

Sector-Based Screening[®]

Sector-Based Screening[®] is a well-established analysis methodology that helps investors make decisions regarding companies involved in certain industry sectors and in certain production and distribution of products and services. Sector-Based Screening[®] covers for example alcohol; fossil fuel; gambling; nuclear power; pornography; tobacco; uranium, weapons and other military equipment and services. Additional areas can be added upon client request.

Sector-Based Screening[®] can be used as a standalone service – as a basis for screening portfolios and also for company dialogue and engagement programmes – or can be integrated into an overall sustainability analysis. Sector-Based Screening[®] is conducted through a structured process carried out by Ethix's professional team of analysts organized according to research areas and industry sectors.

CRITERIA, SCOPE AND ANALYSIS

Sector-Based Screening[®] is industry sector-driven and screening criteria are customised according to investors' requirements on the basis of two distinct yet complementary measures:

- Degree of involvement (commonly in terms of revenue shares)
- Responsible policy and performance (commonly in terms of addressing self-regulation in the specific area of concern and in line with existing industry guidelines and standards beyond national legislation).

EXAMPLES OF CRITERIA, SCOPE AND ANALYSIS

Criteria – example	Scope – example	Analysis – example
Alcohol	<ul style="list-style-type: none"> • Production • Distribution 	<ul style="list-style-type: none"> • Revenue assessment • Responsible policy assessment
Fossil fuel	<ul style="list-style-type: none"> • Exploration • Production 	<ul style="list-style-type: none"> • Revenue assessment • Exploration assessment
Gambling	<ul style="list-style-type: none"> • Production • Distribution 	<ul style="list-style-type: none"> • Revenue assessment • Responsible policy assessment
Pork	<ul style="list-style-type: none"> • Production • Distribution 	<ul style="list-style-type: none"> • Revenue assessment
Pornography	• Production	• Revenue assessment
	• Distribution	<ul style="list-style-type: none"> • Revenue assessment • 'Active' / 'passive' distribution
Tobacco	<ul style="list-style-type: none"> • Production • Distribution 	<ul style="list-style-type: none"> • Revenue assessment
Weapons	<ul style="list-style-type: none"> • Production • Services 	<ul style="list-style-type: none"> • Revenue assessment • Controversial weapons assessment

Additional criteria, scope and analysis can be provided upon client request.

OWNERSHIP THRESHOLD

Sector-Based Screening[®] covers companies that hold 20% or more of the shares of companies involved in the relevant products and services.

COVERAGE AND RESULT

Sector-Based Screening covers companies within developed and emerging markets, e.g. within the MSCI World and Emerging Market Indexes. The analysis results are categorized according to criteria, scope and analysis results, formally updated semi-annually and ad-hoc when new information provides the basis for revision.