements introduced by the new regulations, Mediobanca SGR develops and adopts an approach intended to identify, assess and reduce potential sustainability risks and any potential adverse impacts on the return of a product, as well as reputational and operational risks deriving from investments made in companies considered to be not socially responsible or with low ESG ratings and/or involved in severe controversies. Moreover, Mediobanca SGR develops and applies a methodology for taking into consideration the Principal Adverse Impacts on sustainability (the “PAIs”), based on the nature, size and type of the offered financial products, in order to monitor, contain and reduce the negative impacts that the investment process could have on sustainability.

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<sup>1</sup> Sustainability risk is defined in Article 2 of Regulation 2088 as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.



## 1.2. Objectives

This Policy defines the general principles and guidelines for applying environmental, social and governance (ESG) factors, in addition to financial ones, to the investment decision-making process.

In particular, the Policy aims to:

- ◆ Promote the knowledge in the area of ESG investing within the company itself and among stakeholders, and facilitating the application of responsible investment principles and processes;
- ◆ Reduce the sustainability risks and the related adverse impacts linked to investments made with the wealth managed;
- ◆ Avoid investments that are not in line with the principles of ethics and integrity which constitute the foundation of Mediobanca SGR's way of doing business.

## 2 Scope of application

This Policy applies to the investment and advisory activities performed by Mediobanca SGR, in equity and debt instruments issued by listed companies and sovereign issuers, in CIUs and in private debt instruments.

## 3 Shared common principles of reference

The Mediobanca Group bases its actions on the following international principles:

- ◆ Universal Declaration of Human Rights (cf. Annex 1);
- ◆ 10 principles of the UN Global Compact, recognized globally and applicable to all economic sectors (cf. Annex 2);
- ◆ 17 UN Sustainable Development Goals (SDGs) (cf. Annex 3).

It is also committed to promoting services to promote the adoption of renewable energies and to improve energy efficiency, with the aim of helping to tackle the climate change issue.

Mediobanca SGR is also a signatory to the UN-supported Principles for Responsible Investment (the "PRI"). The PRI are criteria established by the United Nations, to which a network of certified investors adheres, that aims at developing a more sustainable global financial system, and supporting its signatories in incorporating these factors into their investment and active ownership decisions.

The principles contained in the PRI are a set of best practices to incorporate ESG issues into investment decision-making processes.

The principles are:

1. Incorporating environmental, social and governance issues into investment analysis and decision-making processes;
2. Incorporating environmental, social and governance issues into active ownership policies and practices;



3. Seeking appropriate disclosure on ESG issues by the entities in which the signatories invest;
4. Promoting acceptance and implementation of the Principles within the investment industry;
5. Working together with the financial community to enhance effectiveness in implementing the Principles;
6. Disclosure/reporting to the public on activities and progress made by the SGR towards implementing the Principles.

## 4 Process for responsible investing

To facilitate the implementation of a responsible investing process based on ESG criteria, Mediobanca SGR has defined activities and analysis indicators to be taken into consideration in the course of investment activities.

The approach used by Mediobanca SGR is based on a combination of (a) **negative screening**, by means of exclusion criteria, to remove companies involved in specific activities or particular sectors; and (b) **positive screening** to assess the investment *inter alia* on the basis of precise ESG inclusion criteria, with the objective of covering the majority of those types of asset invested that fall within this Policy's scope of application.

### 4.1. General exclusion criteria – negative screening

Mediobanca SGR has identified certain exclusion requisites that must be met. The company's commitment is to not knowingly invest in equity and bond issuers, whose business is contrary to Mediobanca Group's values and could therefore expose the SGR to serious reputational risks. Particularly, it is not possible to make direct investments in:

- ◆ Issuers with significant links to the production and/or sale of weapons that violate fundamental human principles (such as cluster and fragmentation bombs, bombs containing depleted uranium, anti-personnel mines, nuclear, chemical and bacteriological weapons);
- ◆ Issuers convicted<sup>2</sup> of serious human rights violations (including those in the area of child labour);
- ◆ Issuers convicted of serious violations of the regulations on accounting fraud, money laundering and/or bribery and corruption;
- ◆ Issuers convicted of crimes regarding to workers health and safety and/or serious damage to the environment (concerning, for example, deforestation, damage to the ecosystem, etc.);
- ◆ issuers sanctioned by supranational entities (e.g. the UN, EU, OFAC, etc.) or nation states with serious shortcomings in their legislation for tackling terrorism financing and money laundering<sup>3</sup>

It is also forbidden to carry out transactions which involve issuers included in the applicable national or international anti-terrorism blacklists (e.g. EU regulations, UN resolutions)

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<sup>2</sup> In this Policy, every time the term "conviction" or "convicted" is used, the definition shall also include non-definitive sentencing handed down.

<sup>3</sup> Reference is made to the list published and updated by the European Union on a regular basis.



Without prejudice to the ban on making new investments in issuers for which Mediobanca SGR becomes aware of the involvement in one or more of the above general negative screening criteria, Mediobanca SGR may evaluate whether or not to resume operations in such issuers on a case by case basis, for example because of action of mitigation that the latter has implemented and/or the characteristics of the controversy itself<sup>4</sup>.

In particular, assessment regarding the severity of the particular instance, or regarding the decision to maintain, reduce or increase investments in issuers involved in the foregoing activities, or that have been sanctioned and/or convicted in relation to the foregoing instances, must be fulfilled by the ESG Committee and submitted to the CEO for approval.

Lastly, Mediobanca SGR monitors any severe controversy that arises from the above factors, in order to carry out actions to avoid new investments or to increase outstanding holdings in issuers that could be convicted of the above crimes in the future.

#### **4.2. General inclusion criteria – positive screening**

Mediobanca SGR is positive towards companies that show commitment in the area of corporate social and environmental responsibility, ensure respect for human rights, lower emissions, biodiversity, use of clean technologies, protection of minorities, and which adopt and comply with corporate governance policies. Another issue to which particular attention is devoted is the absence of definitive convictions on the part of the issuer for crimes such as money-laundering, breach of human rights, holding, producing and/or sharing child pornography, and environmental disasters.

In particular, for the portfolios it manages, in order to limit the exposure to issuers or CIUs that do not meet the characteristics described above, the SGR has set a series of maximum investment thresholds in relation to the following cases:

- ◆ missing rating (also known as “unrated”);<sup>5</sup>
- ◆ laggard rating;<sup>6</sup>
- ◆ Involvement in serious controversies<sup>7</sup> (issuers only).

The three cases referred to above are checked in the portfolios against specific thresholds set both at the level of the individual issuer and at the aggregate level (issuer and CIU).

#### **4.3. Assessment of ESG indicators**

If the negative screening criteria are met, it becomes possible to proceed with the requisites for inclusion, i.e. the assessment of the ESG analysis indicators.

Mediobanca SGR uses the services of MSCI ESG Research LLC, with the objective of identifying an ESG rating for each individual issuer and CIU, and receiving specific research on environmental, social and governance issues.

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<sup>4</sup> An example is an event that, although it gives rise to the controversy, it is not attributable to a problem that may be assessed as structural, in the sense that the conditions for the event to reoccur have ceased to exist, if these were due, say, to deficiencies in the corporate culture, lack of adequate governance or adequate internal supervision

<sup>5</sup> Companies or CIUs with no ESG rating issued either by MSCI ESG Research LLC or internally by Mediobanca SGR.

<sup>6</sup> Companies or CIUs rated “B” or “CCC”, where the rating scale is as follows: “CCC”; “B”; “BB”; “BBB”; “A”; “AA”; “AAA”, where “AAA” is the highest ESG rating.

<sup>7</sup> This indicator is valid only for companies with an ESG Controversies Score issued by MSCI ESG Research LLC equal to zero (on a scale of 0-10).



For corporate issuers, the ESG ratings are specific for each sector and are calculated with reference to the industry peers. The MSCI rating evaluates issuers based on their exposure to ESG risks, that varies according to Global Industry Certification Standard (GICS), and their ability to manage such risks compared to their competitors. The MSCI ESG Rating model measures both exposure to risk and risk management. The analysis takes into account the degree to which a company has developed strategies, and has a solid track record in terms of performance in managing its specific level of risks or opportunities.

For government-issued instruments, the MSCI rating maintains the same approach based on measuring exposure to risks and risk management, while at the same time assessing the issuers based on different factors from those used for corporate issuers (e.g. poverty and inequality rates between different members of the population, management of natural resources, political and institutional stability, etc.), which do not have a sectoral dimension.

For CIUs, the MSCI rating is calculated based on the average portfolio ESG scores,<sup>8</sup> to which corrections are applied in order to penalize funds most exposed to laggard issuers or with negative ESG trends and to reward those exposed to issuers with positive ESG trends.

As regards CIUs set up and managed by Mediobanca SGR itself, ratings are internally assigned based on the portfolio composition and the ESG scores of the individual underlying instruments provided by MSCI.

If no MSCI ESG rating is available, Mediobanca SGR analysts and portfolio managers may proceed with:

- ◆ analysis of the issuers, assessing how much companies pay attention to the ESG issues, based on the behaviour adopted, and how far ESG criteria are integrated into the companies' processes;
- ◆ analysis of the CIUs, carrying out their own assessment of the degree of attention paid on ESG issues and of how sustainability risk is integrated into the investment process.

Their analysis must meet some standards, in terms of covered themes and in terms of the valuation methodology set at company level.

For private debt instruments, the issuer is evaluated using a questionnaire produced by the SGR itself. The results of such a questionnaire together with a direct engagement with the company's management allow to assess the issuer's degree of sensitivity to ESG issues and its future sustainability objectives.

#### **4.4. Assessment of sustainability risk**

In order to comply with the obligations introduced by Regulation 2088, Mediobanca SGR has integrated sustainability risk into its investment decision-making process, with the objective of assessing the potential negative impacts on the financial return of an investment.

Sustainability risk in relation to environmental issues includes, for example, climate risk, both physical risks and transition risks. Physical risks derive from the physical impacts of climate change, acute or chronic: for example, frequent and acute climate events can impact on products, services and supply chains. Transition risk is linked to companies' ability to mitigate and adapt to climate change and to move towards a lower carbon economy. Risks related

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<sup>8</sup> MSCI assigns a score to the issuer from 0 to 10, which is then translated into an ESG rating.



to social issues may include, but are not limited to, employment rights and relations with the community, issues such as inequality and inclusiveness, investment in human capital and accident prevention. Governance-related risk may include, among other things, the composition and effectiveness of the Board of Directors, management incentives, quality of management and its alignment with shareholders, corruption and the use of improper commercial practices. These risks can affect the effectiveness in operating terms and the resilience of an issuer, impacting on its profitability and hence also the growth of its capital. The above are all examples of sustainability risk factors, and their importance, seriousness and the time horizon of such factors may vary significantly according to the products managed, the composition of the portfolios, and the techniques used to manage them.

Sustainability risk and the possible negative impact deriving from the occurrence of an event related to it is measured at the individual product level by means of a qualitative and quantitative methodology adopted, based on the same positive screening criteria summarized previously.

Each portfolio is assigned a sustainability score ranging from 0 (minimum risk) to 5 (maximum risk). This score is then translated into a ranking based on which of the following brackets it falls into: [0,1] Low; (1,2] Moderate; (2,3] Average; (3,4] Significant; (4,5] High, where the “Low” ranking represents the case where expectations regarding the occurrence of an event linked to sustainability risks and the related negative impacts are considered to be minimal, and “High” when very significant levels are reached.

The score is constructed by calculating the normalized exposures to laggard, unrated instruments and controversial instruments as the ratio between the actual exposures and some thresholds representing the maximum exposures as from which Mediobanca SGR considers the sustainability risks and related potential negative impacts to be very significant.

In order to identify any critical issue, with reference to both the portfolio's overall exposure to different categories of instrument, and/or to its concentration in only one such categories, two different normalized indicators of exposure are calculated, which are constructed by assessing both the individual normalized exposures to issuers involved in controversies and laggard or unrated issuers/CIUs, and the overall exposure to such categories relative to an aggregate threshold. The maximum of the indicators determines the risk score.

The risk assessment is also provided for the relevant benchmark, if defined, to enable a more transparent assessment of the sustainability risk involved.

For more details on the sustainability risk methodology and application, reference is made to the “Directive on responsible and sustainable investing (ESG)”.

#### **4.5. Investment decision**

The portfolio managers ensure their investment activity is aligned with this Policy, and refrain from making investments that conflict with the provisions hereof. To this end they take due account of ESG ratings, along with more traditional financial metrics based on qualitative and/or quantitative analysis, to gain a more complete picture of the value, risk and potential return of an investment, and to increase the impact of their investment activity in social and environmental terms in line with the Policy's objectives. For example, where it is applicable to the investment strategy being pursued, this means favouring issuers with an ESG rating and assessing specifically and in depth whether or not to include an investment in their portfolio if the ESG ratings indicate that there are material risk factors.

#### **4.6. ESG Committee and Control Units**

The ESG Committee has an advisory function and contributes to defining the environmental, social and governance methodology and criteria to be adopted in selecting issuers, and monitoring performances to ascertain whether the objectives of this Policy have been met.



It also sets the reference criteria for ESG analysis conducted internally by Mediobanca SGR analysts and performs monitoring to ensure they are complied with.

Mediobanca SGR governs the ESG investment process in a separate directive, describing the roles and activity of the owners involved, and the modality by which the ESG Committee is involved in the process. For further details reference is made to the "Directive on responsible and sustainable investing (ESG)" and to the "ESG Committee Regulations".

The Control Units carry out the checks, for which they are responsible, to ascertain that the principles and criteria defined have been applied correctly.

## **5 Consideration of principal adverse impacts on sustainability**

The SGR takes the Principal Adverse Impacts on sustainability into consideration, at the level of legal entity, as part of its own investment decisions.

In accordance with the approach established by the Mediobanca Group, the SGR has defined the criteria to consider PAIs and their indicators, ensuring the compliance with the principles of responsible management.

In particular, Mediobanca SGR:

- ◆ takes the Principal Adverse Impacts on sustainability into account in line with the ESG objectives defined at Group level, based on international principles and standards on the environment and human rights;
- ◆ measures the selected PAI indicators, in order to gradually define the targets to be pursued to reduce the adverse impacts on sustainability deriving from the investment decisions;
- ◆ considers active engagement a useful tool in order to achieve the targets, for example through the exercise of the voting rights as shareholder, or the dialogue with the companies with regard to specific ESG objectives, according to the "Politica di impegno" illustrated in the "Engagement Policy";
- ◆ monitors the selected PAI indicators at the entity level at least on a quarterly basis;
- ◆ publicly discloses the information on PAIs, according to Article 4 of Regulation 2088, in a clear and transparent manner, in order to reduce any asymmetry of information between the SGR and investors, enabling the latter to understand to what degree the SGR, in the course of its investment activities, contributes concretely to the process of reducing adverse impacts on sustainability.

Adverse sustainability impacts at entity level are analysed consistently with the methodologies and the timing laid down in Regulation 2088 and the related Regulatory Technical Standards (the "RTS") and with the information available on the market, as illustrated in the following sections and, in more detail, in the "Directive on responsible and sustainable investing (ESG)".

### **5.1. Methodology used for consideration of principal adverse impacts on sustainability**

The SGR identifies and prioritizes the PAIs for consideration with their respective indicators based on the following variables:

- ◆ consistency between the selected PAIs and the ESG objectives set at Group level;
- ◆ for each selected indicator, the availability of data from external sources and the extent to which such data are the results of an estimation process;
- ◆ coverage of the data required to calculate a specific indicator, with respect to the



weight of the issuers/financial instruments in the managed portfolios.

Mediobanca SGR is committed to identify an info-provider in order to obtain the relevant data required to calculate the selected PAI indicators. Nevertheless, the availability and the level of coverage of issuers cannot be guaranteed, as it depends also on factors external to the SGR and the info-providers. If the data on the PAI indicators are not available for certain issuers, the SGR will exclude such a financial instruments from the scope of calculation.

## **5.2. Principal adverse impacts on sustainability taken into consideration**

Based on the criteria set out in section 5.1 above, the SGR will take the following PAIs into consideration:

- ◆ scope 1 GHG Emissions;
- ◆ scope 2 GHG Emissions;
- ◆ share of investments in investee companies involved in the manufacture or selling of controversial weapons;
- ◆ average ratio of female to male board members in investee companies;
- ◆ share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises;
- ◆ energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector;
- ◆ share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage.

## **6 Engagement**

Mediobanca SGR believes that meeting ESG criteria can help to deliver improving performances for investors in the long term. For this reason, at every meeting and/or contact useful for such purposes, Mediobanca SGR undertakes to encourage the companies in which it has invested (or in which it intends to invest), individually or via the Assogestioni Fund Managers' Committee or other collective engagement initiatives, to adopt an open dialogue on the responsibility of their approach, and on how ESG factors affect their activities, in particular with regard to the adoption of best practices in the area of corporate governance. Engagement activity is also performed with a view to achieving the objectives set in terms of reducing the principal adverse impacts on sustainability.

Mediobanca SGR is also committed to "active ownership" practices, to monitoring the performance of issuer companies in ESG areas by taking an active part in the annual general meetings of our investee companies in accordance with the provisions of its "Commitment policy".

## **7 Corporate Responsibility**

Mediobanca SGR, as part of the Mediobanca Group, shares and promotes ESG practices in its operations also through the establishment and/or management of philanthropic and ESG investment products, with the objective of pursuing a sustainable business and management strategy.



The Mediobanca Group is convinced that fair, transparent and responsible conduct enhances and protects its reputation, credibility and consensus over time, laying the foundations to deliver sustainable growth for the business with a view to creating and protecting value for all stakeholders.

The Mediobanca Group's sustainability strategy is focused mainly on:

- ◆ Tackling corruption, whether active or passive, in accordance with the highest ethical standards;
- ◆ Valorization of staff, with particular attention to protecting and promoting diversity and equal opportunities;
- ◆ Protection of the environment and reduction of the Group's impact on it, direct and indirect;
- ◆ Sensitivity to social context.

The Group Sustainability Policy, in accordance with the Code of Ethics and Code of Conduct adopted, helps strengthen and implement the values of ethics, integrity and responsibility as a form of respect towards people, the environment and society as a whole, and to raise awareness of these shared values among Group staff members.



## **Annex 1**

### **Universal Declaration of Human Rights**

*Article 1* All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

*Article 2* Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.

*Article 3* Everyone has the right to life, liberty and security of person.

*Article 4* No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

*Article 5* No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

*Article 6* Everyone has the right to recognition everywhere as a person before the law.

*Article 7* All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.

*Article 8* Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law.

*Article 9* No one shall be subjected to arbitrary arrest, detention or exile.

*Article 10* Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.

*Article 11* 1. Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defence. 2. No one shall be held guilty of any penal offence on account of any act or omission which did not constitute a penal offence, under national or international law, at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the penal offence was committed.

*Article 12* No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.

*Article 13* 1. Everyone has the right to freedom of movement and residence within the borders of each state. 2. Everyone has the right to leave any country, including his own, and to return to his country.



*Article 14* 1. Everyone has the right to seek and to enjoy in other countries asylum from persecution. 2. This right may not be invoked in the case of prosecutions genuinely arising from non-political crimes or from acts contrary to the purposes and principles of the United Nations.

*Article 15* 1. Everyone has the right to a nationality. 2. No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality.

*Article 16* 1 Men and women of full age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage, during marriage and at its dissolution. 2. Marriage shall be entered into only with the free and full consent of the intending spouses. 3. The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.

*Article 17* 1. Everyone has the right to own property alone as well as in association with others. 2. No one shall be arbitrarily deprived of his property.

*Article 18* Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

*Article 19* Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

*Article 20* 1. Everyone has the right to freedom of peaceful assembly and association. 2. No one may be compelled to belong to an association.

*Article 21* 1. Everyone has the right to take part in the government of his country, directly or through freely chosen representatives. 2. Everyone has the right of equal access to public service in his country. 3. The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.

*Article 22* Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

*Article 23* 1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. 2. Everyone, without any discrimination, has the right to equal pay for equal work. 3. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection. 4. Everyone has the right to form and to join trade unions for the protection of his interests.

*Article 24* Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

*Article 25* 1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.



2. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

*Article 26* 1. Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.

2. Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.

3. Parents have a prior right to choose the kind of education that shall be given to their children.

*Article 27* 1. Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits.

2. Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

*Article 28* Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.

*Article 29* 1. Everyone has duties to the community in which alone the free and full development of his personality is possible. 2. In the exercise of his rights and freedoms, everyone shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society. 3. These rights and freedoms may in no case be exercised contrary to the purposes and principles of the United Nations.

*Article 30* Nothing in this Declaration may be interpreted as implying for any State, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein.



## **Annex 2**

### **The 10 Principles of the United Nations' Global Compact**

*Principle 1* Businesses should support and respect the protection of internationally proclaimed human rights.

*Principle 2* Businesses should make sure that they are not complicit in human rights abuses.

*Principle 3* Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

*Principle 4* Businesses should uphold the elimination of all forms of forced and compulsory labour.

*Principle 5* Businesses should uphold the effective abolition of child labour.

*Principle 6* Businesses should uphold the elimination of discrimination in respect of employment and occupation.

*Principle 7* Businesses should support a precautionary approach to environmental challenges.

*Principle 8* Businesses should undertake initiatives to promote greater environmental responsibility.

*Principle 9* Businesses should encourage the development and diffusion of environmentally friendly technologies.

*Principle 10* Businesses should work against corruption in all its forms, including extortion and bribery.



## **Annex 3**

### **UN Sustainable Development Goals (SDGs)**

*Goal 1* End poverty in all its forms everywhere.

*Goal 2* Zero hunger, achieve food security, improve 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.

*Goal 8* Promote inclusive and sustainable economic growth, employment and decent work for all.

*Goal 9* Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

*Goal 10* Reduce inequality within and among countries.

*Goal 11* Make cities inclusive, safe, resilient and sustainable.

*Goal 12* Ensure sustainable consumption and production patterns.

*Goal 13* Take urgent to combat climate change and its impacts.

*Goal 14* Conserve and sustainably use the oceans, seas and marine resources.

*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 revitalize the global partnership for sustainable development.