



STANDARD ETHICS: THE BIG PICTURE

Annual Report 2025

London, 9 February 2025
Standard Ethics Research Office, London



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1.Introduction

At the political level, public debate increasingly tends toward the simplification of electoral platforms and the reduction of complex issues into easily communicable positions. In contrast, citizens—acting not only as voters but also as consumers, professionals, and employees—appear to demand a different set of priorities from the business sector, particularly behaviours aligned with advanced expectations of sustainability.

This dynamic likely contributes to the widespread adoption of ESG (Environmental, Social, and Governance) policies among medium- and large-sized enterprises that pursue high-quality practices concerning individual rights, workplace welfare and quality, environmental stewardship, and corporate transparency, in compliance with the guidelines established by the United Nations, the OECD, and the European Union.

The strength of this trend within the **real economy** is clearly reflected in the data presented in this Annual Report, particularly in the Statistical Findings chapter (p. 56).

The above-mentioned chapter contains final remarks on the Sustainability of companies, their industries, and countries, and comparisons are available.

The Big Picture: Annual Report 2025 more specifically:

- analyses the Corporate Standard Ethics Ratings of a sample of more than **500 listed global companies**;
- comments on the Country Standard Ethics Ratings assigned to **more than 45 nations** including the **latest downgrade to the USA's rating**, moving to **"EE-" under monitoring** from the previous "EE" with a Negative Outlook;
- provides a concise overview of the Security Standard Ethics Rating service and its associated methodology;
- undertakes a **comparative analysis** of Sustainability matters in **over 30 of the most significant industry sectors**;
- **investigates all pivotal ESG (Environmental, Social and Governance)** aspects and performance in areas such as the governance of Sustainability and corporate governance.

All findings and observations presented in this report are made possible through the application of Standard Ethics' rating model (further described below), which assesses the degree of alignment between evaluated entities and the sustainability guidelines issued by the United Nations, the OECD, and the European Union. This model constitutes an ESG assessment framework specifically designed for the real economy.

The ESG Rating Split: Investor-pay vs. Applicant-pay in the Real Economy

The global market for **ESG** (Environmental, Social, and Governance) themes is estimated to be worth around **€20 billion**, including activities such as: management consulting, reporting and disclosure consulting, asset management, data processing and sales, as well as ratings.

The ratings segment is difficult to quantify as ratings are often offered in conjunction with other services.

Various official surveys have been conducted in the past, including that of **ESMA** in June 2022 (Outcome of ESMA Call for Evidence on Market Characteristics of ESG Rating and Data Providers in the EU, based on 2020 financial statement data), and that of the **European Commission** in 2023 (IMPACT ASSESSMENT REPORT: Accompanying document Proposal for a Regulation of the European Parliament and of the Council on transparency and integrity of environmental, social, and governance (ESG) rating activities).

Europe has taken the initiative by establishing a **register of ESG rating agencies**, requiring a clear separation between ESG rating activities and consulting or auditing. This step will provide updated and accurate data on the topic and above all, it will provide insights into the evolution of the market covered by the agencies that have adopted the **Investor-pay** model versus those adopting the **Applicant-pay** model. This is a topic that has been little researched, and indeed largely overlooked, yet remains crucial because, depending on the model adopted, radically different analysis methodologies and equally different conflict of interest issues arise.

The first model (**Investor-pay**) kick started the ESG ratings market: investors requested ratings on listed companies. This model was pivotal in unifying all the original ESG rating and data providers during the inaugural phase (1995-2005), with the notable exception of Standard Ethics.

The model pursued by Standard Ethics, on the other hand, is the **Applicant-pay model**, which is closely linked to the real economy. This model involves **an entity requesting an ESG rating for itself**.¹

In line with this model, Standard Ethics has **developed an innovative metric**: the **ESG compliance rating**. This is not used to compare entities in the same economic sector in which they invest. Instead, it is used to measure the distance (in absolute terms) between the rated entity and international sustainability guidelines.

The development of these two models (Investor-pay or Applicant-pay) follows different logics. The first model was developed twenty years ago to enable investment funds to develop various types of ESG products to offer savers. The second model, Applicant-pay, began to take its first steps fifteen years later and is tied to the real economy. In essence, there is a growing need for entities to have sustainability ratings to understand their positioning with respect to international guidelines. Such ratings can also help address risk management issues, guide industrial strategies and policies, and establish a strong external and stakeholder presence, including regulators, public authorities, credit providers, and supply chain managers.

This represents a novel market that is undergoing continuous development and is inherently connected to the compliance requirements stipulated by international sustainability guidelines. **Two radically different models** that, according to Standard Ethics, appear **incompatible if managed by the same rating agency**, because they necessarily produce ratings that have different purposes, with different methodologies, and that give rise to different types of conflicts of interest.

The coming years will see the **evolution of these two models**, with agencies serving investors on one side and banks and companies on the other, and thus the **real economy**.

¹ The **Applicant-pay model** consists of a business model for which the valuer is engaged by the client-company on which it will express a creditworthiness opinion, (i.e. an assessment in absolute terms of the issuer's default risk). This assessment is extended to bond issuances on which the valuer also gives an opinion on such risk. The purpose of this model, which we are all familiar with by now, is to maintain the **valuer's independence from the market**. It is a universally accepted model that offers the market an independent, third-party opinion on creditworthiness. The opposite is the **investor-pay model**. In this case, external consultants are hired, and one or more investors pay for the service. The latter instructs the evaluator with a set of specific, tailor-made criteria who then provides an **investor-oriented judgement** to his clients, thereby renouncing the two-fold independence of Credit Rating Agencies: on the one hand, the evaluator and on the other hand its assessment. Methodologically, the outcome is different: the assessment is a "scoring" and not a "rating". Traditional finance chose the applicant-pay model about 100 years ago, delegating the *problem* of objective creditworthiness assessments to Credit Rating Agencies. The Market chose the applicant-pay model. Market Authorities addressed the risk of potential conflicts of interest between the applicant and the evaluator. Issuers accepted to be "rated" by independent Credit Rating Agencies. Nevertheless, the crossroads between the applicant-pay model and the investor-pay model in the sustainability rating arena appears inextricable and has not yet been overcome.

Standard Ethics

Whilst continuing with the necessary preparations for application to the final EU Register for ESG rating providers, the Agency proceeds in its analysis of the alignment of individual companies, nations or security products with globally disseminated standards and in its research into key industry themes such as:

- i. the distinction between the **Applicant-pay model** and the investor-pay model and major differences in methodology (almost always ignored in literature on the subject);
- ii. regulatory standards for a publicly disclosed, algorithmed **ESG** analysis (very different from a KPI approach);
- iii. the distinction between **scoring** and **rating** (two distinct notions which are often confused)²;
- iv. the role of credit rating agencies and consultancy firms in the **ESG** sector (analysing various conflicts of interest);
- v. what should or could be a non-financial **sustainability solicited rating**³;
- vi. highlighting the differences between credit rating agencies and sustainability rating agencies.

Standard Ethics® Ltd operates in the European Union through its subsidiary Standard Ethics Europe, based in Milan. Standard Ethics Europe (hereinafter referred to as Standard Ethics) is an independent sustainability rating agency that issues non-financial sustainability ratings. As a brand, Standard Ethics has been making a name for itself in the world of Sustainable Finance and ESG (Environmental, Social and Governance) studies **since 2004** and aims to promote the Sustainability and governance standard principles provided by the **European Union**, the **OECD** and the **United Nations**.

In the main:

- **Standard Ethics' clients** are the companies **that wish to acquire a solicited rating (Applicant-pay model)** where the rating is freely publishable by the Applicant.
- **Standard Ethics** does not provide institutional investors with advice, analysis or data regarding companies it is currently rating, to ensure its **independency from the financial market**.
- **Standard Ethics** uses a proprietary algorithm based on international sustainability indications (**UN; OECD; EU**) which provides consistency in its ratings. By applying this methodology, **Standard Ethics'** approach can be considered as **ethically neutral**.
- **Standard Ethics' analysts** directly guide the process **without** using **Artificial Intelligence** or software, and without requiring questionnaires to be filled in or the provision of additional documentation (**Analyst-Driven Process**).
- **The reporting** offered by **Standard Ethics** through the **Final Report** aims to provide the client (requesting a **solicited rating**) with publishable material from an independent source that **adequately** represents the client's commitment to Sustainability.
- Chinese Walls, procedures, compliance offices and independent committees are part of **Standard Ethics'** governance structure.

Standard Ethics also issues **unsolicited ratings** where it intends to conclude the analysis of a group of companies and offer decision-makers and stakeholders publicly available indices-benchmarks. The analysis methodology used is the same as that of solicited ratings. Specific procedures allow entities with unsolicited ratings to contact the Agency prior to the rating being issued.

Standard Ethics' indices and benchmarks, which are self-funded, public and freely available both in their constituents and in the ratings assigned to them.

² The differences between rating and scoring, as well as between applicant-pay model and investor-pay model, have also recently begun to be highlighted by academic research; La Torre et al. (2021) shows that, in the last three years, there has been a significant increase in the number of studies published on ESG ratings, with a peak of publications in 2021. In this regard, please refer also to La Torre M., Cardi M., Leo S., Schettini J., "ESG Ratings in the Financial Sector: a Systematic Literature Review", Preliminary version presented at the *5th Social Impact Investments International Conference*, Rome 2-3 December 2021.

³ For further details, please see "**POST-CRISIS ESG - From a "Ptolemaic" approach to a "Copernican" vision**" - ESG Methodological Overview Second Edition": <https://www.standardethics.eu/media-en/research-methodology/second-edition-post-crisis-esg-from-a-ptolemaic-approach-to-a-copernican-vision>

Standard Ethics Rating (SER)

The **Standard Ethics Rating (SER)** has been recognized in an official Survey carried out in June 2023⁴ as an **ESG compliance rating**. It is an aggregated, forward-looking rating, expressed in absolute and comparable values and classified as an **ESG Opinion** by EU Regulation 2024/3005. It is independent, standard, and solicited, and measures how distant a company or a country is from the international sustainability guidelines provided by the **United Nations**, the **OECD** and the **European Union**.

The **SER** is:

- **Solicited** – it is issued at the request of the entity through a direct and regulated bilateral relationship. It is managed by Analysts both in the analysis, data collection, and the final evaluation phases (analyst-driven process).
- **Standard** – the rating is always comparable since the methodology and emission parameters are standardized according to predefined guidelines and checklists, and the algorithm considers the size and type of the analysed entities - the issuers. In the case of Standard Ethics, the reference parameters are the indications of the European Union, the OECD, and the United Nations regarding governance and sustainability.
- **Independent** – the Agency provides guarantees of impartiality and independence and offers the entity requesting only services related to the rating issue, not consulting. It does not use the collected data for asset management advisory (to funds or banks) nor does it provide data to third parties.

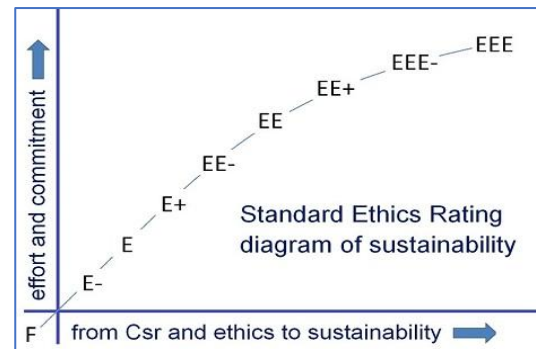
There are 3 different types of SER, all of them based on a **scale comprising 9 letter grades**:

- CORPORATE
- SECURITY (bond or other General-Purpose debt instruments)
- COUNTRY (sovereign entities)

EEE	EEE-	EE+	EE	EE-	E+	E	E-	F
	Excellent	Very Strong	Strong	Adequate	Low	Very Low	Unsatisfactory	

Sustainable	Not Fully Sustainable	Not Sustainable
-------------	-----------------------	-----------------

An “EE-” or above indicates a rating of compliance. In the case of the assignment of an Outlook (Positive or Negative), a future action on the rating is possible. If a company or country is downgraded to an “F”, holding its securities may have a negative impact and lead to a Security Segregation Impact Notice (SSIN). A rating with a ‘pending’ classification indicates – in the absence of information, developments or explanations – the lack of public data for rating issuance. The Standard Ethics Rating (SER) is issued in accordance with an established methodology and proprietary algorithm that are publicly available on the Standard Ethics website.



Standard Ethics Proprietary Algorithm

To ensure accuracy and comparability, **Standard Ethics does not use weights and KPI-based analyses** or indicators, but a more sophisticated method based on a checklist (for **E** and **S** level) and own six-group variable algorithm; five “standards” and a premium variable called “k”. An algorithmic calculation to determine the value of aggregate **G** (Governance of Sustainability). The final evaluation, the **Corporate SER**, is equal to the value of the G +/- the Override, where the Override represents the arbitrary, but reasoned (and pre-determined in its possible significance) margin that Standard Ethics may adopt to modify the result obtained by its model.

The method has been extensively tested and is specifically calibrated when unlisted companies are rated.

⁴ EU Impact Assessment Report accompanying the Proposal for a Regulation of the European Parliament and of the Council on the Transparency and Integrity of Environmental, Social and Governance (ESG) rating activities”, 13 June 2023, p.94).

The standards assessed are:

$$\frac{(\mathbf{Fc}_{EU} + \mathbf{Sa}_{EU-OECD} + \mathbf{Id}_{EU-OECD} + \mathbf{Mw} * \mathbf{f}(\mathbf{Sa}_{EU-OECD}) * \mathbf{f}(\mathbf{Id}_{EU-OECD}) + \mathbf{Cg}_{UN-OECD-EU} * \mathbf{f}(\mathbf{Fc}_{EU}) * \mathbf{f}(\mathbf{Id}_{EU-OECD}))}{10} + \mathbf{k}$$

- \mathbf{C}_{EU} = Fair competition, including dominant positions, market distortions, controversies
- $\mathbf{Sa}_{EU-OECD}$ = Voting rights, shareholders' agreements, conflicts of interest
- \mathbf{Mw} = Market weight & shareholding structure, including major investor analysis
- $\mathbf{Id}_{EU-OECD}$ = Independent directorship, including ESG Risk and Control Management
- $\mathbf{Cg}_{UN-OECD-EU}$ = Corporate Governance, Governance of Sustainability, ESG policies
- \mathbf{k} = Sustainability at Risk (SaR)

Italy, where **Standard Ethics** established its first customers (listed and unlisted companies), has been the commercial test market **since 2014/2015**.

2. Corporate SER

Spain In-depth Analysis

Standard Ethics: The Big Picture – Annual Report 2025



[Country SER: **EE+**]; Most issued Corporate SER: **E+**

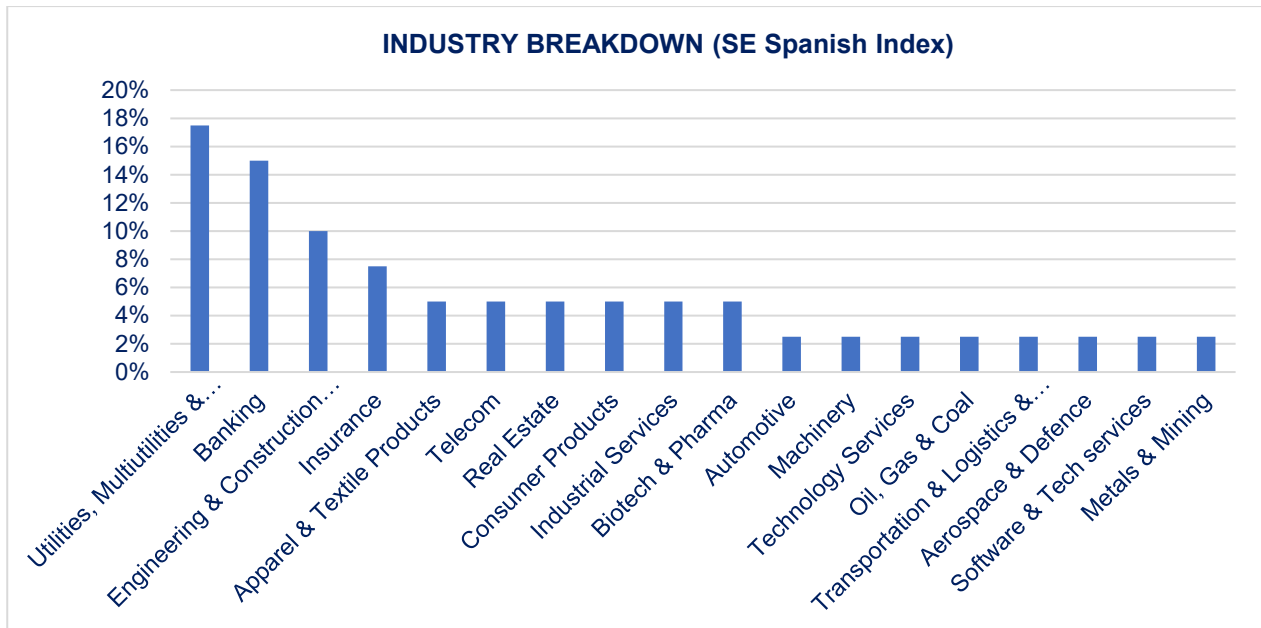


The last action on the Kingdom of Spain's Country (SER) was on 25 September 2017. The rating was prudently revised because of internal matters relating to the Catalonia Region. This has not impacted Spain's excellent overall Country Rating. The country's path to Sustainability over the last few years has been ambitious and coherent with international standards. The Climate Law approved by the Spanish Parliament in 2021 testifies this. Regional rifts are still producing political instability.

Spain became a member of the United Nations in 1955, it joined the OECD in 1961, and it entered the European Union in 1986.

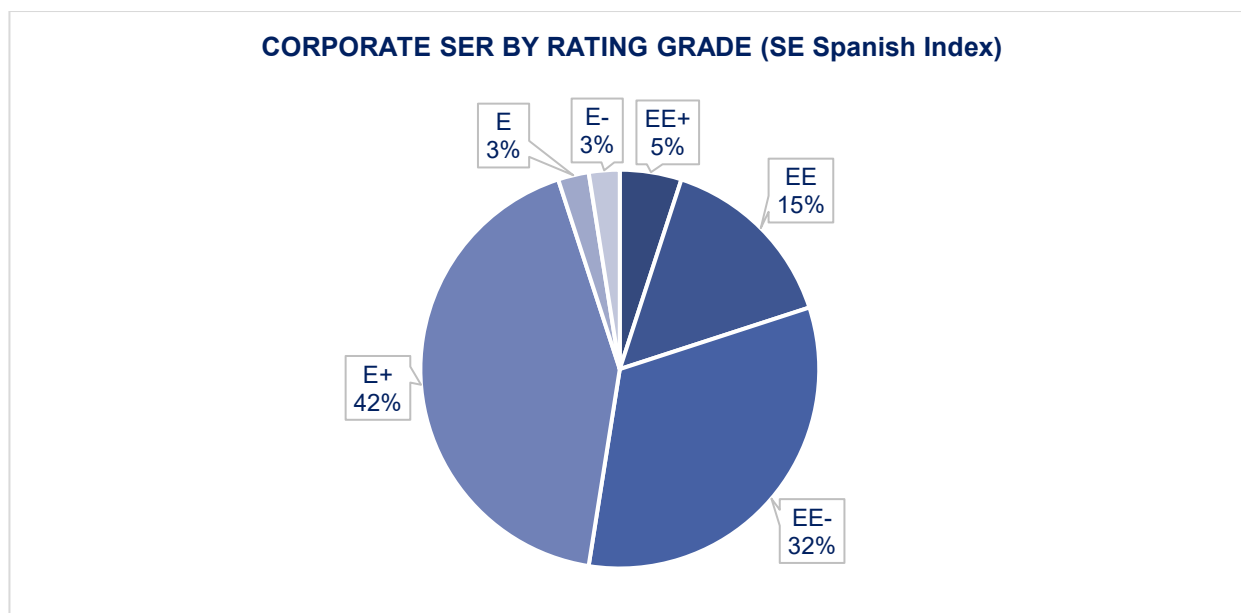
In 2013, Standard Ethics launched the **SE Spanish Index**, composed of the 35 main listed companies in Spain. To date, the **SE Spanish Index** counts 40 constituents. The last review of the **SE Spanish Index** was published on 30 September 2025. In 2022, Standard Ethics launched the **SE Mid Spanish Index**, composed of 20 listed mid-cap Spanish companies.

1. Industry breakdown



The bar chart shows the breakdown by industry of the **SE Spanish Index** constituents. The Index includes **40** of Spain's largest listed companies per market capitalisation; it is open, free and was last updated on **30 September 2025**. The chart indicates that one sector stands out in the distribution of the constituents: **Utilities, Multiutilities & Renewable Energy**, representing almost **18%**. This sector is followed by **Banking** (**15%**), **Engineering & Construction Services** (**10%**) and **Insurance** (**8%**). These industries are followed by **Apparel & Textile Products**, **Telecom**, **Real Estate**, **Consumer Products**, **Industrial Services** and **Biotech & Pharma** each with **5%**. The other industries represented are: **Automotive**, **Machinery**, **Technology Services**, **Oil, Gas & Coal**, **Transportation & Logistics**, **Aerospace & Defence**, **Software and Tech services**, and **Metals & Mining**; each have a distribution of **3%**.

2. Corporate SER by rating grade



The pie chart above represents the distribution of *SE Spanish Index* Corporate SERs across the 9 different Standard Ethics' rating grades. The pie chart shows that **42%** of the Index constituents are rated "E+", while **32%** are rated "EE-" and **15%** are rated "EE". The remaining Index constituents are rated "EE+" (**5%**), "E" (**3%**) and "E-" (**3%**). Currently, no companies have "EEE"; "EEE-" and "F" ratings: this means that the distribution tends to converge towards the mid rating grades. With reference to the grades of Sustainability⁵, the full **Sustainable Grade** represents **52%** of the chart, the **Not Fully Sustainable Grade** **45%** whilst **3%** hold a **Not Sustainable Grade**.

Through comparison of the biggest European markets covered by Standard Ethics within its national indices (France, Germany, UK, Spain, Italy), the following can be stated with regards to the *SE Spanish Index*:

- As one of the largest European markets, Spain is the country with the highest number of **Not Fully Sustainable Grade** and **Not Sustainable Grade** companies, representing **48%** of the *SE Spanish Index*.
- More than one quarter (**32%**) of the constituents of the *SE Spanish Index* are rated "EE-", which denotes a willingness of the main Spanish listed companies to comply with global sustainability standards.
- Almost half (**42%**) of the constituents of the *SE Spanish Index* are rated "E+". Consequently, companies rated "E+" could be considered as candidates for a future full **Sustainable Grade** level.
- Overall, there is still room for improvement for Index constituents to align with the international sustainability guidelines defined by the **OECD**, the **EU** and the **UN**.

⁵ **Sustainable Grade** comprises the rating grades from "EEE" up to "EE-" (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating classes from "E+" up to "" (i.e. E+; E), **Not Sustainable Grade** comprises the rating classes from "E-" up to "F" (i.e. E-; F). For the complete explanation of Standard Ethics grades, please visit the company presentation on <https://www.standardethics.eu/>.

3. SE Spanish Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EE+		Amadeus IT Group	ES0109067019	EE-		Repsol	ES0173516115
EE+		Merlin Properties	ES0105025003	E+	Pos.	ACS Actividades de Construcción y Servicios	ES0167050915
EE		BBVA	ES0113211835	E+	Pos.	Bankinter	ES0113679137
EE		Cellnex Telecom	ES0105066007	E+		Acerinox	ES0132105018
EE		IAG International Consolidated Airlines Group	ES0177542018	E+		Aena	ES0105046009
EE		Iberdrola	ES0144580Y14	E+		ArcelorMittal	LU1598757687
EE		Red Electrica Corporacion (Redeia)	ES0173093024	E+		CIE Automotive	ES0139140174
EE		Viscofan	ES0184262212	E+		Ebro Foods	ES0112501012
EE-	Pos.	Telefonica	ES0178430E18	E+		Endesa	ES0130670112
EE-		Acciona	ES0125220311	E+		Fluidra	ES0137650018
EE-		Acciona Energia	ES0105563003	E+		Grupo Catalana Occidente	ES0116920333
EE-		Banco de Sabadell	ES0113860A34	E+		Laboratorios Farmaceuticos Rovi	ES0157261019
EE-		Banco Santander	ES0113900J37	E+		Logista	ES0105027009
EE-		CaixaBank	ES0140609019	E+		Naturgy Energy Group	ES0116870314
EE-		Enagas	ES0130960018	E+		Puig Brands	ES0105777017
EE-		Ferrovial	ES0118900010	E+		Sacyr	ES0182870214
EE-		Grifols	ES0171996087	E+		Solaria	ES0165386014
EE-		Indra	ES0118594417	E+		Unicaja Banco	ES0180907000
EE-		Inmobiliaria Colonial	ES0139140174	E		Inditex	ES0148396007
EE-		Mapfre	ES0124244E34	E-		FCC Group	ES0122060314

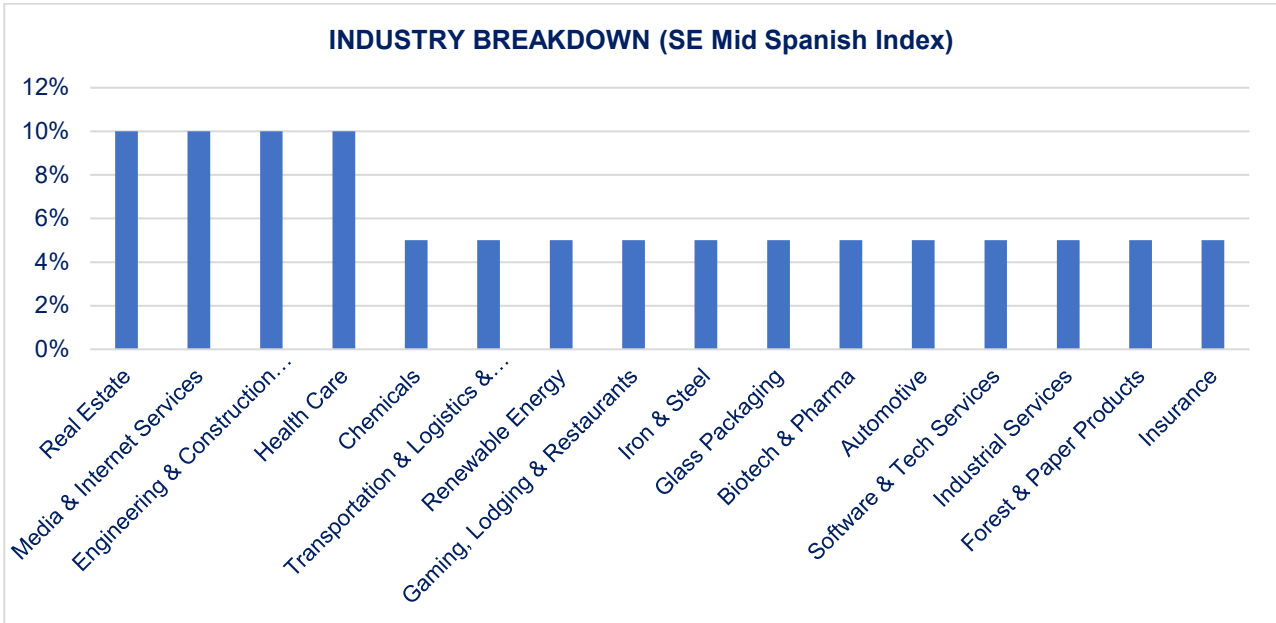
Within the *SE Spanish Index* constituents:

- Merlin Properties and Amadeus IT Group (rated “EE+”) currently have the highest Corporate SER.
- In this top rating layer of the *SE Spanish Index* distribution, we find the following companies: BBVA, Cellnex Telecom, International Consolidated Airlines Group, Iberdrola, and Red Electrica Corporacion and Viscofan, which are all rated “EE”; a Strong **Sustainable Grade**.
- Telefonica is the only Spanish company, whose rating is “EE-”, an Adequate **Sustainable Grade**, with a **Positive** Outlook.
- The remaining Adequate **Sustainable Grade** companies are the following: Acciona, Acciona Energia, Banco de Sabadell, Banco Santander, CaixaBank, Enagas, Ferrovial, Grifols, Indra, Inmobiliaria Colonial, Mapfre and Repsol, which all have an “EE-” rating.
- ACS and Bankinter are all rated “E+”, which is a Low **Not Fully Sustainable Grade**, with a **Positive** Outlook.
- The remaining companies rated “E+” are: Acerinox, Aena, ArcelorMittal, CIE Automotive, Ebro Foods, Endesa, Fluidra, Grupo Catalana Occidente, Laboratorios Farmaceuticos Rovi, Logista, Naturgy Energy Group, Puig Brands, Sacyr, Solaria and Unicaja Banco.
- Inditex is rated “E”, a Very Low **Not Fully Sustainable Grade**.
- FCC Group is the only Spanish company whose rating is “E-”, an Unsatisfactory **Not Sustainable Grade**.

Focus: Standard Ethics Mid Spanish Index

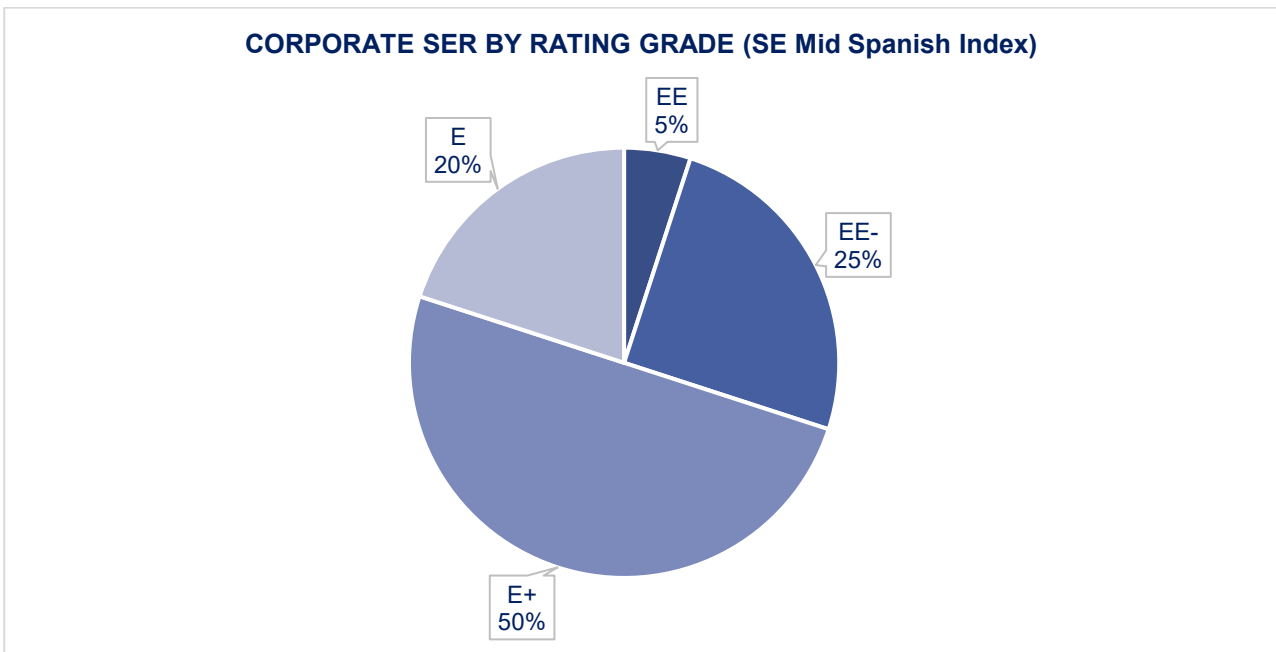
Most issued Corporate SER: **E+**

1. Industry breakdown



The bar chart shows the breakdown by industry of the *SE Mid Spanish Index* constituents. The Index includes **20 mid-sized** listed Spanish companies per market capitalisation; it is open, free and was last updated on **30 September 2025**. The chart indicates that four industries stand out in the distribution of the company-constituents: **Real Estate, Media & Internet Services, Engineering & Construction Services** and **Health Care**, each representing **10%**. The other industries represented are: **Chemicals, Transportation & Logistics, Renewable Energy, Gaming, Lodging & Restaurants, Iron & Steel, Glass Packaging, Biotech & Pharma, Automotive, Software & Tech Services, Industrial Services, Forest & Paper Products, and Insurance**; each with a distribution of **5%**.

2. Corporate SER by rating grade



The pie chart above represents the distribution of *SE Mid Spanish Index* Corporate SERs across the 9 different Standard Ethics rating grades. The pie chart shows that **50%** of the Index constituents are rated “**E+**”, while **25%** are rated “**EE-**” and **20%** are rated “**E**”. The remaining Index constituents are rated “**EE**” (**5%**). Currently, no companies hold “**EEE**” and “**EEE-**” ratings: this means that the distribution tends to converge towards the *mid rating* grades. With reference to the grades of Sustainability⁶, **30%** of Index constituents have a full **Sustainable Grade** whereas the **Not Fully Sustainable Grade** represents **70%** of the Index.

3. SE Mid Spanish Index components (as of 31 December 2025)

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EE		Tubacex Group	ES0132945017	E+		Ercros	ES0125140A14
EE-		Ence Energia y Cellulosa	ES0130625512	E+		Gestamp Automocion	ES0105223004
EE-		Faes Farma	ES0134950F36	E+		Global Dominion Access	ES0105130001
EE-		Grenergy	ES0105079000	E+		Neinor Homes	ES0105251005
EE-		Línea Directa Aseguradora	ES0105546008	E+		Melia Hotels International	ES0176252718
EE-		Tecnicas Reunidas	ES0178165017	E+		Pharma Mar	ES0169501022
E+		Aedas Homes	ES0105287009	E		Atresmedia Corporacion	ES0109427734
E+		Almirall	ES0157097017	E		Elecnor	ES0129743318
E+		CAF	ES0121975009	E		Prosegur	ES0175438003
E+		Edreams Odigeo	LU1048328220	E		Vidrala	ES0183746314

Within the *SE Mid Spanish Index* constituents:

- Tubacex Group is the only Spanish company rated “**EE**”; a full **Sustainable Grade**.
- In the remaining top rating layer of the *SE Mid Spanish Index* distribution, sit the following companies: Ence Energia y Cellulosa, Faes Farma, Grenergy Renovables, Línea Directa Aseguradora and Tecnicas Reunidas, which are all rated “**EE-**” with a full **Sustainable Grade**.
- Aedas Home, Almirall, CAF, Edreams Odigeo, Ercros, Gestamp Automocion, Global Dominion Access, Neinor Homes, Melia Hotels International and Pharma Mar are all rated “**E+**”, which is a **Not Fully Sustainable Grade**.
- Atresmedia Corporacion, Elecnor, Prosegur and Vidrala have an “**E**” rating; a **Not Fully Sustainable Grade**.

⁶ **Sustainable Grade** comprises the rating grades from “**EEE**” up to “**EE-**” (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating classes from “**E+**” up to “” (i.e. E+; E), **Not Sustainable Grade** comprises the rating classes from “**E-**” up to “**F**” (i.e. E-;F). For the complete explanation of Standard Ethics grades, please visit the company presentation on <https://www.standardethics.eu/>.

Italy In-depth Analysis

Standard Ethics: The Big Picture – Annual Report 2025



[Country (SER): **EE+**] Most issued Corporate SER: **EE-**

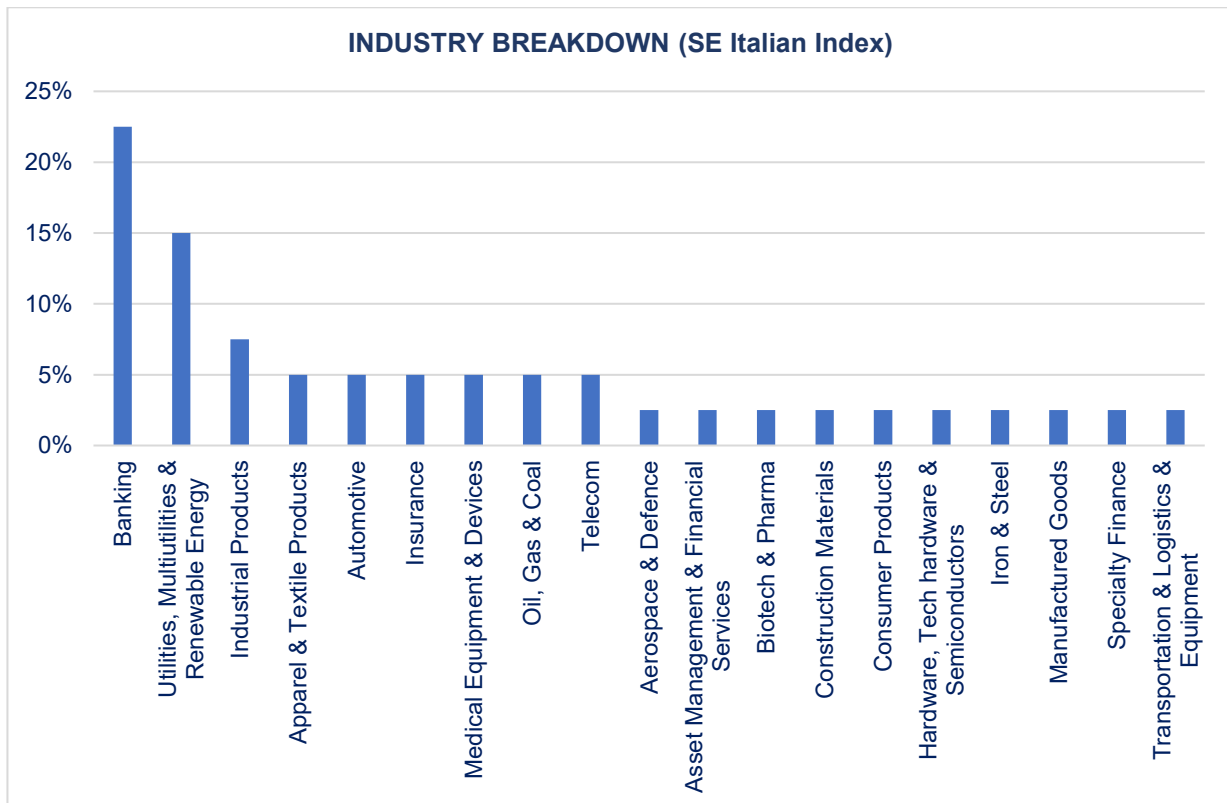


The last action on the Republic of Italy’s Country SER was on 19 October 2022. Italy’s “EE+” Country Standard Ethics Rating was confirmed. The actions envisaged by the PNRR and agreed between the European Commission and the Italian government, if implemented correctly and without any increase to public debt, will bring about the necessary reforms to improve the quality of the Italian institutional and economic system.

Italy was one of the founding nations of the European Coal and Steel Community, it became a member of the United Nations in 1955, it joined the **OECD** in 1960.

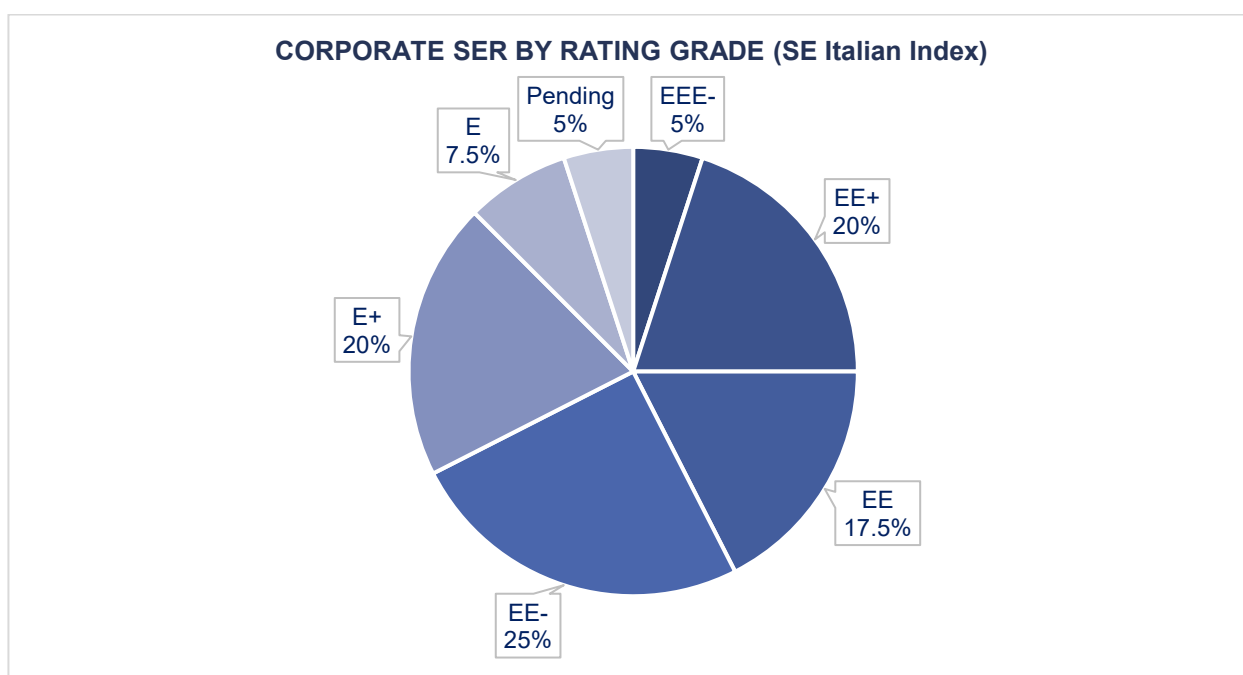
In 2014, Standard Ethics launched the *SE Italian Index*, composed of the **40** largest listed companies in Italy. To date, the *SE Italian Index* counts **40** constituents. In 2022, Standard Ethics launched the *SE Mid Italian Index*, composed of **20** listed mid-cap Italian companies. The last reviews of both indices were published on **30 September 2025**.

1. Industry breakdown



The bar chart shows the industry breakdown of the *SE Italian Index* constituents. Each Standard Ethics index is an *Open Free Sustainability Index* and offers full disclosure: the methodology, selection criteria, and calculation formula are public and can therefore be used for free as a benchmark for decision-makers and stakeholders. The *SE Italian Index* includes 40 of Italy’s largest listed companies per market capitalisation and was last updated on 30 September 2025. It illustrates that the distribution highlights 4 top industries: **Banking (23%), Utilities (15%), Industrial Products (8%), Apparel & Textile Products, Automotive, Insurance, Medical Equipment & Devices, Oil, Gas & Coal and Telecom** together account for **30%** circa of the total sample. Each of these accounts separately for **5%** of the sample. The other sectors included in the breakdown are each worth about **3%** of the total distribution.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE Italian Index* Corporate SERs through the 9 different Standard Ethics rating grades.⁷

The pie chart shows that **5%** of the *SE Italian Index* constituents are rated “EEE-”, **20%** are rated “EE+”, **17,5%** are rated “EE”, **25%** are rated “EE-”, **20%** are rated “E+”, **7,5%** are rated “E”. **5%** have a “Pending” rating (including a rating to be updated). No companies are rated “EEE”, “E-” or “F”.

Through comparison of the biggest European markets covered by Standard Ethics within national indices (France, Germany, UK, Spain, Italy), the following can be stated with regards to the *SE Italian Index*:

- The *SE Italian Index* is distributed with around **67,5%** of its constituents holding a full **Sustainable Grade**⁸ (i.e. rated “EEE-”, “EE+”, “EE” or “EE-”) and **approx. 27%** a **Not Fully Sustainable Grade** (i.e. rated “E+” or “E”).
- A quarter of the *SE Italian Index* constituents are rated “EE+” and approximately a quarter are rated “EE” and “EE-”, which denotes the willingness of the major Italian listed companies to maintain compliance with established global Sustainability standards.
- A quarter of the *SE Italian Index* constituents are also rated “E+”. This means that if these companies continue to improve their level of compliance with global sustainability standards, they could soon reach a full **Sustainable Grade**.
- Overall, there is still room for improvement for Index constituents to align with the international sustainability guidelines provided by the **OECD**, the **EU** and the **UN**.

⁷ **Sustainable Grade** comprises the rating grades from “EEE” up to “EE-” (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating grades from “E+” up to “E” (i.e. E+;E), **Not Sustainable Grade** comprises the rating grades from “E-” up to “F” (i.e. E-;F). For the complete explanation of Standard Ethics Grades, please visit the company presentation on <https://www.standardethics.eu/>.

⁸ Please note that the term “Sustainable” as used in the text refers specifically to the rating grades as defined by Standard Ethics.

3. SE Italian Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN
EEE-		BPER Banca	IT0000066123
EEE-		FinecoBank	IT0000072170
EE+		A2A	IT0001233417
EE+		Banco BPM	IT0005218380
EE+		Banca Monte Paschi Siena	IT0005508921
EE+		Banca Popolare di Sondrio	IT0000784196
EE+		Eni	IT0003132476
EE+		Prysmian	IT0004176001
EE+		Unicredit	IT0005239360
EE+		Terna	IT0003242622
EE	Pos.	Intesa Sanpaolo	IT0000072618
EE		Assicurazioni Generali S.p.a.	IT0000062072
EE		Banca Mediolanum	IT0004776628
EE		Enel	IT0003128367
EE		Leonardo	IT0003856405
EE		Snam	IT0003153415
EE		STMicroelectronic	NL0000226223
EE-		Amplifon*	IT0004056880
EE-		Ferrari	NL0011585146
EE-		Interpump Group	IT0001078911

Rating	Outlook	Company	ISIN
EE-		Italgas	IT0005211237
EE-		Iveco Group	NL0015000LU
EE-		Hera	IT000125093
EE-		Mediobanca	IT0000062957
EE-		Moncler	IT0004965148
EE-		Saipem	IT0005495657
EE-	Neg.	Brunello Cucinelli	IT0004764699
E+	Pos.	Azimut Holding	IT0003261697
E+		Buzzi	IT0001347308
E+		DiaSorin	IT0003492391
E+		INWIT Infrastrutture Wireless Italiane	IT0005090300
E+		Poste Italiane	IT0003796171
E+		Recordati	IT0003828271
E+		Stellantis	NL00150001Q
E+		Telecom Italia	IT0003497168
E	Pos.	Nexi	IT0005366767
E		Campari	NL0015435975
E		Tenaris	LU2598331598
Pending		Fincantieri	IT0005599938
TBU**		Unipol Assicurazioni ⁹	IT0004810054

*Rating upgraded from “E+” on 5 February 2026

**Rating to be updated

When observing the *SE Italian Index*:

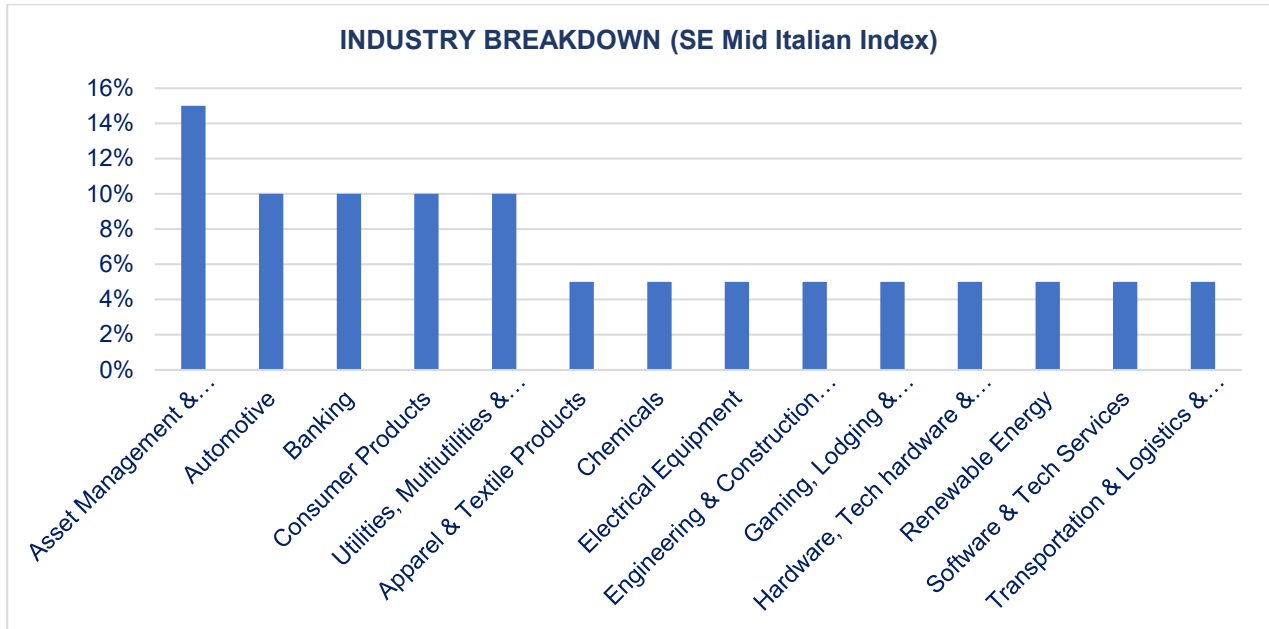
- There are currently two companies which are rated “EEE-”: BPER Banca and FinecoBank. This full Sustainable Grade level is Excellent and sets a benchmark for future positive expectations from other companies currently holding a Very Strong “EE+” Corporate SER such as: A2A, Banco BPM, Banca Monte dei Paschi di Siena, Banca Popolare di Sondrio, Eni, Prysmian, UniCredit and Terna.
- In the next rating layer of the Index distribution with an “EE” rating, follow: Intesa Sanpaolo, Assicurazioni Generali, Banca Mediolanum, Enel, Leonardo, Snam, STMicroelectronics.
- The remaining full **Sustainable Grade** companies with an Adequate “EE-” rating are: Amplifon, Ferrari, Hera, Interpump, Italgas, Iveco Group, Mediobanca, Moncler, Saipem and Brunello Cucinelli (albeit with a Negative Outlook).
- Azimut Holding, DiaSorin, INWIT Infrastrutture Wireless Italiane, Poste Italiane, Recordati, Stellantis and Telecom Italia are all rated a Low “E+”, a **Not Fully Sustainable Grade**.
- Azimut Holding also has a **Positive** Outlook, so could potentially improve to become a full **Sustainable Grade** company in the next few months.
- The companies with the most significant margins for improvement are: Nexi, Campari and Tenaris. These companies currently hold a Very Low “E” rating. Nexi has a **Positive** Outlook.

⁹ On 3 July 2024, the delisting of UnipolSai Assicurazioni S.p.A. shares took place, following the takeover bid initiated by Unipol Gruppo on 16 February 2024. On 31 July 2024, Standard Ethics assigned an ‘EEE-’ rating to UnipolSai Assicurazioni. As of 1 January 2025, the incorporation of UnipolSai Assicurazioni into Unipol Gruppo became effective, thus adopting the new name Unipol Assicurazioni S.p.A. Currently, the Company is undergoing a SER update process.

Focus: Standard Ethics Mid Italian Index

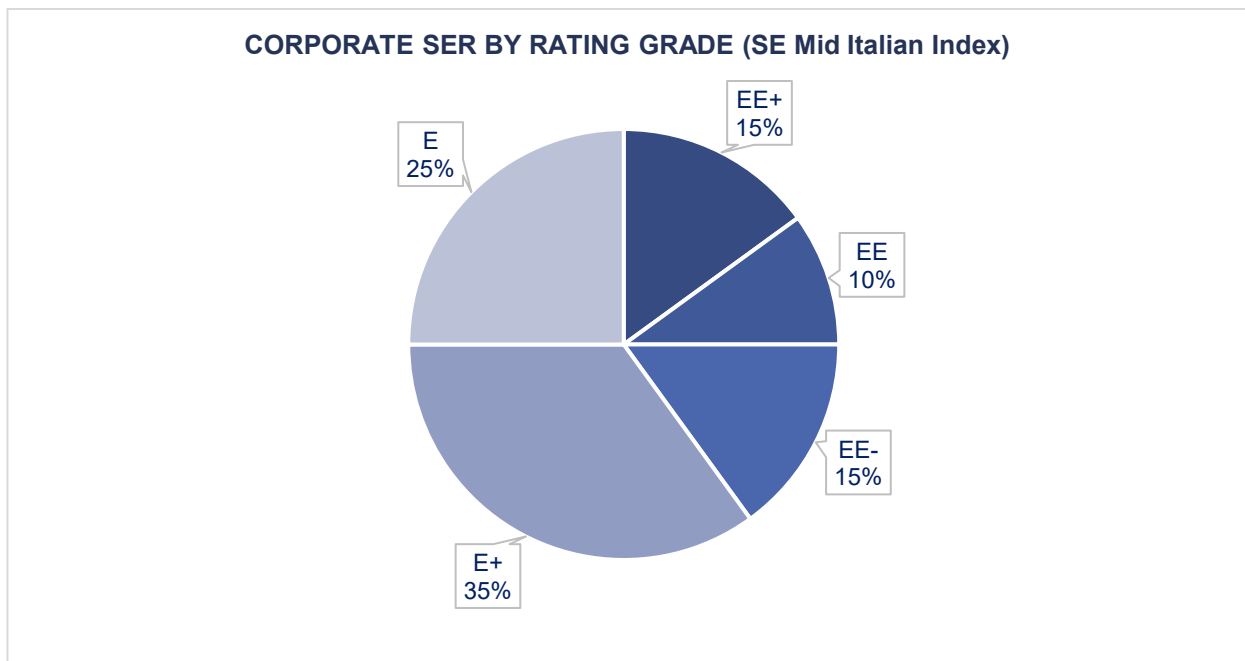
Most issued Corporate SER: **E+**

1. Industry breakdown



The bar chart shows the industry breakdown of the *SE Mid Italian Index* constituents. This is a thematic Index which includes **20 mid-sized listed companies**, selected by market size, last updated on 30 September 2025. The distribution highlights a few top industries: **Asset Management & Financial Services (15%)**, **Automotive, Banking, Consumer Products, Utilities, Multiutilities & Renewable Energy (10% each)**. The remaining **45%** of the Index is composed of different industries, each of which is worth **5%** of the total distribution.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE Mid Italian Index* Corporate SERs through the 9 different Standard Ethic Rating grades.¹⁰ The chart shows that **35%** of the *SE Mid Italian Index* constituents are rated “E+”, **25%** are rated “E”, **15%** are rated “EE+”, **15%** are rated “EE-” and **10%** are rated “EE”. No companies are rated “EEE”; “EEE-”, “E-” or “F”. This means that the distribution tends to converge to the *mid-rated* grades. The full **Sustainable Grade** level accounts for **40%** of the ratings assigned, whereas **60%** of the Index’s constituents hold a **Not Fully Sustainable Grade**. No constituents have a **Not Sustainable Grade**.

3. *SE Mid Italian Index* constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EE+		Acea	IT0001207098	E+		Lottomatica Group	IT0005541336
EE+		Anima Holding	IT0004998065	E+		Salvatore Ferragamo	IT0004712375
EE+		Banca Generali	IT0001031084	E+		SOL	IT0001206769
EE		ENAV	IT0005176406	E+		Technogym	IT0005162406
EE		Tamburi Investment Partners	IT0003153621	E+		Webuild	IT0003865570
EE-	Pos.	BFF Bank	IT0005244402	E		Carel Industries	IT0005331019
EE-		ERG	IT0001157020	E		De' Longhi	IT0003115950
EE-	Neg.	Brembo	NL0015001KT6	E		Pirelli & C.	IT0005278236
E+		Credito Emiliano	IT0003121677	E		Reply	IT0005282865
E+		Iren	IT0003027817	E		Technoprobe	IT0005482333

When observing the *SE Mid Italian Index*:

- At present no “EEE-” ratings are assigned to Mid Italian Index constituents. The constituents with the highest Corporate SERs are: Acea, Anima Holding and Banca Generali with “EE+”. Enav and Tamburi Investment Partners follow with an “EE”.
- The remaining companies with a full **Sustainable Grade** are: BFF Bank (with a Positive Outlook), ERG, and Brembo (with a Negative Outlook).
- Credito Emiliano, Iren, Lottomatica, Salvatore Ferragamo, SOL, Technogym and Webuild are all rated “E+”, a **Not Fully Sustainable Grade**.
- The most significant margins for improvement are – according to Standard Ethics’ analysts – for: Carel Industries, De’Longhi, Pirelli & C., Reply and Technoprobe which currently have an “E” rating; a **Not Sustainable Grade**.

¹⁰ **Sustainable Grade** comprises the rating grades from EEE up to EE- (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating grades from E+ up to E (i.e. E+;E), **Not Sustainable Grade** comprises the rating grades from E- up to F (i.e. E-;F). For the complete explanation of Standard Ethics Grades, please visit the company presentation on <https://www.standardethics.eu/>.

Focus: Standard Ethics Italian Banks Index

Most issued Corporate SERs: **EE+**

Rating	Outlook	Company	ISIN
EEE-		BPER Banca	IT0000066123
EEE-		FinecoBank	IT0000072170
EE+		Banca Generali	IT0001031084
EE+		Banca Monte dei Paschi di Siena	IT0005218752
EE+		Banca Popolare di Sondrio	IT0000784196
EE+		Banco BPM	IT0005218380
EE+		UniCredit	IT0005239360
EE	Pos.	Intesa Sanpaolo	IT0000072618

Rating	Outlook	Company	ISIN
EE	.	Banca Mediolanum	IT0004776628
EE		Banco Desio e Brianza	IT0001041000
EE-	Pos.	BFF Bank	IT0005244402
EE-		Mediobanca	IT0000062957
E+		Banca IFIS	IT0003188064
E+		Credito Emiliano	IT0003121677
E		Banca Profilo	IT0001073045
E		Banca Sistema	IT0003173629

In the past, **Standard Ethics** has published several studies on the Italian banking sector, including detailed analyses (such as the one on cooperative banks in 2014 – please see the Bibliography at the end of the Report). Today, the industry presents a very advanced level of alignment on Sustainability. Data shows that over **75%** of **Italian banks** are **compliant** with the sustainability standards defined by the **EU**, the **UN** and the **OECD**. When looking at the open-free sustainability *SE Italian Banks Index*: **12%** of the Italian banks are rated “EEE-”; circa **31%** are rated “EE+” and almost **20%** are rated “EE”; the remaining of the constituents are rated “EE-”, “E+” and “E” (approx. **12%** each).

In order to make a concrete comparison, Standard Ethics’ analysts evaluated and compared Italian banks with the European banking sector. **Standard Ethics** launched the *SE European Banks Index* in 2017. This Index was last updated on 31 December 2025. Its constituents are distributed as follows: **63%** of the **European banks** hold a **Full Sustainable Grade**, **37%** a **Not Fully Sustainable Grade**. Considering the *SE European Banks Index* rating grades, they are distributed as follows: **5%** of the Index constituents are rated “EEE-”, **10%** are rated “EE+”, **15%** have an “EE” rating, **33%** are rated “EE-”, **23%** have an “E+” rating, **15%** are rated “E”. No banks are rated “EEE” or “F”.

On the other side of the spectrum are the banks belonging to the *SE Hong Kong Index*, which was launched in 2020. At the moment of writing this report, only **12%** of Hong Kong’s listed banks, constituents of the *SE Hong Kong Index*, have a **Sustainable Grade**, **66%** of the Index’s banks hold a **Not Fully Sustainable Grade** and the remaining **22%**, a **Not Sustainable Grade**. The rating grades are therefore: **2%** “EE+”, **6%** “EE”, **4%** “EE-”, **16%** “E+”, **50%** “E” and **22%** “E-”.

Having made an overall comparison of the banking sector worldwide, the following can be stated regarding Italian banks:

- Italian banks are voluntarily complying with global Sustainability recommendations. This can be noted when looking at corporate governance practices, as well as at the Italian banks’ corporate Codes of Conduct, including formal references to the global standards on Sustainability;
- The Italian banks, whose previous legal status was *cooperative*, have been maintaining their long-term attention on local communities and stakeholders, focusing on the ‘S’ (social) area of the **ESG** acronym;
- Some Italian banks have been increasingly addressing the Sustainability challenges indicated by the **EU**, making concrete steps towards gender equality in their governance structures;
- On average, Italian banks hold a higher **Sustainable Grade** level than their European peers and this appears even more apparent when comparing them to Hong Kong banks.

Focus: Standard Ethics Food&Beverage Sustainability Italian Benchmark

Launched in March 2022 and last updated on 30 September 2025: the *SE Food&Beverage Sustainability Italian Benchmark* is a thematic Benchmark for companies operating in the **food and beverage sector**, useful for monitoring its alignment with international voluntary sustainability guidelines (**UN, OECD and EU**). The Corporate Standard Ethics Rating (Corporate SER) assigned to each of the Benchmark's constituents is part of an analysis framework comprising **50** of the largest companies operating in the Italian food and beverage industry, from which **30** companies were selected. **Standard Ethics'** analysts examined various aspects such as corporate sustainability strategies; elements of fair competition; quality of ESG disclosure with particular attention to sustainability and corporate governance; controversial events; product reporting and other factors.

From the Benchmark study, it emerged that, in general, great care and attention are being paid to the principles of sustainability within the **product and supply chain** along with a broad application of good ESG practices in **production processes**. Nevertheless, the adoption of these principles when inherent to the product manufacturer, its governance models and its shareholders, appears rather weak.

Currently, **7% circa** of the Index constituents are rated "EE", **13%** are rated "EE-", **47%** have an "E+" rating and **33%** an "E" rating. No companies are rated "EEE", "E-" or "F". The distribution tends to converge to the *lower* rating grades, concentrating mainly on the ratings "E+" and "E". With reference to the grades of Sustainability, the full **Sustainable Grade** represents **20%** of the Benchmark and the **Not Fully Sustainable Grade**, **80%**. No Benchmark constituents hold a **Not Sustainable Grade**.

Below is a list of the *SE Food&Beverage Sustainability Italian Benchmark* constituents with their assigned Corporate SERs.

Rating	Outlook	Company
EE		Casillo Group
EE		Illycaffè
EE-		A. Loacker
EE-		Bolton Group
EE-		Eurovo
EE-		La Doria
E+	Pos.	Bauli
E+		Barilla
E+		Cereal Docks
E+		Colussi
E+		Conserve Italia
E+		Ferrero
E+		Fileni Alimentare
E+		Granarolo
E+		Lavazza

Rating	Outlook	Company
E+		M. Zanetti Beverage
E+		Mutti
E+		Newlat Food
E+		Orsero
E+		Sammontana
E	Pos.	GranTerre*
E	Pos.	Pastificio Rana
E		Campari
E		De Cecco
E		Gruppo Amadori
E		Gruppo Cremonini
E		Gruppo Veronesi
E		Salumificio F.lli Beretta
E		San Benedetto
E		Unigra

*Outlook upgraded to Positive on 29 January 2026

- In the top rating layer of the distribution of the *SE Food&Beverage Sustainability Italian Benchmark Index* sit: Casillo Group and Illycaffè "EE", A.Loacker "EE-", Bolton Group "EE-", Eurovo "EE-" and La Doria "EE-". All these companies hold a full **Sustainable Grade**.
- Bauli, Barilla, Cereal Docks, Colussi, Conserve Italia, Ferrero, Fileni Alimentare, Granarolo, Lavazza, M. Zanetti Beverage, Mutti, Newlat Food, Orsero and Sammontana are all rated "E+" with a **Not Fully Sustainable Grade**. Bauli has been rated "E+" with a **Positive Outlook**.
- Pastificio Rana, Campari, De Cecco, Granterre, Gruppo Amadori, Gruppo Cremonini, Gruppo Veronesi, Salumificio F.lli Beretta, San Benedetto and Unigra are all rated "E" with a **Not Fully Sustainable Grade**. GranTerre and Pastificio Rana have been assigned a **Positive Outlook**.
- No companies currently have a **Not Sustainable Grade**.

Germany in-depth Analysis

Standard Ethics: The Big Picture – Annual Report 2025



[Country SER: **EE+**]; Most issued Corporate SER: **EE**



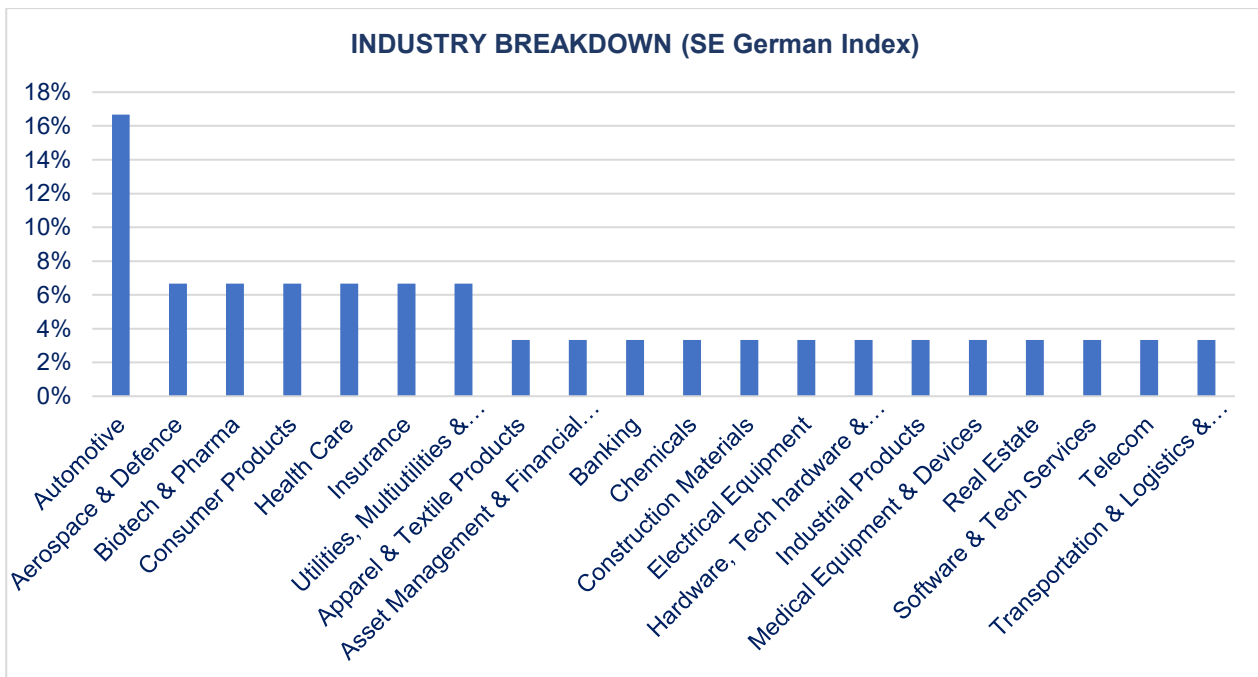
The last action on the Federal Republic of Germany’s Country SER was on 7 April 2014 with a confirmation of its “EE+” rating. Germany was downgraded in 2013 from “EEE-” to “EE+” due to its inner political inflexibility, which somehow opposed the Single European Market political economy.

Over recent years, Germany has been taking the Sustainability challenge very seriously, especially regarding compliance with international standards: the Country has met most of its national environmental objectives and international environmental commitments.

Germany was one of the founding nations of the European Coal and Steel Community, it became a member of the United Nations in 1973, it joined the OECD in 1961.

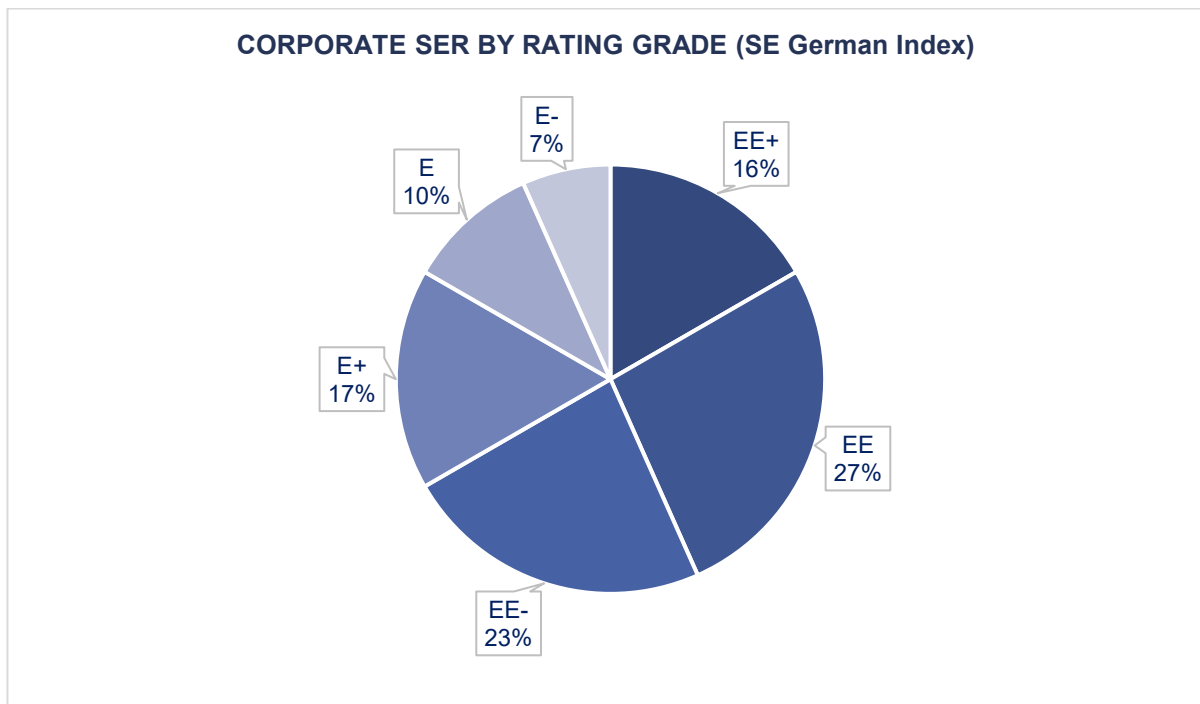
In 2015, Standard Ethics launched the **SE German Index**, composed of the **30** largest listed companies in Germany. The last review of the Index was published on **30 September 2025**.

1. Industry Breakdown



The bar chart shows the industry breakdown of the *SE German Index* constituents. Each Standard Ethics Index is an *Open Free Sustainability Index* and offers full disclosure: the methodology, selection criteria, and calculation formula are public and can therefore be used for free as a benchmark for decision-makers and stakeholders. The Index includes **30** of the Germany’s largest listed companies per market capitalisation and it was last updated on **30 September 2025**. One industry stands out: **Automotive (17%)**. Industries such as **Aerospace & Defence, Biotech & Pharma, Consumer Products, Health Care, Insurance** and **Utilities** each make up **7%** of the sample: **30%** of the *SE German Index*. The Index’s remaining percentage is composed of different industries. Each of them **3%** of the total industry breakdown.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE German Index* Corporate SERs through 9 different Standard Ethics rating grades.¹

The pie chart shows that **16%** of the *SE German Index* constituents are rated “EE+”, **27%** are rated “EE”, **23%** are rated “EE-”, **17%** are rated “E+”, **10%** are rated “E” and **7%** are rated “E-”. No companies are rated “EEE”, “EEE-” and “F”. This means that the distribution tends to converge to the *mid-rated grades*. Specifically, **50%** of the Index constituents are distributed amongst two different rating grades, both a full **Sustainable Grade** (“EE” and “EE-”).

Through comparison of the biggest European markets covered by Standard Ethics within national indices (France, Germany, UK, Spain, Italy), the following can be stated with regards to the *SE German Index*:

- **66%** of *SE German Index* constituents hold a full **Sustainable Grade** (i.e. rated “EE+”, “EE” or “EE-”), **27%** a **Not Fully Sustainable Grade** (i.e. rated “E+” or “E”) and **7%** a **Not Sustainable Grade** (i.e. rated “E-”).
- Most *SE German Index* constituents are companies with a full **Sustainable Grade**.
- More than a fourth of the *SE German Index* constituents are rated “EE” (**27%**). This means that these companies have a strong level of compliance with **OECD**, the **EU** and the **UN** sustainability recommendations.
- Almost a fourth of the *SE German Index* constituents are rated an adequate “EE-” (**23%**), which denotes the willingness of the main German listed companies to continue their path of alignment with global Sustainability standards.

3. SE German Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN
EE+		Deutsche Post	DE0005552004
EE+		Infineon Technologies	DE0006231004
EE+		MTU Aero Engines	DE000A0D9PT0
EE+		Munich RE (Münchener Rück AG)	DE0008430026
EE+		SAP	DE0007164600
EE		Adidas	DE000A1EWWW0
EE		Allianz	DE0008404005
EE		BASF	DE000BASF111
EE		E.ON	DE000ENAG999
EE		Deutsche Telekom	DE0005557508
EE		Merck	DE0006599905
EE		Siemens	DE0007236101
EE		Vonovia	DE000A1ML7J
EE-		Airbus	NL0000235190
EE-		BMW	DE0005190003

Rating	Outlook	Company	ISIN
EE-		Continental	DE0005439004
EE-		Deutsche Boerse	DE0005810055
EE-		Heidelberg Materials	DE0006047004
EE-		Rheinmetall	DE0007030009
EE-		RWE	DE0007037129
E+	Pos	Bayer	DE000BAY0017
E+		Fresenius SE & Co.	DE0005785604
E+		Henkel	DE0006048432
E+		Mercedes-Benz Group (former Daimler)	DE0007100000
E+		Siemens Healthineers	DE000SHL1006
E	Pos	Beiersdorf	DE0005200000
E		Deutsche Bank	DE0005140008
E		Fresenius Medical Care AG & Co.	DE0005785802
E-		Volkswagen	DE0007664039
E-		Porsche AG	DE000PAG9113

When observing the *SE German Index*:

- There are **5** “EE+” rated company-constituents: Deutsche Post, Infineon Technologies, MTU Aero Engines, Munich RE and SAP.
- In the top rating layer of the Corporate SER distribution of the *SE German Index* also sit: Adidas, Allianz, BASF, E.ON, Deutsche Telekom, Merck, Siemens and Vonovia, all rated “EE”.
- The remaining full **Sustainable Grade** constituents are: Airbus, BMW, Continental, Deutsche Boerse, Heidelberg Materials, Rheinmetall and RWE all with an “EE-” rating.
- Bayer, Fresenius SE & Co., Henkel, Mercedes-Benz Group (Daimler) and Siemens Healthineers are all rated “E+” with a **Not Fully Sustainable Grade**. Bayer is rated “E+” with a **Positive** Outlook.
- Beiersdorf, Deutsche Bank and Fresenius Medical Care AG & Co. are rated “E”. Beiersdorf has a **Positive** Outlook. These three companies have a **Not Fully Sustainable Grade**.
- Volkswagen and Porsche AG have an “E-”: a **Not Sustainable Grade**.

France In-depth Analysis

Standard Ethics: The Big Picture – Annual Report 2025



[Country SER: **EEE-**] Most issued rating: **EE**

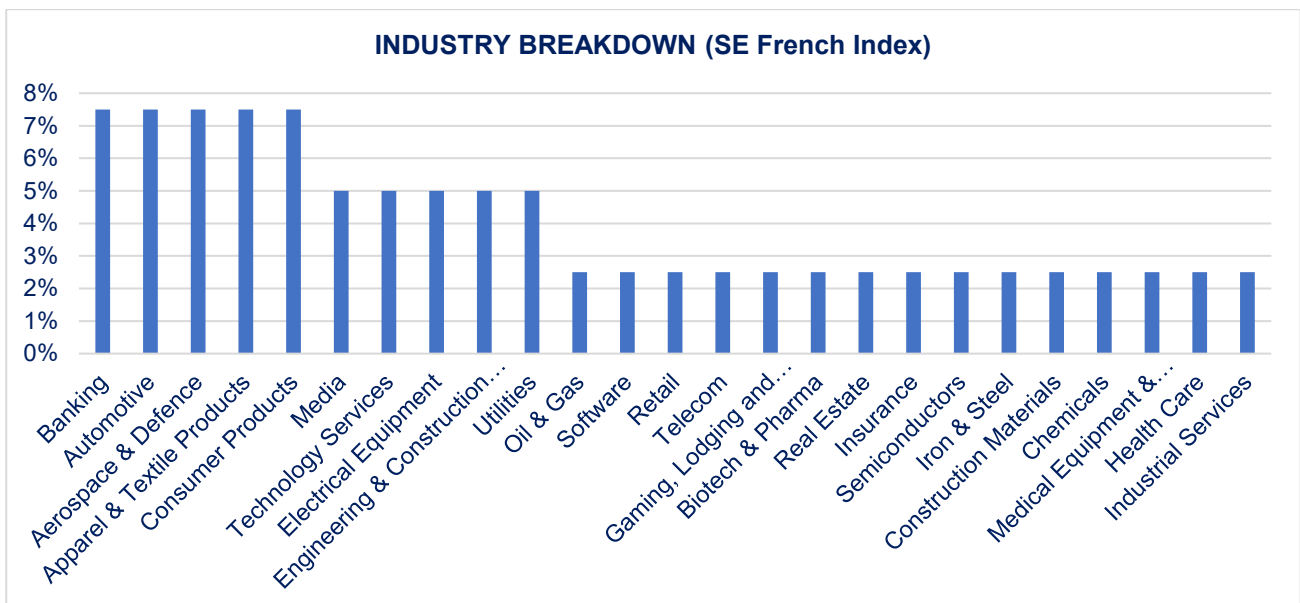


The last action on the French Republic's Country SER was 7 April 2014 when the EEE- rating was confirmed.

France has been a member of the United Nations (UN) since its foundation in 1945. The Country has been a member of the Organization for Economic Cooperation and Development (OECD) since 1961, and the OECD headquarters is in Paris. France has been a member of the European Union (EU) since 1993 and was previously a member of the European Economic Community (EEC) in 1958.

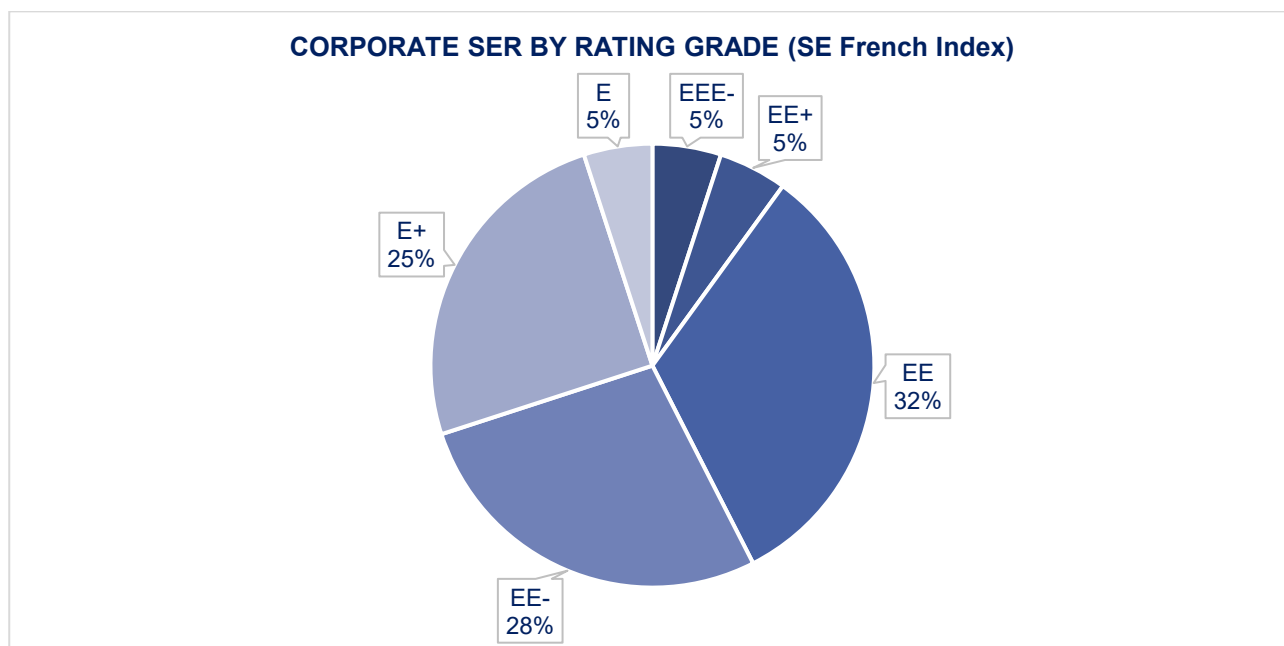
The **SE French Index** was launched on 30 of June 2015 and comprises **40** major listed companies. The last review of the Index was published on 30 September 2025.

1. Industry breakdown



The bar chart shows the industry breakdown of the *SE French Index* constituents. The Index includes **40** of France's largest listed companies per market capitalisation: it is open, free and was last updated on **30 September 2025**. The graph shows that distribution is divided into five main industries; the other sectors in the chart are homogeneous in their percentages. **Banking, Automotive, Aerospace & Defence, Apparel & Textile** and **Consumer Products** are the most prominent industries with a distribution of **just under 8%** each. These industries are followed by **Media, Technology Services, Electrical Equipment, Engineering & Construction** and **Utilities** with **5%** each. The other industries represented are: **Oil & Gas, Software, Retail, Telecom, Gaming, Lodging and Restaurants, Biotech & Pharma, Real Estate, Insurance, Semiconductors, Iron & Steel, Construction Materials, Chemicals, Medical Equipment & Devices, Health Care** and **Industrial Services** each with a distribution of **3%**.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE French Index* Corporate SERs through the 9 different Standard Ethics rating grades. It shows that “EE” represents **32%** of the Index constituents, while **28%** of the constituents have an “EE-” rating and **25%** of them have an “E+” rating. The remaining constituents of the Index are rated “EEE-”, “EE+” and “E”, each account for **5%**. No companies are rated “EEE”, “E-” or “F”. This means that the distribution tends to converge to the mid-high rating grades, concentrating mainly on the rating “EE”. With reference to the grades of Sustainability¹¹, the **Sustainable Grade** represents **70%** of the chart and the **Not Fully Sustainable Grade** **30%**.

Through comparison of the biggest European markets covered by Standard Ethics within national indices (France, Germany, UK, Spain, Italy), the following can be stated with regards to the *SE French Index*:

- More than two-thirds of the constituents of the *SE French Index* hold a full **Sustainable Grade**.
- A third of the *SE French Index* constituents hold a **Not Fully Sustainable Grade**, which shows that there is still room for improvement for Index constituents to align with global Sustainability standards.
- In comparison with the biggest European markets, the **UK** and **France** are the two countries with the highest number of full **Sustainable Grade** companies, accounting for **74%** of the *SE UK Index* and **70%** of the *SE French Index*.
- Overall, the French companies-constituents of the *SE French Index*, are making concrete steps to comply voluntarily with the international sustainability guidelines provided by the **OECD**, the **EU** and the **UN**.

¹¹ **Sustainable Grade** comprises the rating grades from EEE up to EE- (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating grades from E+ up to E (i.e. E+; E), **Not Sustainable Grade** comprises the rating grades from E- up to F (i.e. E-; F). For the complete explanation of Standard Ethics Grades, please visit the company presentation on <https://www.standardethics.eu/>.

3. SE French Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EEE-		Capgemini	FR0000125338	EE-		Carrefour	FR0000120172
EEE-		Unibail-Rodamco-Westfield	FR0013326246	EE-		Eurofins Scientific	FR0014000MR3
EE+		Air Liquide	FR0000120073	EE-		L'Oreal	FR0000120321
EE+		Michelin	FR0000121261	EE-		Schneider Electric	FR0000121972
EE	Pos.	Veolia Environnement	FR0000124141	EE-		Societe Generale	FR0000130809
EE		AXA	FR0000120628	EE-		Teleperformance	FR0000051807
EE		BNP Paribas	FR0000131104	EE-		Vinci	FR0000125486
EE		Bureau Veritas	FR0006174348	EE-	Neg.	Accor	FR0000120404
EE		Danone	FR0000120644	E+	Pos.	Dassault Systemes	FR0000130650
EE		Edenred	FR0010908533	E+		ArcelorMittal	LU1598757687
EE		EssilorLuxottica	FR0000121667	E+		Credit Agricole	FR0000045072
EE		Legrand	FR0010307819	E+		Hermes International	FR0000052292
EE		Publicis Groupe	FR0000130577	E+		LVMH	FR0000121014
EE		Saint-Gobain	FR0000125007	E+		Pernod Ricard	FR0000120693
EE		Sanofi	FR0000120578	E+		Renault	FR0000131906
EE		STMicroelectronics	NL0000226223	E+		Safran	FR0000073272
EE		TotalEnergies	FR0000120271	E+		Stellantis	NL00150001Q9
EE-	Pos.	Engie	FR0010208488	E+		Thales	FR0000121329
EE-		Airbus Group	NL0000235190	E	Pos.	Orange	FR0000133308
EE-		Bouygues	FR0000120503	E		Kering	FR0000121485

Within the *SE French Index*:

- Capgemini and Unibail-Rodamco-Westfield have **the highest rating** at “EEE-”.
- In the top rating layer of the *SE French Index* distribution, Air Liquide and Michelin are all rated a Very Strong “EE+”; a full **Sustainable Grade**.
- Veolia Environnement is the only company rated “EE” with a **Positive** Outlook.
- AXA, BNP Paribas, Bureau Veritas, Danone, Edenred, EssilorLuxottica, Legrand, Publicis Groupe, Saint-Gobain, Sanofi, STMicroelectronics and TotalEnergies are all rated a Strong “EE”; a full **Sustainable Grade**.
- Engie is the only company rated “EE-” with a **Positive** Outlook.
- Other full **Sustainable Grade** companies are the following: Airbus, Bouygues, Carrefour, Eurofins Scientific, L'Oreal, Schneider Electric, Societe Generale, Teleperformance and Vinci, all rated “EE-”.
- Accor is rated “EE-” with a **Negative** Outlook.
- Dassault Systemes is rated “E+” with a **Positive** Outlook; a **Not Fully Sustainable Grade**.
- Other **Not Fully Sustainable Grade** companies are the following: ArcelorMittal, Credit Agricole, Hermes International, LVMH, Pernod Ricard, Renault, Safran, Stellantis and Thales, all rated “E+”.
- Orange is rated “E” with a **Positive** Outlook, a **Not Fully Sustainable Grade**.
- Kering is also rated “E”, a **Not Fully Sustainable Grade**.

[Country SER: **EEE-**] Most issued Corporate SER: **EE/EE-**

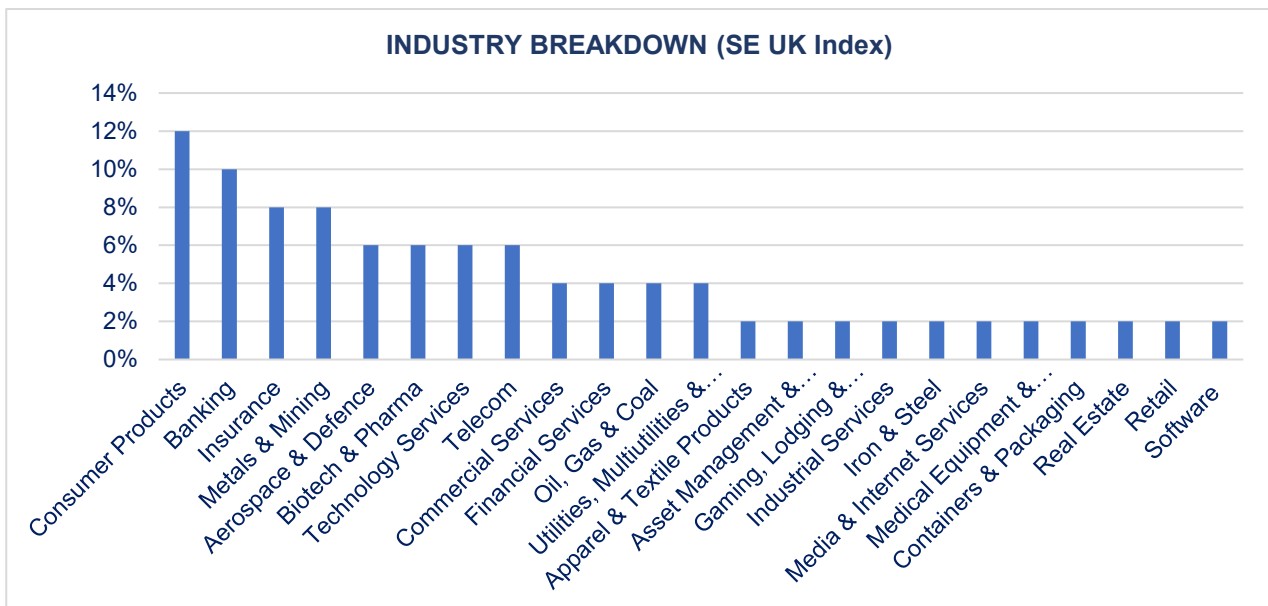


The last rating action on the United Kingdom was on 15 March 2017 when it was assigned “EEE-”. The UK has been a member of the United Nations (UN) since its foundation in 1945. The country has been a member of the Organization for Economic Cooperation and Development (OECD) since 1961. The UK was a member of the European Union (EU) until 31 January 2020 following a long negotiation process starting with the referendum in 2016.

The social and economic impact of Brexit will be evaluated over the long term. 2022 year was quite complicated and tough for United Kingdom, and it will be reminded for Queen’s death and the record of the shortest government in British history. Moreover, the economic crisis associated with political uncertainty triggered trade union struggles and opened again the debate on Brexit.

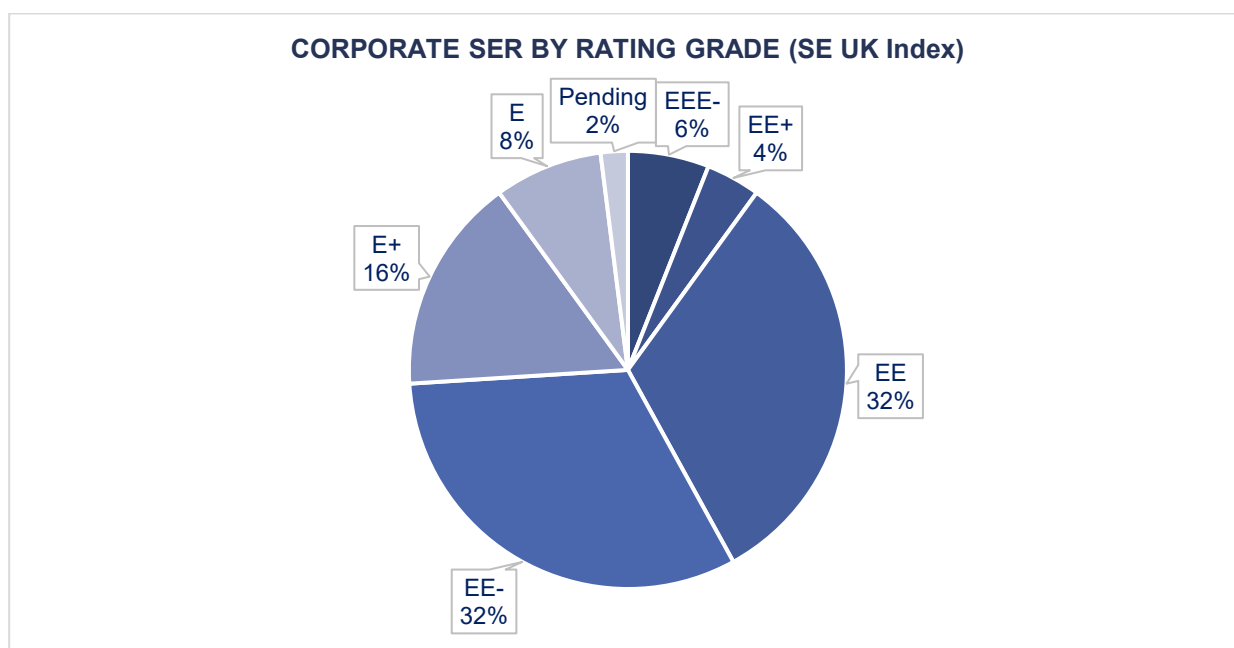
The **SE UK Index** was published on 30 June 2017 with **50** major listed companies. The last review of the Index was published on **30 September 2025**.

1. Industry breakdown



The bar chart shows the industry breakdown of the *SE UK Index* constituents. Each Standard Ethics index is an *Open Free Sustainability Index* and offers full disclosure: the methodology, selection criteria, and calculation formula are public and can therefore be used for free as a benchmark for decision-makers and stakeholders. The Index includes **50** of the UK’s largest listed companies per market capitalisation and was last updated on **30 September 2025**. The distribution highlights 3 industries: **Consumer Products (12%)**, **Banking (10%)**, **Insurance** and **Metal & Mining** (both with **8%**). **Aerospace & Defence**, **Biotech & Pharma**, **Technology Services** and **Telecom** follow suit and each industry accounts for **6%** of the distribution. **Commercial Services**, **Financial Services**, **Oil, Gas & Coal** and **Utilities** each account for **4%** and less than 30% of the entire industry breakdown. Finally, the rest of the constituents account each for **2%** of the sample; together, these industries represent **22%** of the total distribution.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE UK Index* Corporate SERs through the 9 different Standard Ethics rating grades.¹²

The pie chart shows that the most issued Corporate SERs in the UK are “EE” and “EE-” (32%). 6% of the *SE UK Index* is rated “EEE-”; 4% is rated “EE+”; 16% is rated “E+”; 8% is rated “E”. The statistical distribution of the *SE UK Index* highlights that 64% of the Index constituents are concentrated in two **Sustainable Grade** ratings: “EE-” and “EE”. UK companies appear to have made concrete steps to voluntarily align with the **EU**, **UN** and **OECD** sustainability recommendations.

Through comparison of the biggest European markets covered by Standard Ethics within national indices (France, Germany, UK, Spain, Italy), the following can be stated with regards to the *SE UK Index*:

- 74% of the *SE UK Index* constituents have a **Sustainable Grade** (i.e. rated EEE-; EE+, EE or EE-) 24% have a **Not Fully Sustainable Grade** (i.e. rated E+ or E).
- In comparison with the biggest European markets, the **UK** and **France** are the two countries with the highest number of full **Sustainable Grade** companies, accounting for 74% of the *SE UK Index* and 70% of the *SE French Index*.
- 6% of the Index constituents have an “EEE-” rating, a full **Sustainable Grade**, which represents an excellent level of compliance with the global sustainability standards promoted by the **UN**, the **EU** and the **OECD**.
- Almost a third of the *SE UK Index* constituents are rated “EE”. This means that these companies are well aligned with the international sustainability indications provided by the **OECD**, the **EU** and the **UN**.

¹² **Sustainable Grade** comprises the rating grades from EEE up to EE- (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating grades from E+ up to E (i.e. E+; E), **Not Sustainable Grade** comprises the rating grades from E- up to F (i.e. E-; F). For the complete explanation of Standard Ethics Grades, please visit the company presentation on <https://www.standardethics.eu/>.

3. SE UK Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN
EEE-		Intertek Group	GB0031638363
EEE-		London Stock Exchange Group	GB00B0SWJX34
EEE-		Vodafone Group	GB00BH4HKS39
EE+		HSBC Holdings	GB0005405286
EE+		RELX	GB00B2B0DG97
EE	Pos.	Smith & Nephew	GB0009223206
EE		3i Group	GB00B1YW4409
EE		Aviva	GB0002162385
EE		BAE Systems	GB0002634946
EE		Barclays*	GB0031348658
EE		BT Group	GB0030913577
EE		Diageo	GB0002374006
EE		Experian	GB00B19NLV48
EE		Halma	GB0004052071
EE		Informa	GB00BMJ6DW5
EE		InterContinental Hotels Group	GB00BHJYC057
EE		International Consolidated Airlines Group	ES0177542018
EE		Legal & General Group	GB0005603997
EE		Reckitt Benckiser Group	GB00B24CGK77
EE		Rolls-Royce Holdings	GB00B63H8491
EE		SSE	GB0007908733
EE		Tesco	GB0008847096
EE-	Pos.	Compass Group	GB00BD6K4575
EE-	Pos.	Unilever	GB00B10RZP78
EE-		Ashtead Group	GB0000536739

Rating	Outlook	Company	ISIN
EE-		AstraZeneca	GB0009895292
EE-		BP	GB0007980591
EE-		Bunzl	GB00B0744B38
EE-		Haleon	GB00BMX86B70
EE-		Imperial Brands	GB0004544929
EE-		Lloyds Banking Group	GB0008706128
EE-		National Grid	GB00BDR05C01
EE-		Next	GB0032089863
EE-		Prudential	GB0007099541
EE-		Sage Group	GB00B8C3BL03
EE-		Segro	GB00B5ZN1N88
EE-		Shell	GB00B03MLX29
EE-		Standard Chartered	GB0004082847
E+		Anglo American	GB00B1XZS820
E+		Antofagasta	GB0000456144
E+		British American Tobacco	GB0002875804
E+		Fresnillo	GB00B2QPKJ12
E+		GSK	GB0009252882
E+		Rio Tinto	GB0007188757
E+		Scottish Mortgage Investment Trust	GB00BLDYK618
E		Airtel Africa	GB00BKDRYJ47
E		Associated British Foods	GB0006731235
E		Glencore	JE00B4T3BW64
E		NatWest Group	GB00BM8PJY71
Pending		Admiral Group	GB00B02J6398

*Upgrade from an "EE-" rating on 4 February 2026

- Within the SE UK Index, the following companies: Intertek Group, London Stock Exchange Group and Vodafone Group are rated "EEE-".
- In the top rating layer of the distribution sit: HSBC Holdings and RELX with a Very Strong "EE+".
- Smith & Nephew, 3i Group, Aviva, BAE Systems, Barclays, BT Group, Diageo, Experian, Halma, Informa, InterContinental Hotels Group, International Consolidated Airlines Group, Legal & General Group, Reckitt Benckiser Group, Rolls-Royce Holdings, SSE and Tesco are all rated a Strong "EE", a full **Sustainable Grade**. Smith & Nephew has a **Positive** Outlook.
- Compass Group, Unilever, Ashtead Group, AstraZeneca, BP, Bunzl, Haleon, Imperial Brands, Lloyds Banking Group, National Grid, Next, Prudential, Sage Group, Segro, Shell and Standard Chartered are rated "EE-". Compass and Unilever currently have a **Positive** Outlook.
- Anglo American, Antofagasta, British American Tobacco, Fresnillo, GlaxoSmithKline, Rio Tinto and Scottish Mortgage Investment Trust are all rated "E+", a **Not Fully Sustainable Grade**.
- Airtel Africa, Associated British Foods, Glencore and Natwest Group are all rated "E", a **Not Fully Sustainable Grade**.

Other Countries' Analysis

Standard Ethics: The Big Picture – Annual Report 2025



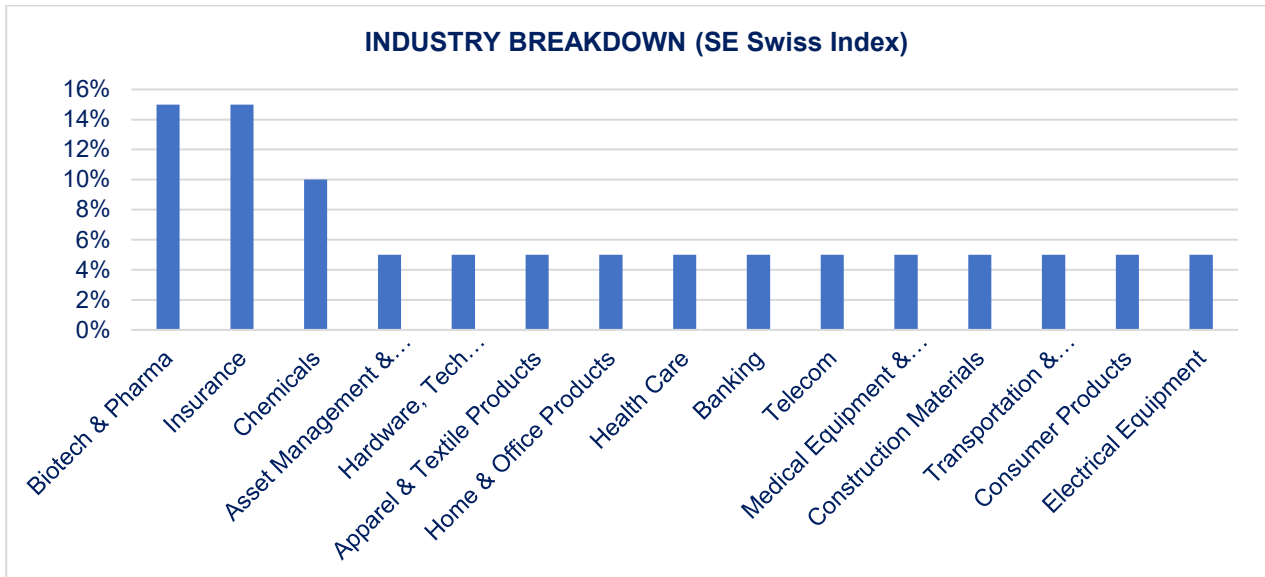
The other countries included in this section are all constituents of **Standard Ethics Open-Free Sustainability Indices**. The Research Office has therefore decided to include them in the Report with the remit of focusing on the five major European markets, seen previously (i.e. UK, France, Germany, Italy and Spain). The countries analyzed in this part of the Report are the following: Belgium, the Netherlands and Switzerland inside Europe, whereas, outside Europe, the United States of America and Hong Kong.

Switzerland



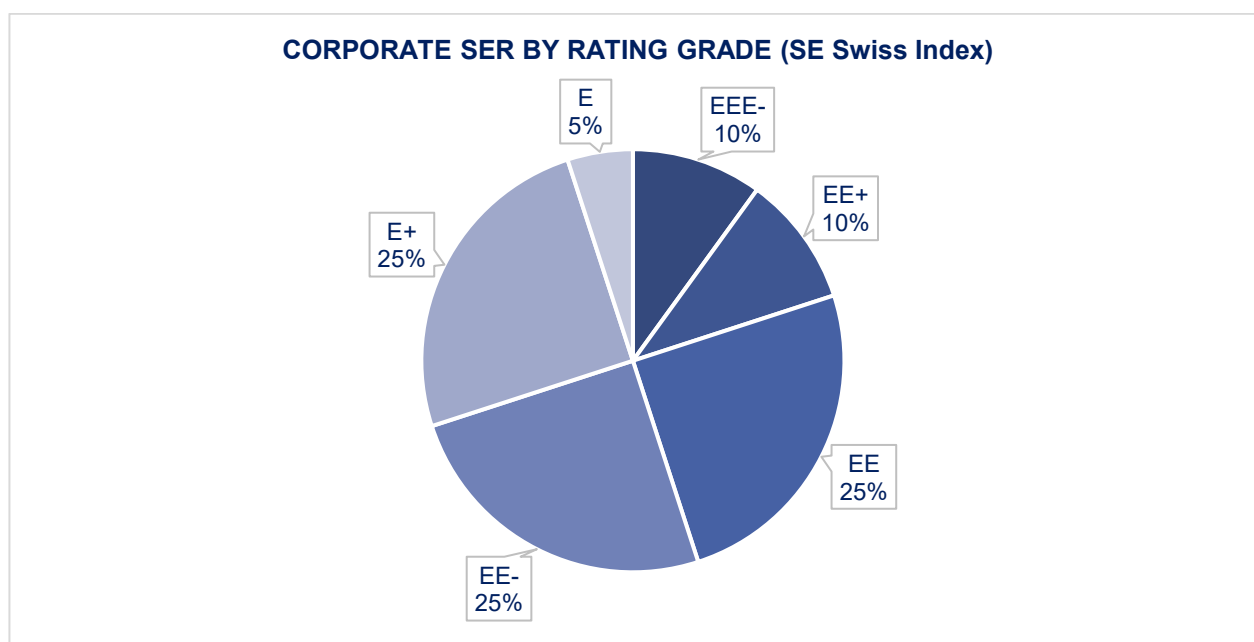
Most issued Corporate SERs: **EE / EE- / E+**
Country SER: **“EE+”**

1. Industry breakdown



The bar chart shows the industry breakdown of the *SE Swiss Index* constituents. The Index includes **20** of the largest listed companies per market capitalisation; it is open, free and was last updated on **30 September 2025**. The graph shows that the Index distribution highlights two major industries: **Biotech & Pharma** and **Insurance (15%)**, followed by **Chemicals (10%)**. All other sectors, i.e. **Asset Management, Tech Hardware & Semiconductors, Apparel & Textile Products, Home & Office Products, Health Care, Banking, Telecom, Medical Equipment & Devices, Construction Materials, Transportation & Logistics, Consumer Products** and **Electrical Equipment** are equally distributed with **5%**. All these sectors together account for around **60%** of the Index distribution.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE Swiss Index* Corporate SERs through **Standard Ethics 9** different rating grades.

It shows that “EE”, “EE-” and “E+”, each represent **25%** of Index constituents’ ratings, while both the ratings “EEE-“ and “EE+” represent **10%**. Only **5%** of Index constituents have an “E” rating. No companies are rated “EEE” or “F”. This means that the distribution tends to converge to the *mid-rated* grades. Regarding the level of full **Sustainable Grade**¹³, this accounts for **70%** of the ratings assigned, whereas the **Not Fully Sustainable Grade** is **30%**. No companies hold a **Not Sustainable Grade**.

3. SE Swiss Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EEE-		Geberit	CH0030170408	EE-		Alcon	CH0432492467
EEE-		Swiss Re	CH0126881561	EE-		Compagnie Financiere Richemont	CH0210483332
EE+		Sonova Holding	CH0012549785	EE-		Lonza Group	CH0013841017
EE+		Zurich Insurance Group	CH0011075394	EE-		Swisscom	CH0008742519
EE	Pos.	ABB	CH0012221716	E+		Holcim	CH0012214059
EE		Givaudan	CH0010645932	E+		Kuehne+Nagel	CH0025238863
EE		Logitech International	CH0025751329	E+		Novartis	CH0012005267
EE		Nestlé	CH0038863350	E+		Partners Group Holding	CH0024608827
EE		Swiss Life Holding	CH0014852781	E+		Roche Holding	CH0012032048
EE-	Pos.	Sika	CH0418792922	E		UBS Group	CH0244767585

¹³**Sustainable Grade** comprises the rating grades from “EEE” up to “EE-“ (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating grades from “E+” up to “E” (i.e. E+; E), **Not Sustainable Grade** comprises the rating grades from “E-“ up to “F” (i.e. E-; F). For the complete explanation of Standard Ethics Grades, please visit the company presentation on <https://www.standardethics.eu/>.

Within the *SE Swiss Index*:

- Geberit and Swiss Re have the highest full **Sustainable Grade** rating in the Index, they are both rated “EEE-”.
- Sonova Holding and Zurich Insurance Group are rated “EE+”; a Very Strong **Sustainable Grade**.
- ABB is rated “EE” with a **Positive** Outlook.
- Givaudan, Logitech International, Nestlé and Swiss Life Holding are rated “EE”, a Strong **Sustainable Grade**.
- Sika is rated “EE-” with a **Positive** Outlook.
- Other Adequate **Sustainable Grade** companies with an “EE-” rating are the following: Alcon, Compagnie Financiere Richemont, Lonza Group and Swisscom.
- Holcim, Kuehne+Nagel, Novartis, Partners Group Holding and Roche Holding are all rated “E+”; a Low **Not Fully Sustainable Grade**.
- UBS Group is rated “E”; a Very Low **Not Fully Sustainable Grade**.

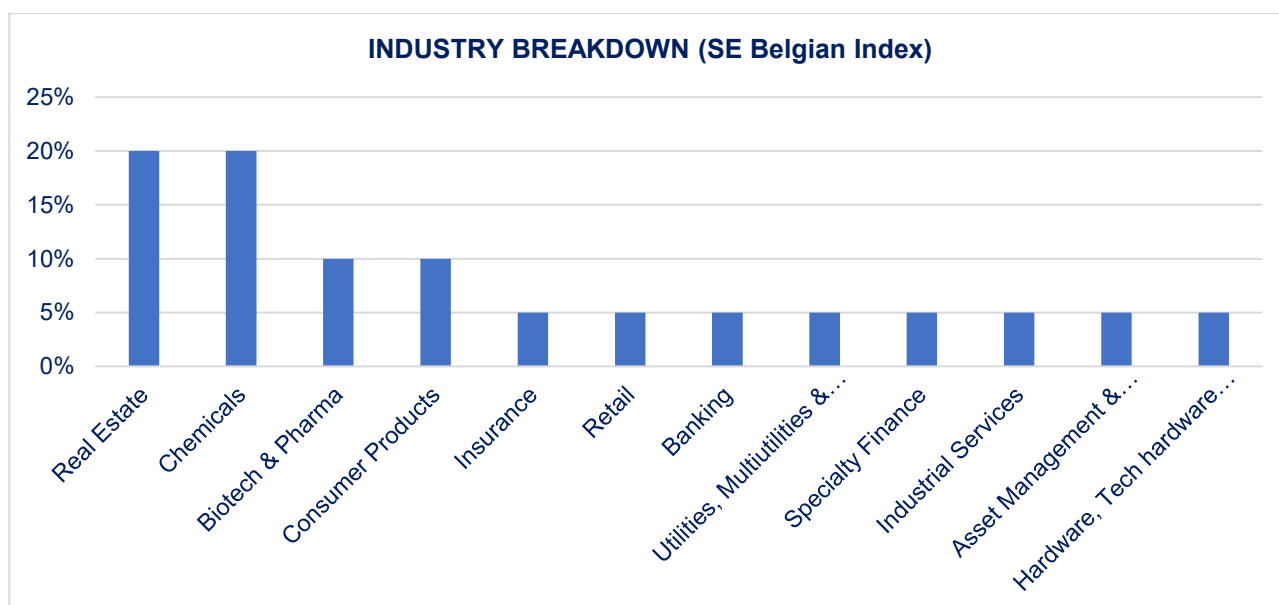
Belgium



Most issued Corporate SER: **E+**

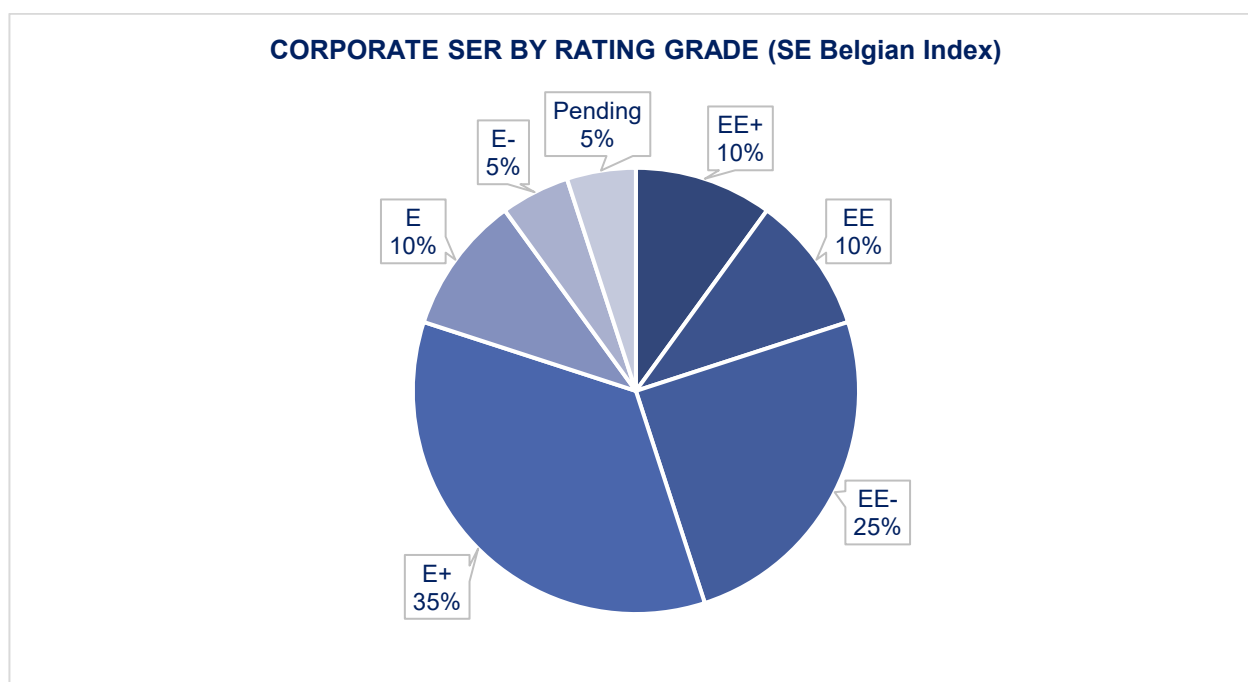
Country SER: **EEE-**

1. Industry breakdown



The bar chart shows the industry breakdown of the *SE Belgian Index* constituents. The Index includes **20** of Belgium’s largest listed companies per market capitalisation; it is open, free and was last updated on **30 September 2025**. The graph shows that the distribution highlights two major industries: **Real Estate** and **Chemicals (20%)**, followed by **Biotech & Pharma** and **Consumer Products (10%)**. All other sectors, i.e. **Insurance, Retail, Banking, Utilities, Multiutilities & Renewable Energy, Specialty Finance, Industrial Services, Asset Management** and **Tech Hardware & Semiconductors**, are equally distributed with **5%**.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE Belgian Index* Corporate SERs through Standard Ethics' 9 different rating letter grades.

It shows that **35%** of the Index constituents are rated "E+", while **25%** are rated "EE-". The rating grades of "EE+", "EE" and "E" represent **10%** each. The "E-" rating accounts for only **5%** of the total distribution, as does "Pending". No companies are rated "EEE", "EEE-" or "F". This means that the distribution tends to converge towards the *mid-rated* grades. With reference to the level of **Sustainable Grade**¹⁴, the full **Sustainable Grade** accounts for **45%** of the total and the **Not Fully Sustainable Grade** for **50%**. The remaining **5%** corresponds to the "Pending" rating.

3. SE Belgian Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EE+		Cofinimmo	BE0003593044	E+		Azelis Group	BE0974400328
EE+		Umicore	BE0974320526	E+		D'leteren Group	BE0974259880
EE		Solvay	BE0003470755	E+		Lotus Bakeries	BE0003604155
EE		Syensqo	BE0974464977	E+		Melexis	BE0165385973
EE-	Pos.	Ageas	BE0974264930	E+		Sofina	BE0003717312
EE-		Aedifica	BE0003851681	E+		Warehouses de Pauw (WDP)	BE0974349814
EE-		Argenx	NL0010832176	E		Groupe Bruxelles Lambert (GBL)	BE0003797140
EE-		Elia Group	BE0003822393	E		KBC Group	BE0003565737
EE-		UCB	BE0003739530	E-		AB InBev	BE0974293251
E+		Ackermans & Van Haaren	BE0003764785	Pending		Montea	BE0003853703

¹⁴ **Sustainable Grade** comprises the rating grades from "EEE" up to "EE-" (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating grades from "E+" up to "E" (i.e. E+; E), **Not Sustainable Grade** comprises the rating grades from "E-" up to "F" (i.e. E-; F). For the complete explanation of Standard Ethics Grades, please visit the company presentation on <https://www.standardethics.eu/>.

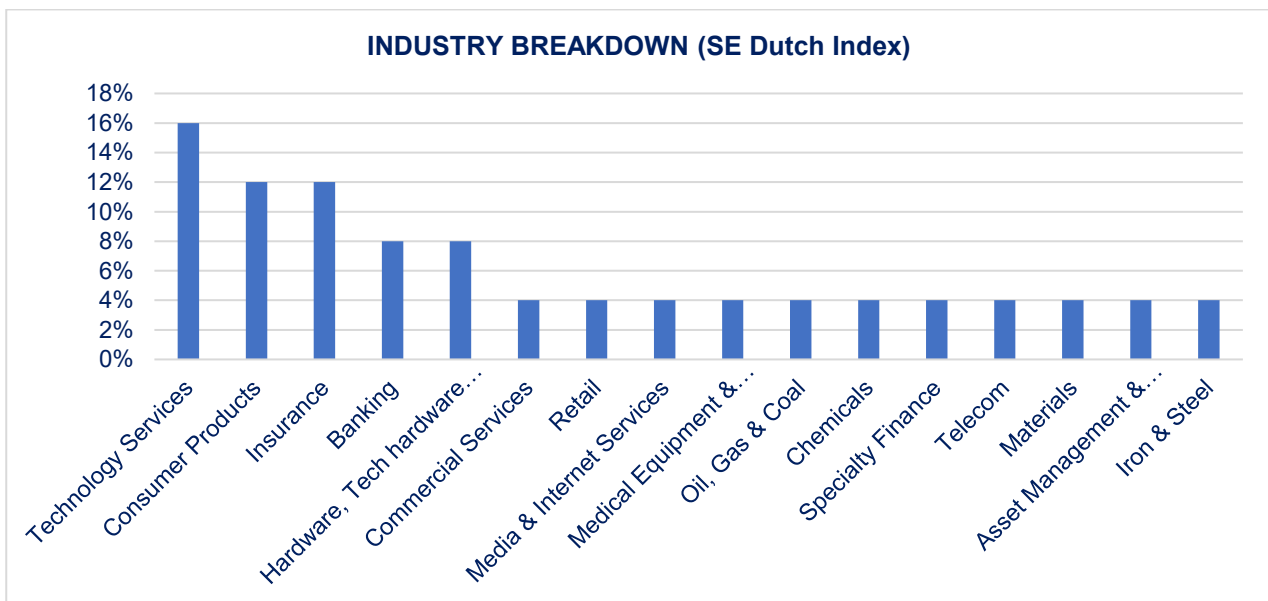
Within the *SE Belgian Index*:

- Cofinimmo and Umicore are both rated “EE+”; a Very Strong **Sustainable Grade**.
- Solvay and Syensqo are the only Belgian companies rated “EE”; a Strong **Sustainable Grade**.
- Ageas is the only Belgian company, whose rating is “EE-” with a **Positive** Outlook.
- The other Adequate **Sustainable Grade** companies are: Aedifica, Argenx, Elia Group and UCB, all rated “EE-”.
- Ackermaans & Van Haaren, Azelis Group, D’leteren Group, Lotus Bakeries, Melexis, Sofina and Warehouses de Pauw (WDP) are rated “E+”; a Low **Not Fully Sustainable Grade**.
- Groupe Bruxelles Lambert (GBL) and KBC Group are all rated “E”; a Very Low **Not Fully Sustainable Grade**.
- AB InBev is the only Belgian company whose rating is “E-”; an Unsatisfactory **Not Sustainable Grade**.
- Montea’s rating is **Pending**.

The Netherlands

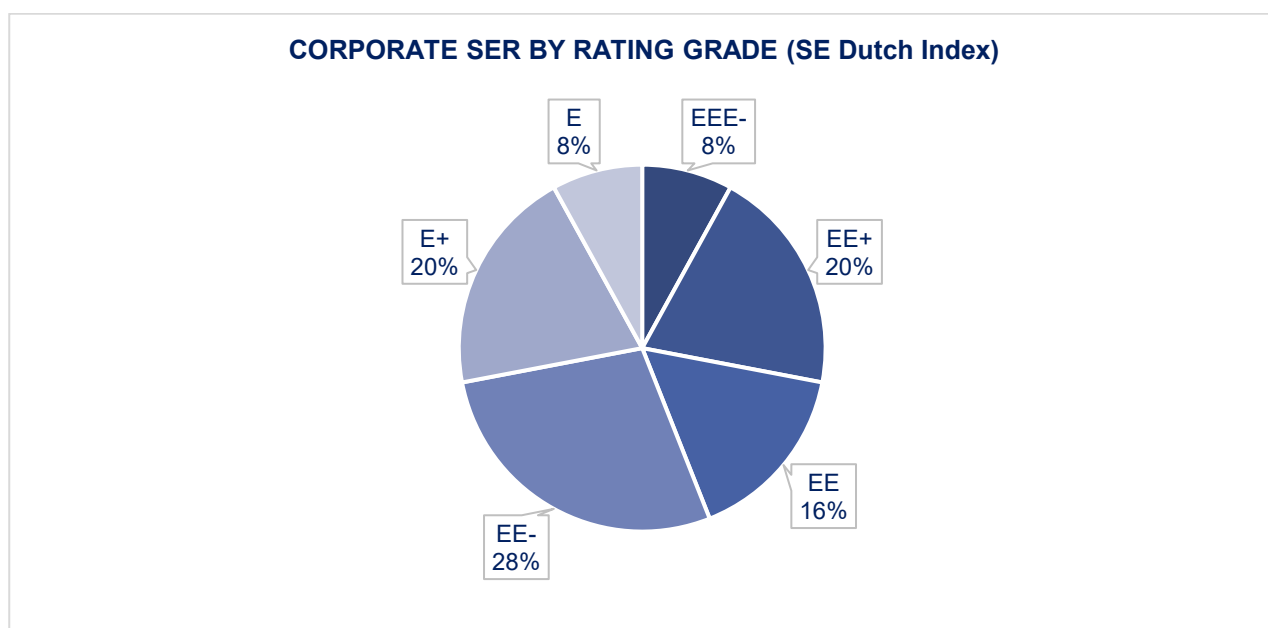
█ Most issued Corporate SER: **EE-**
█ Country SER: **EE+**

1. Industry breakdown



The bar chart shows the industry breakdown of the *SE Dutch Index* constituents. The Index includes the **25** largest listed companies per market capitalisation, it is open, free and was last updated on **30 September 2025**. The graph shows that distribution is divided into five main industries and that the other sectors are very homogeneous with each other. **Technology Services** is the industry most represented with a distribution of **16%**. It is followed by **Consumer Products** and **Insurance** which both represent **12%** of the constituents and then by **Banking** and **Hardware & Semiconductors** with **8%** each. The other industries represented are: **Commercial Services**, **Retail**, **Media & Internet Services**, **Medical Equipment & Devices**, **Oil & Gas**, **Chemicals**, **Speciality Finance**, **Telecom**; **Materials**, **Asset Management** and **Iron & Steel**; each have a distribution of **4%**.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE Dutch Index* Corporate SERs through the 9 different rating grades. It shows that **28%** of the Index components are rated “EE-”, while “EE+” and “E+” each account for **20%** of the total ratings, **16%** are rated “EE”, and “EEE-” and “E” each make up **8%** of the Index. No companies are rated “EEE”, “E-” or “F”. This means that the distribution tends to converge to the *mid-high* rated grades, concentrating mainly on the rating “EE-”. With reference to Index constituents **Sustainable Grade** levels¹⁵, the full **Sustainable Grade** represents **72%** of the chart and the **Not Fully Sustainable Grade 28%**. There are no Index components with a **Not Sustainable Grade**.

3. SE Dutch Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN
EEE-		NN Group	NL0010773842
EEE-		Wolters Kluwer	NL0000395903
EE+	Pos.	BE Semiconductor	NL0012866412
EE+		Aegon	NL0000303709
EE+		Akzo Nobel	NL0013267909
EE+		ASML Holding	NL0010273215
EE+		RELX	GB00B2B0DG97
EE	Pos.	Philips	NL0000009538
EE		Ahold Delhaize	NL0011794037
EE		DSM-Firmenich	CH1216478797
EE		Randstad	NL0000379121
EE-	Pos.	ABN AMRO Bank	NL0011540547
EE-	Pos.	Unilever	GB00B10RZP78

Rating	Outlook	Company	ISIN
EE-		Adyen	NL0012969182
EE-		ASM International	NL0000334118
EE-		ASR Nederland	NL0011872643
EE-		Heineken	NL0000009165
EE-		Shell	GB00BP6MXD84
E+	Pos.	KPN	NL0000009082
E+		ArcelorMittal	LU1598757687
E+		IMCD	NL0010801007
E+		ING Groep	NL0011821202
E+		Prosus	NL0013654783
E		Exor	NL0012059018
E		Universal Music Group	NL0015000IY2

¹⁵ **Sustainable Grade** comprises the rating grades from EEE up to EE- (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating grades from E+ up to E (i.e. E+; E), **Not Sustainable Grade** comprises the rating grades from E- up to F (i.e. E-; F). For the complete explanation of Standard Ethics Grades, please visit the company presentation on <https://www.standardethics.eu/>.

Within the *SE Dutch Index*:

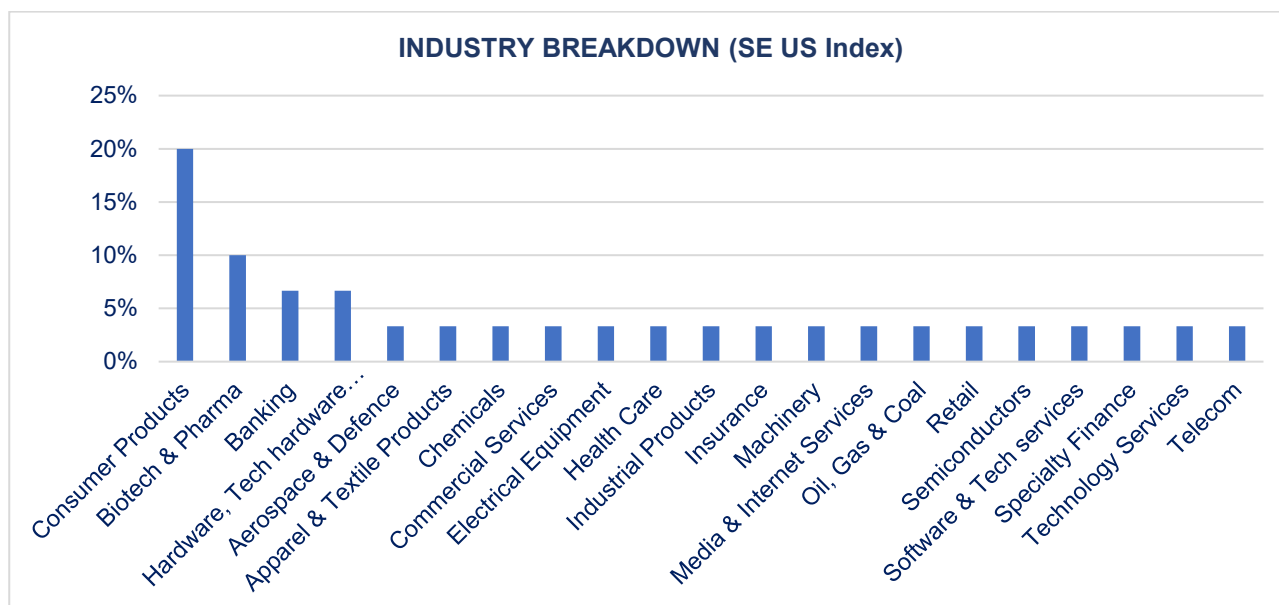
- NN Group and Wolters Kluwer have the highest rating in the Index, they are both rated and Excellent “EEE-”.
- BE Semiconductor is the only company rated “EE+” with **Positive** Outlook.
- In the top rating layer of the *SE Dutch Index*: the following companies: Aegon, Akzo Nobel, ASML Holding and RELX, are all rated “EE+”; a Very Strong **Sustainable Grade**.
- Philips is rated “EE” with a **Positive** Outlook.
- Ahold Delhaize, DSM-Firmenich and Randstad are rated “EE”; a Strong **Sustainable Grade**.
- ABN AMRO Bank and Unilever are rated “EE-” and have a **Positive** Outlook.
- Other Adequate **Sustainable Grade** companies are the following: Adyen, ASM International, ASR Nederland, Heineken and Shell, all rated “EE-”.
- KPN is the only company rated “E+” with a **Positive** Outlook.
- Other companies with a Low **Not Fully Sustainable Grade** are ArcerlorMittal, IMCD, ING Groep and Prosus, which have an “E+” rating.
- Exor and Universal Music Group are rated “E”, a Very Low **Not Fully Sustainable Grade**.

The United States of America



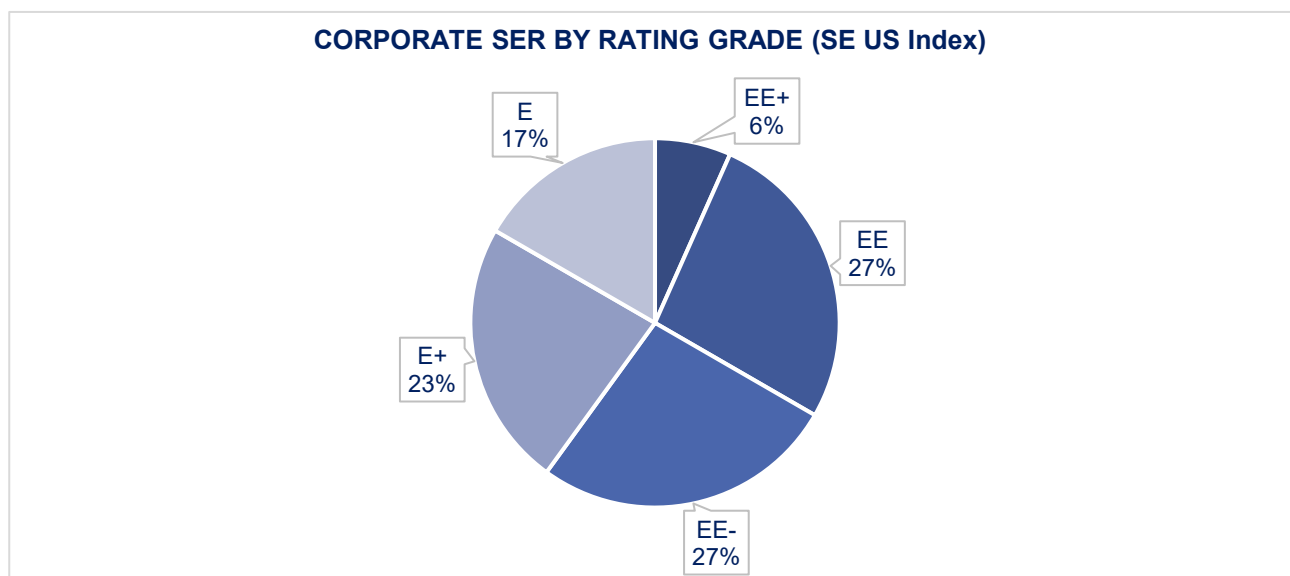
Most issued Corporate SER: **EE / EE-**
Country SER: **EE- Under Monitoring**

1. Industry breakdown



The bar chart shows the industry breakdown of the *SE US Index* constituents. The Index includes **30** of the USA’s largest listed companies per market capitalisation; it is open, free and was last updated on **30 September 2025**. The distribution highlights two industries: **Consumer Products (20%)** and **Biotech & Pharma (10%)**. **Banking** and **Hardware** each account for **7%**. **Aerospace & Defence, Apparel & Textile Products, Chemicals, Commercial Services, Electrical equipment, Health Care, Industrial Products, Insurance, Machinery, Media & Internet Services, Oil, Gas & Coal, Retail, Semiconductors, Software & Tech Services, Specialty Finance, Technology Services** and **Telecom** industries (with each industry accounting for **3%** of the *SE US Index*), make up **51%** of the total distribution.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE US Index* Corporate SERs through Standard Ethics' 9 different rating grades.

The pie chart shows that the most issued rating in the US is "EE" and "EE-" (each with 27%). There is also a high percentage of "E+" (23%) ratings. The majority (60%) of company-constituents of the *SE US Index* have a full **Sustainable Grade**.¹⁶ A relative minority (40%) holds a **Not Fully Sustainable Grade**.

There are no companies with **Not Sustainable Grade** ratings ("E-" and "F").

3. SE US Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EE+		Cisco Systems	US17275R1023	EE-		salesforce.com	US79466L3024
EE+		The Travelers Companies	US89417E1091	EE-		Sherwin-Williams Co.	US8243481061
EE		Coca-Cola Company	US1912161007	EE-		Verizon Communications	US92343V1044
EE		IBM (International Business Machines Corporation)	US4592001014	E+		3M	US88579Y1010
EE		Microsoft Corporation	US5949181045	E+		Apple	US0378331005
EE		Nike	US6541061031	E+		Goldman Sachs Group (G.S. Group Inc)	US38141G1040
EE		NVIDIA Corporation	US67066G1040	E+		Home Depot	US4370761029
EE		Procter & Gamble	US7427181091	E+		Merck & Co.	US58933Y1055
EE		Visa	US92826C8394	E+		JPMorgan Chase & Co.	US46625H1005
EE		Walt Disney	US2546871060	E+	Neg.	McDonald's Corporation	US5801351017
EE-		American Express	US0258161092	E		Amazon.com Inc	US0231351067
EE-		Amgen	US0311621009	E		Boeing Company	US0970231058
EE-		Caterpillar	US1491231015	E		Johnson & Johnson	US4781601046
EE-		Chevron Corporation	US1667641005	E		UnitedHealth Group	US91324P1021
EE-		Honeywell International	US4385161066	E		Walmart	US9311421039

¹⁶ **Sustainable Grade** comprises the rating grades from "EEE" up to "EE-" (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating classes from "E+" up to "" (i.e. E+; E), **Not Sustainable Grade** comprises the rating classes from "E-" up to "F" (i.e. E-; F). For the complete explanation of Standard Ethics grades, please visit the company presentation on <https://www.standardethics.eu/>.

Within the *SE US Index*:

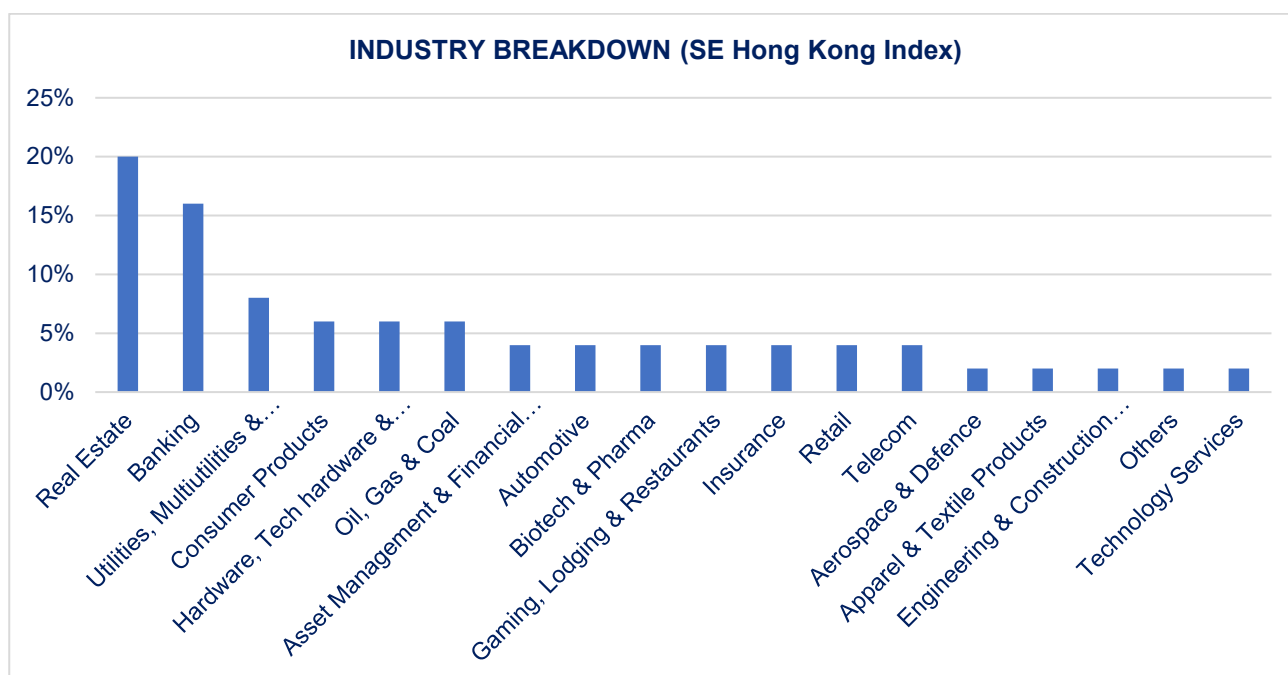
- Cisco Systems and The Travelers Companies are both rated “EE+”.
- In the top layer of the Corporate SER distribution sit: Coca-Cola Company, IBM, Microsoft Corporation, Nike, NVIDIA Corp., Procter & Gamble, Visa and Walt Disney all with an “EE” rating.
- The following companies: American Express, Amgen, Caterpillar, Chevron Corporation, Honeywell International, salesforce.com, Sherwin-Williams Co. and Verizon Communications have an “EE-” rating; an Adequate **Sustainable Grade**.
- 7 companies have a Low **Not Fully Sustainable Grade** with an “E+” rating: 3M, Apple, Goldman Sachs Group, Home Depot, Merck & Co., JPMorgan Chase &Co. and McDonald’s Corporation, which also has a **Negative Outlook**.
- Amazon.com Inc., Boeing Company, Johnson & Johnson, UnitedHealth Group and Walmart all have an “E” rating; a Very Low **Not Fully Sustainable Grade**.

Hong Kong



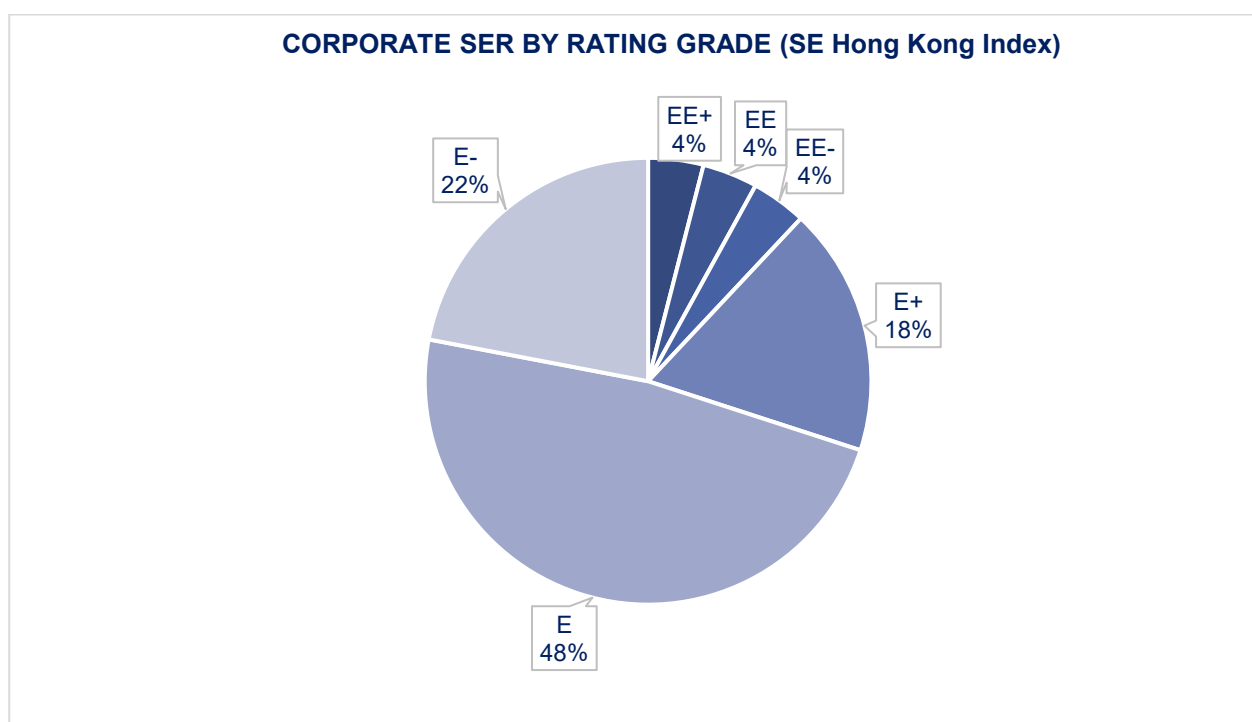
Most issued Corporate SER: **E**
Country SER: (**Not Applicable**)

1. Industry Breakdown



The bar chart shows the industry breakdown of the *SE Hong Kong Index* constituents. The Index includes **50** of Hong Kong’s largest listed companies per market capitalisation; it is open, free and was last updated on **30 September 2025**. The distribution highlights the following industries: **Real Estate (20%)** and **Banking (16%)**, whereas the **Utilities and Multiutilities** industry accounts for **8%**. **Hardware, Consumer Products** and **Oil & Gas** each make up **6%** of the Index. **Biotech & Pharma, Automotive, Asset Management, Gaming Lodging & Restaurants, Insurance, Retail** and **Telecom** are all sectors which account for **4%** of the industry breakdown. **Engineering & Construction Services, Aerospace & Defence, Apparel & Textile Products** and **Technology Services** each account for **2%** of the sample.

2. Corporate SER by rating grade



The pie chart above represents the distribution of the *SE Hong Kong Index* Corporate SERs through Standard Ethics' 9 different rating grades. It shows that the most issued rating in Hong Kong is "E" (48%). There is also a high percentage of E- ratings (22%). Most of the Hong Kong Index constituents hold a **Not Fully Sustainable Grade**¹⁷ or a **Not Sustainable Grade** (88%) and 12% have a full **Sustainable Grade**.

¹⁷ **Sustainable Grade** comprises the rating grades from "EEE" up to "EE-" (i.e. EEE; EEE-; EE+; EE; EE-), **Not Fully Sustainable Grade** comprises the rating grades from "E+" up to "E" (i.e. E+; E), **Not Sustainable Grade** comprises the rating grades from "E-" up to "F" (i.e. E-; F). For the complete explanation of Standard Ethics Grades, please visit the company presentation on <https://www.standardethics.eu/>.

3. SE Hong Kong Index constituents (as of 31 December 2025)

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EE+		Hong Kong Exchanges and Clearing (HKEX)	HK0388045442	E		Galaxy Entertainment Group	HK0027032686
EE+		HSBC Holdings	GB0005405286	E		Geely Automobile Holdings	KYG3777B1032
EE		AIA Group	HK0000069689	E		Hang Lung Properties	HK0101000591
EE		Link REIT	HK0823032773	E		Henderson Land Development	HK0012000102
EE-		MTR Corporation	HK0066009694	E		Hengan International Group	KYG4402L1510
E+		Bank of China Hong Kong Holdings	HK2388011192	E		Lenovo Group	HK0992009065
E+		CK Asset Holdings	KYG2177B1014	E		PetroChina	CNE1000003W8
E+		CK Hutchison Holdings	KYG217651051	E		Sands China	KYG7800X1079
E+		Hong Kong and China Gas	HK0003000038	E		Shenzhou International Group Holdings	KYG8087W1015
E+		Power Assets Holdings	HK0006000050	E		Sino Biopharmaceutical	KYG8167W1380
E+		Sunny Optical Technology Group	KYG8586D1097	E		Sun Hung Kai Properties	HK0016000132
E+		Techtronic Industries	HK0669013440	E		WH Group	KYG960071028
E+		Wharf REIC	KYG9593A1040	E-		Alibaba Group Holding	US01609W1027
E+	Neg.	Hang Seng Bank	HK0011000095	E-		Bank of China	CNE1000001Z5
E		China Construction Bank Corporation	CNE1000002H1	E-		BYD Company	CNE100000296
E		China Life Insurance Company	CNE1000002L3	E-		China merchants bank co. ltd	CNE000001B33
E		China Mengniu Dairy	KYG210961051	E-		China Petroleum & Chemical Corporation (Sinopec)	CNE1000002Q2
E		China Mobile	HK0941009539	E-		China Shenhua energy	CNE1000002R0
E		China Overseas Land & Investment	HK0688002218	E-		CNOOC Ltd	HK0883013259
E		China Resources Land	KYG2108Y1052	E-		ENN Energy Holdings	KYG3066L1014
E		China Unicom (Hong Kong)	HK0000049939	E-		Industrial and Commercial Bank of China (ICBC)	CNE1000003G1
E		CITIC Limited	HK0267001375	E-		Ping An Insurance Group Co of China	CNE1000003X6
E		CK Infrastructure Holdings	BMG2178K1009	E-		Semiconductor Manufacturing International Corporation (SMIC)	KYG3066L1014
E		CLP Holdings	HK0002007356	E-		Tencent Holdings	KYG875721634
E		CSPC Pharmaceutical Group	HK1093012172	E-		Xiaomi	KYG9830T1067

- With reference to the *SE Hong Kong Index*, Hong Kong Exchanges and Clearing (HKEX) and HSBC Holdings are rated “EE+”.
- 2 companies are in the “EE” rating layer: AIA Group and Link REIT.
- MTR Corporation, rated “EE-”, is the remaining company with an Adequate **Sustainable Grade**.
- 9 companies are rated “E+”, a Low **Not Fully Sustainable Grade**: Bank of China HK Holdings, CK Asset Holdings, CK Hutchison Holdings, Hang Seng Bank, Hong Kong and China Gas, Power Assets Holdings, Techtronic Industries, Sunny Optical Technology Group and Wharf REIC.
- 23 companies are rated “E”, a Very Low **Not Fully Sustainable Grade**: China Construction Bank Corporation, China Life Insurance Company, China Mengniu Dairy, China Mobile, China Overseas Land & Investment, China Resources Land, China Unicorn (Hong Kong), CITIC Limited, CK Infrastructure Holdings, CLP Holdings, CSPC Pharmaceutical Group, Galaxy Entertainment Group, Geely Automobile Holdings, Hang Lung Properties, Henderson Land and Development, Hengan International Group, Lenovo, PetroChina, Sands China, Shenzhou International Group Holdings, Sino Biopharmaceutical, Sun Hung Kai Properties and WH Group.
- 13 companies are rated “E-”, an Unsatisfactory **Not Sustainable Grade**: Alibaba Group Holding, Bank of China, BYD Company, China Merchants Bank Co. Ltd, China Petroleum & Chemical Corporation (Sinopec), China Shenhua Energy, CNOOC Ltd, ENN Energy Holdings, Industrial and Commercial Bank of China (ICBC), Ping An Insurance Group Co of China, Semiconductor Manufacturing International Corporation (SMIC), Tencent Holdings, Xiaomi.

Standard Ethics' thematic sustainability indices as of 31 December 2025

1. SE European Banks Index

The Index, launched in March 2017 and last updated on 31 December 2025, includes **40** of the largest listed banks in Europe.

Standard Ethics' analysts note that **5%** of the Index components are rated **"EEE-**", **10%** are rated **"EE+**", **15%** have an **"EE"** rating, **33%** are rated **"EE-**", **23%** have an **"E+**" rating and **15%** are rated **"E"**.¹⁸ No companies are rated **"EEE"** **"E-**" or **"F"**. The distribution tends to converge to the *mid-rated* grades, concentrated mainly on the ratings **"EE-**" and **"E+**". With reference to the grades of Sustainability¹⁹, the full **Sustainable Grade** represents **63%** of the Index and the **Not Fully Sustainable Grade** **37%**.

Rating	Outlook	Company	ISIN
EEE-		BPER Banca	IT0000066123
EEE-		FinecoBank	IT0000072170
EE+		Banca Monte dei Paschi di Siena	IT0005218752
EE+		Banco BPM	IT0005218380
EE+		Svenska Handelsbanken	SE0007100599
EE+		UniCredit	IT0005239360
EE	Pos.	Intesa Sanpaolo	IT0000072618
EE		BBVA	ES0113211835
EE		BNP Paribas	FR0000131104
EE		Commerzbank	DE000CBK1001
EE		HSBC Holdings	GB0005405286
EE		Nordea Bank	FI4000297767
EE-	Pos.	ABN AMRO Bank	NL0011540547
EE-		Banco de Sabadell	ES0113860A34
EE-		Banco Santander	ES0113900J37
EE-		CaixaBank	ES0140609019
EE-		Julius Baer Group	CH0102484968
EE-		Lloyds Banking Group	GB0008706128
EE-		Mediobanca	IT0000062957
EE-		Nationwide Building Society	GB00BBQ33664

Rating	Outlook	Company	ISIN
EE-		PKO Bank Polski	PLPKO0000016
EE-		Skandinaviska Enskilda Banken	SE0000148884
EE-		Société générale	FR0000130809
EE-		Standard Chartered	GB0004082847
EE-		Swedbank	SE0000242455
E+	Pos.	DNB	NO0010161896
E+		Banco Comercial Portugues	PTBCP0AM0015
E+		Bank of Ireland Group	IE00BD1RP616
E+		Bank Pekao	PLPEKAO00016
E+		Barclays	GB0031348658
E+		Crédit Agricole	FR0000045072
E+		Erste Group Bank	AT0000652011
E+		ING Groep	NL0011821202
E+		OTP Bank	HU0000061726
E	Pos.	Deutsche Bank	DE0005140008
E		Danske Bank	DK0010274414
E		KBC Group	BE0003565737
E		Natwest Group	GB00B7T77214
E		Raiffeisen Bank International	AT0000606306
E		UBS Group	CH0244767585

2. SE European Utilities Index

The Index, launched in June 2020 and last updated on 31 December 2025, includes **30** of Europe's largest listed utility companies.

Standard Ethics' analysts note that **10%** of the Index constituents are rated **"EE+**", **33%** have an **"EE"** rating, **40%** are rated **"EE-**", **13%** have an **"E+**" rating, and **3%** have an **"E"** rating. No companies are rated **"EEE"** or **"F"**. The distribution tends to converge to the *mid-high* rated grades, concentrated mainly on the ratings **"EE"** and **"EE-**". With reference to the grades of Sustainability, the full **Sustainable Grade** represents **83%** of the Index and the **Not Fully Sustainable Grade** **17%**. No Index constituents have a **Not Sustainable Grade**.

¹⁸ Please note that in some of the graphs and calculations, it was necessary to make approximations in order to obtain a whole percentage number. Therefore, in some cases, the final number may slightly exceed 100%.

¹⁹ Sustainable Grade comprises the rating grades from EEE up to EE- (i.e. EEE; EEE-; EE+; EE; EE-), Not Fully Sustainable Grade comprises the rating grades from E+ up to E (i.e. E+; E), Not Sustainable Grade comprises the rating grades from E- up to F (i.e. E-; F). For the complete explanation of Standard Ethics Grades, please visit the company presentation on <https://www.standardethics.eu/>.

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EE+		Fortum	FI0009007132	EE-		Acciona Energia	ES0105563003
EE+		Terna	IT0003242622	EE-		BKW	CH0130293662
EE+		United Utilities Group	GB00B39J2M42	EE-		EDP- Energias de Portugal	PTEDP0AM0009
EE	Pos.	Veolia Environnement	FR0000124141	EE-		Elia Group	BE0003822393
EE		Centrica	GB00B033F229	EE-		Enagas	ES0130960018
EE		E.ON	DE000ENAG999	EE-		Italgas	IT0005211237
EE		Enel	IT0003128367	EE-		National Grid	GB00BDR05C01
EE		Iberdrola	ES0144580Y14	EE-		RWE	DE0007037129
EE		Orsted	DK0060094928	EE-		Suez	FR0010613471
EE		Red Electrica Corporacion	ES0173093024	EE-		Uniper	DE000UNSE018
EE		Snam	IT0003153415	E+	Pos.	ERG	IT0001157020
EE		SSE	GB0007908733	E+		Endesa	ES0130670112
EE		Verbund	AT0000746409	E+		Naturgy Energy Group	ES0116870314
EE-	Pos.	EDP Renovaveis	ES0127797019	E+		Neoen	FR0011675362
EE-	Pos.	Engie	FR0010208488	E		CEZ	CZ0005112300

3. SE European Multi-Utilities Index

The Index, launched in June 2020 and last updated on 31 December 2025, includes **15** of Europe's largest listed multi-utility companies.

Standard Ethics' analysts note that **27%** of the Index constituents are each rated "**EE+**", "**EE**" and "**EE-**". **7%** of Index constituents each have an "**E+**", "**E**" and "**E-**". No companies are rated "**EEE**" or "**F**". The distribution tends to converge to the *high-rated* grades, concentrated mainly on the ratings "**EE+**", "**EE**" and "**EE-**". With reference to the grades of Sustainability, the full **Sustainable Grade** represents **80%** of the Index and the **Not Fully Sustainable Grade** **13%**. Only **7%** of Index components have a **Not Sustainable Grade**

Rating	Outlook	Company	ISIN
EE+		A2A	IT0001233417
EE+		Acea	IT0001207098
EE+		Pennon Group	GB00B18V8630
EE+		United Utilities Group	GB00B39J2M42
EE	Pos.	Veolia Environnement	FR0000124141
EE		EVN	AT0000741053
EE		Seven Trent	GB00B1FH8J72
EE		SSE	GB0007908733

Rating	Outlook	Company	ISIN
EE-	Pos.	Engie	FR0010208488
EE-	Pos.	MVV Energie	DE000A0H52F5
EE-		Hera	IT0001250932
EE-		Suez	FR0010613471
E+		Iren	IT0003027817
E		EnBW Energie Baden-Wuerttemberg	DE0005220008
E-		Gelsenwasser	DE0007760001

4. SE European Fashion & Luxury Index

The Index, launched in March 2022 and last updated on 31 December 2025, includes **20** of the largest listed fashion & luxury companies in Europe.

Standard Ethics' analysts note that **10%** of Index constituents are rated **"EE"**, **40%** are rated **"EE-"**, **35%** have an **"E+"** rating and **15%** are rated **"E"**. No companies are rated **"EEE"**, **"E-"** or **"F"**. The distribution tends to converge to the *mid-low* rated grades, concentrated mainly on the ratings **"EE-"** and **"E+"**. With reference to the grades of Sustainability, the full **Sustainable Grade** represents **50%** of the Index and the **Not Fully Sustainable Grade**, the other half, at **50%**. No Index constituents have a **Not Sustainable Grade**.

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EE		Adidas	DE000A1EWWW0	E+		Capri Holdings	VGG1890L1076
EE		Burberry	GB0031743007	E+		Hermès International	FR0000052292
EE-		Compagnie Financière Riche­mont	CH0210483332	E+		JD Sports Fashion	GB00BM8Q5M07
EE-		H&M	SE0000106270	E+		LVMH	FR0000121014
EE-		Hugo Boss	DE000A1PHFF7	E+		Puig Brands	ES0105777017
EE-		Moncler	IT0004965148	E+		Salvatore Ferragamo	IT0004712375
EE-		Next Plc	GB0032089863	E+		Swatch Group	CH0012255151
EE-		Prada	IT0003874101	E		Ermenegildo Zegna	NL0015000PB5
EE-		Puma	DE0006969603	E		Inditex	ES0148396007
EE-	Neg.	Brunello Cuccinelli	IT0004764699	E		Kering	FR0000121485

5. SE Global Railway Manufacturers Index

The Index, launched in June 2024 and last updated on 31 December 2025 comprises **12** of the world's largest railway manufacturers.

Standard Ethics' analysts note that circa **17%** of Index constituents are rated **"EE"**, **42%** have an **"EE-"** rating, **25%** are rated **"E+"**, approximately **8%** each have an **"E"** and an **"E-"** rating. No companies are rated **"EEE"**, **"EEE-"**, **"EE+"** or **"F"**.

The distribution tends to converge to the *mid-rated* grades, concentrating mainly on the ratings **"EE-"** and **"E+"**. With reference to the grades of Sustainability, the full **Sustainable Grade** represents **58%** of the Index and the **Not Fully Sustainable Grade** **33%**. **8%** of Index constituents have a **Not Sustainable Grade**.

Rating	Outlook	Company	ISIN	Rating	Outlook	Company	ISIN
EE		Hitachi	JP3788600009	EE-		Wabtec Corporation	EE
EE		Siemens	DE0007236101	E+	Pos.	Hyundai Rotem	EE
EE-		Alstom	FR0010220475	E+		CAF	EE-
EE-		Kawasaki Heavy Industries	JP3224200000	E+		Stadler Rail	EE-
EE-		Talgo	ES0105065009	E		Trinity Industries	EE-
EE-		The Greenbrier Companies	GB00B1FH8J72	E-		China Railway Construction Corporation	EE-

3. Country SER

This section of the Standard Ethics Annual Report will look at Country Standard Ethics Ratings (SER).

The **Country SER** evaluates the **OECD nations** to which the following have been added over time: Argentina, Brazil, Bulgaria, China, Egypt, India, Romania, Russia, South Africa and the Vatican City State.

In assessing nations, Standard Ethics favors those with a stable and proven democracy that meets the highest standards in terms of human rights, environmental policies, relations with developing countries, and sustainable economic structures, capable of guaranteeing a high level of substantive and formal democracy and common security.

In the incoming section, SE analysts will first examine how country ratings are distributed at a global level and then, in line with the other sections of the Report, they will carry out an ulterior focus on Europe.

The global distribution of Country SERs is analyzed according to a **high, medium** or **low** risk of Sustainability.

A brief note on methodology

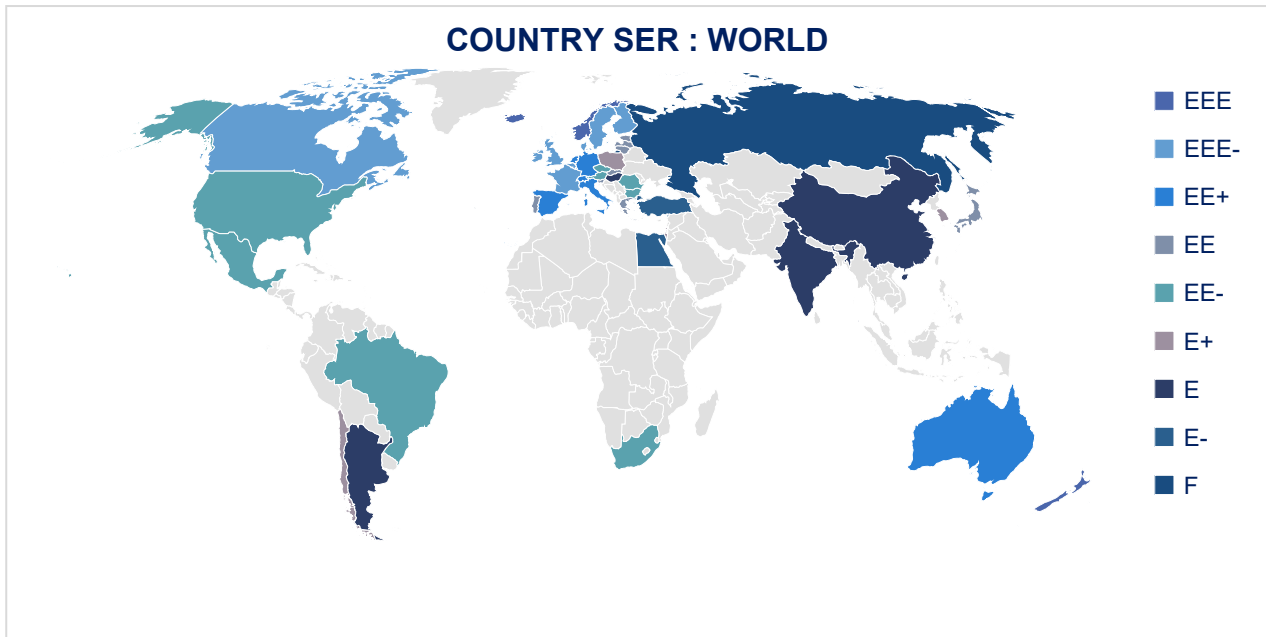
Country SERs are assessed using a proprietary methodology that has been tried and tested by the Agency for almost 20 years. A preliminary study and explanation of this methodology was published (i.e. *“States Rating. A methodological note”*) by Standard Ethics Research Office on 27th November 2010. The methodology builds upon the *Analytic Hierarchy Process*: AHP model developed by Prof. T.L. Saaty (Pittsburgh University) and then processed by the Italian Academic Prof. Luciano Bozzo.

Evaluations include: internal democracy, international democracy, internal security and international security. Sub-criteria include the following among other areas: political rights, civil liberties, peace keeping mission participation and electoral monitoring, international organizations membership, level of political integration, public aid transfer, organized crime and micro crime, economic inequality and social security, involvement in conflict and territorial disputes, membership to international alliances or collective defense systems, economic and cultural integration.

Country and Corporate SER

It should be specified that a Country SER does **not impact by default** the Corporate SERs of national companies with registered offices in that country – as is the case with credit ratings. **Direct** or **indirect** impacts may occur only in relation to lower ratings, where a country does not achieve a full **Sustainable Grade** (“EE-” or above):

- **Indirect impacts** are possible because a company operating in a country with low democratic or free market standards may be less inclined to adopt the voluntary sustainability policies promoted by the **UN**, **OECD** or the **EU**. The extent of this impact is observed on a case-by-case basis, by studying the **ESG** strategies that companies implement.
- **Direct impacts** are related to Corporate Governance: if a company is owned by a national state without a full **Sustainable Grade**, **Standard Ethics** analysts will take this into account, assuming that the company cannot act against the interests (and strategies) of its ownership. This is an additional complication to evaluate.
- Finally, if a country has an **"F"** rating, which is the absolute lowest Sustainability Grade; a **Not Sustainable Grade**, all issuers with investments in that country would be subject to a **negative impact**.



Focus: rating action on Poland Country SER

On 21 November 2024, Standard Ethics upgraded the Republic of Poland’s Country Standard Ethics Rating (SER) to “**E+**” from the previous “**E**”. The Republic’s first Country SER dates back to 2004. The upgrade in rating reflects the Republic of Poland’s gradual legislative alignment with European standards on constitutional issues and individual rights, partly due to the efforts of Prime Minister Donald Tusk’s administration. The improvement also acknowledges the European Commission’s decision to close the Article 7(1) procedure against Poland.²⁰ Initiated by the Commission in 2017, this procedure aimed to address the deterioration of the rule of law in Poland.

Focus: rating action on South Korea Country SER

On 6 December 2024, Standard Ethics downgraded the Republic of Korea’s Country Standard Ethics Rating (SER) to “**E**” from the previous “**E+**” with a Positive Outlook. The Republic’s first Country SER dates back to 2004. The downgrade was carried out following the serious institutional crisis in the Republic of Korea caused by the presidential call for martial law²¹; this action is not in line with the previously assigned rating.

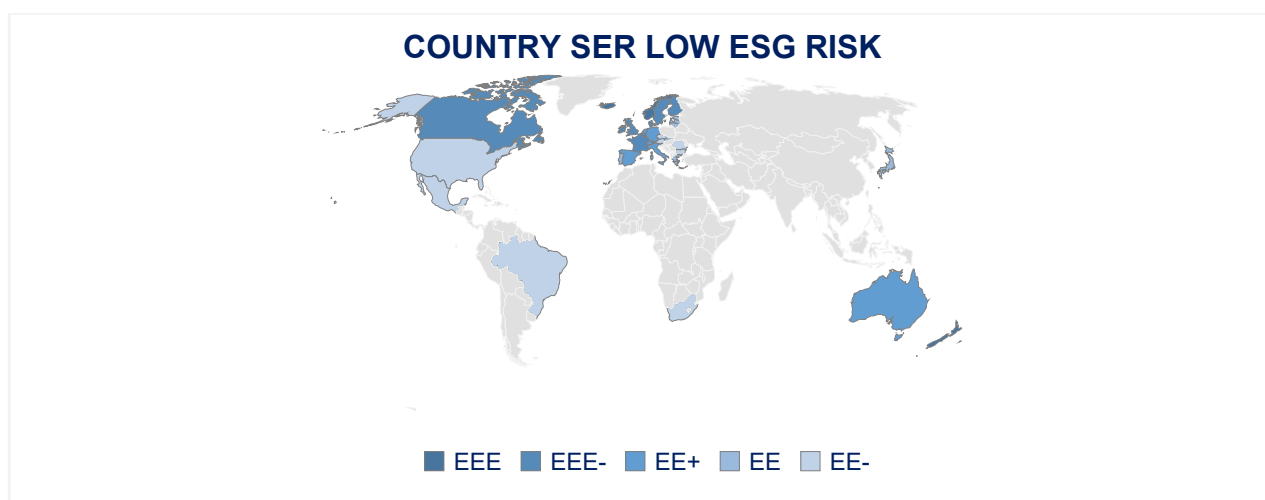
Focus: rating action on United States Country SER

On 13 March 2025, Standard Ethics put the USA under monitoring. The Country Standard Ethics Rating (SER) “**EE**” with a **Negative** Outlook was confirmed. The first Country SER assigned to the nation dates back to 2004. The Agency noted the volatility that the latest presidential changes were causing in the USA’s environmental, social and economic policies. A volatility that has led to changes in the direction of shared global strategies among nations, which should be counting on greater stability and coherence. In addition to this volatility, some of the initial measures taken by the new administration seem unbalanced when considering international cooperation and the principles of the UN and OECD. Domestically, various executive orders did not appear to align with the established international guidelines on social issues such as diversity and inclusion, and at times even conflict with the US Constitution. Equally critical was the use of presidential clemency concerning the crimes committed on Capitol Hill on 6 January 2021. Regarding future developments, measures taken on Artificial Intelligence, cryptocurrencies, and those affecting the independence of the press and private companies, monetary and supervisory authorities, market stability, or potentially jeopardizing free trade and the interests of European and global economic activities would be

²⁰ https://ec.europa.eu/commission/presscorner/detail/en/ip_24_2461
²¹ <https://www.reuters.com/pictures/scenes-south-korea-president-yoon-suk-yeol-declares-martial-law-2024-12-03/6XXZLXCWONLQHHGMU74HKW2GEU/>

monitored. The objective was to determine - within 90 days - an appropriate sustainability rating level by assessing the extent of the deviations caused by the US Government from the very principles that the country has helped to establish over the past eighty years.

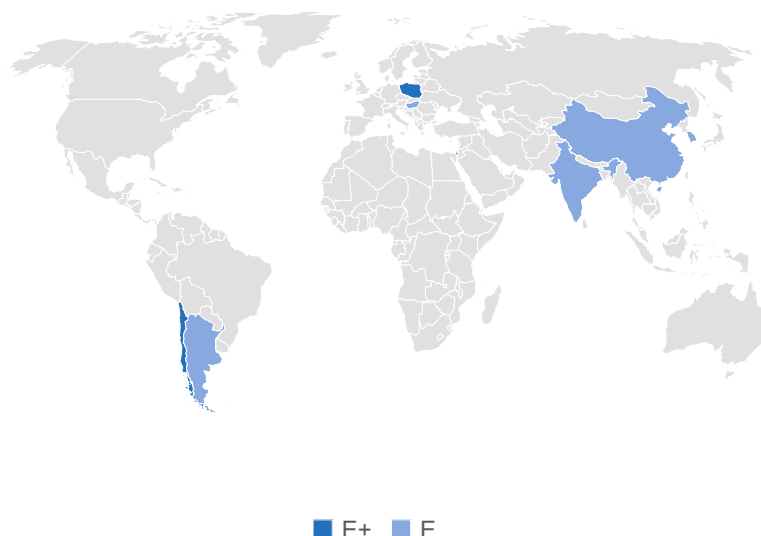
On 29 May 2025. Standard Ethics proceeded to **downgrade** the USA's Country Standard Ethics Rating (SER) to an **“EE-”** from the previous **“EE”** with a Negative Outlook. This action came as a follow up to its last communication on 13 March 2025 when it put the Country under monitoring for a 90-day period. The Agency noted the volatility that the latest presidential changes were causing in the USA's choices on environmental, social and economic issues. A volatility that led to changes in the direction of shared global strategies among nations, where greater stability and moderation should be exercised. This volatility was further reinforced by some of the measures adopted by the new administration – and registered in the previous communication – which appeared neither balanced nor coherent when considering the principles of cooperation and ESG guidelines defined by the UN and the OECD.



The table shows the nations with Country SERs above **“EE-”** on the Agency's rating grade scale. The Country SERs can be divided into three different levels: a full compliance to Sustainability standards, which involves three nations rated **“EEE”** (i.e. Iceland, New Zealand and Norway) and the European Union; an excellent or very strong compliance comprising nine different nations rated **“EEE-”** (i.e. Belgium, Canada, Denmark, Finland, France, Ireland, Scotland, Sweden and the United Kingdom) and seven different n (i.e. Australia, Germany, Italy, Luxembourg, the Netherlands, Spain and Switzerland). Finally, the third layer is formed by those nations, whose level of alignment is strong or adequate: in this respect, nine nations are rated **“EE”** (ie. Estonia, Greece, Japan, Latvia, Lithuania, Portugal, Slovakia, Slovenia, and the Vatican City) and eight nations are rated **“EE-”** (i.e. Austria, Brazil, Bulgaria, Czech Republic, Mexico, Romania, South Africa and the USA).

Iceland	EEE	Switzerland	EE+
New Zealand	EEE	Estonia	EE
Norway	EEE	Greece	EE
Belgium	EEE-	Japan	EE
Canada	EEE-	Latvia	EE
Denmark	EEE-	Lithuania	EE
Finland	EEE-	Portugal	EE
France	EEE-	Slovakia	EE
Ireland	EEE-	Slovenia	EE
Scotland	EEE-	Vatican City	EE
Sweden	EEE-	Austria	EE-
United Kingdom	EEE-	Brazil	EE-
Australia	EE+	Bulgaria	EE-
Germany	EE+	Czech Republic	EE-
Italy	EE+	Mexico	EE-
Luxembourg	EE+	Romania	EE-
Netherlands	EE+	South Africa	EE-
Spain	EE+	United States of America	EE-

COUNTRY SER MEDIUM-HIGH ESG RISK



The map above shows the geographical breakdown of nations with Country SERs below “EE-”. In this case, there are two different groups of countries, categorized by their respective sustainability risk level, either a **Not Fully Sustainable Grade** (“E+”; “E”) or a **Not Sustainable Grade** (“E-”; “F”). The former group includes Chile, Israel, Poland (all rated “E+”); whereas the latter involves: Argentina, China, Hungary, India and South Korea (all rated “E”). Finally, Egypt, and Türkiye (rated “E-”), together with Russia (“F”) are the countries which hold a serious sustainability risk.

COUNTRY	SER
Chile	E+
Israel	E+
Poland	E+
Argentina	E
China	E
Hungary	E
India	E
South Korea	E
Egypt	E-
Türkiye	E-
Russia	F

Focus: Country SER Russian Federation

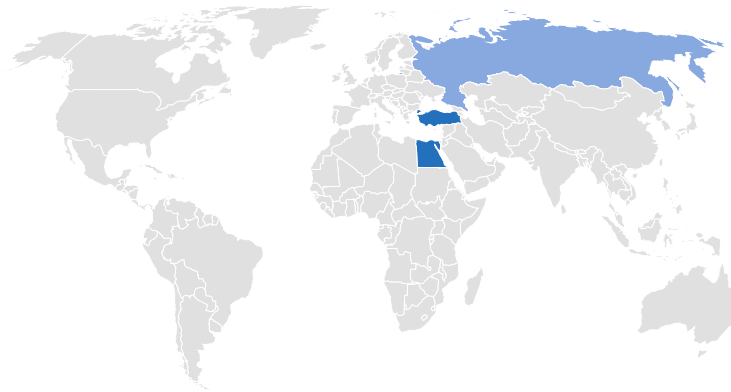
Following serious armed violation of Ukrainian sovereignty by the Russian Federation, the massive international impact this has, and the sanctions approved by the world's major democracies, the Russian Federation's Country Standard Ethics Rating has been lowered to the minimum level: issuers, banks, funds and other entities holding securities in the Russian Federation or in major Russian companies may in turn find their own Corporate Standard Ethics Rating (SER) negatively affected. Further Security Segregation Impact Notices (**SSIN**)²² have been taken.²³

²² Standard Ethics publishes Technical Provision 1 of the "Security Segregation Impact Notice (SSIN)" put in place following the downgrade of the Russian Federation to "F" on 24 February 2022. It is part of a package of measures that will be completed within the next few months to revise some rating metrics.

As of today, citizens of the Russian Federation will be classified as "non-independent" on the Boards of Standard Ethics-rated companies due to the legal constraints they face. It is believed that they are not free to carry out their duties, ignoring the policies imposed by their government, without compromising their security and personal freedom. This measure may contribute to weakening some SERs (Standard Ethics Rating). A similar decision was already taken and applied in 2021 to citizens of the People's Republic of China.

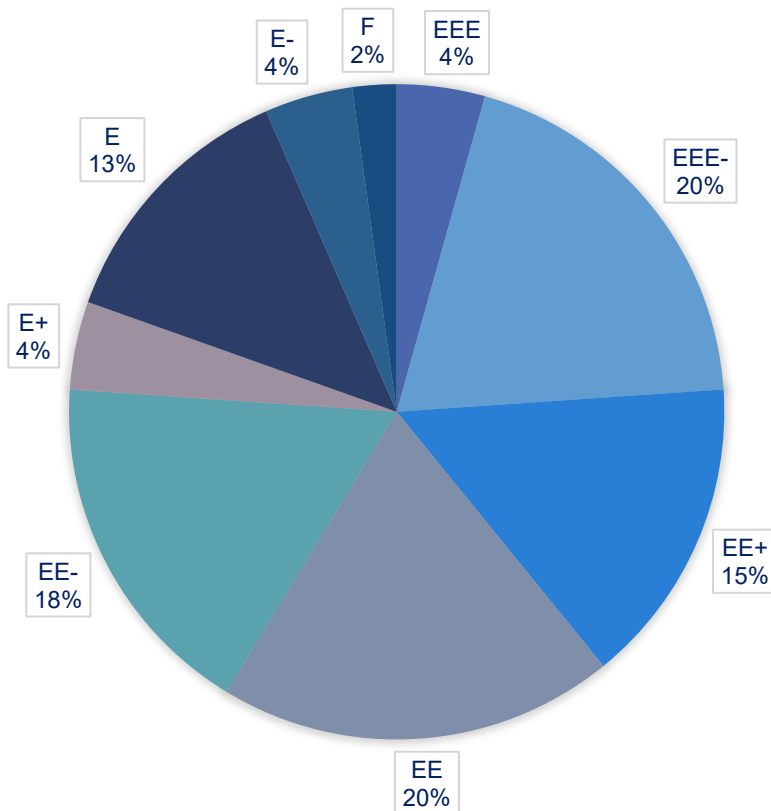
²³ Standard Ethics publishes Provision 2 of the Security Segregation Impact Notice (SSIN) put in place after the downgrade of the Russian Federation's Country Standard Ethics Rating (SER) to 'F' on 24 February 2022. These provisions are part of a package of measures that will be completed within the next few months to revise some rating metrics. Provision 2, published on 12 April 2022 follows on from Provision 1 "Russian citizens calculated as non-independent Board members" published on 7 March 2022. Nations trading embargoed products with the Russian Federation, allowing it to bypass the economic sanctions imposed by the European Union, the UK, the US and other OECD nations following its invasion of Ukraine, will have their country ratings downgraded from one to two notches over the next six months, on a case-by-case evaluation. This decision takes into account the three resolutions on Russia adopted by the UN Assembly: 2 March (resolution condemning the invasion); 24 March (for an immediate cessation of hostilities); 7 April (suspension of Russia from the Human Rights Council). This Provision may contribute to the weakening of some Corporate SERs (Standard Ethics Rating).

COUNTRY SER: HIGH ESG RISK



■ E- ■ F

COUNTRY SER BY RATING GRADE



An overall assessment can be made of the pie chart above, showing the distribution of Country Standard Ethics Ratings (SER). Some considerations follow:

- There have been **over 100** different Country SER actions between 2013 and 2025. Two of them were carried out in 2024: Poland and South Korea, one of them (i.e. United States of America) was carried out in 2025.
- The distribution of Country SERs is as follows: **77%** of countries rated by **Standard Ethics** have a full **Sustainable Grade**, **17%** have a **Not Fully Sustainable Grade**, **6%** have a **Not Sustainable Grade**.
- Country SERs are issued to **nearly 25%** of the total number of countries worldwide.

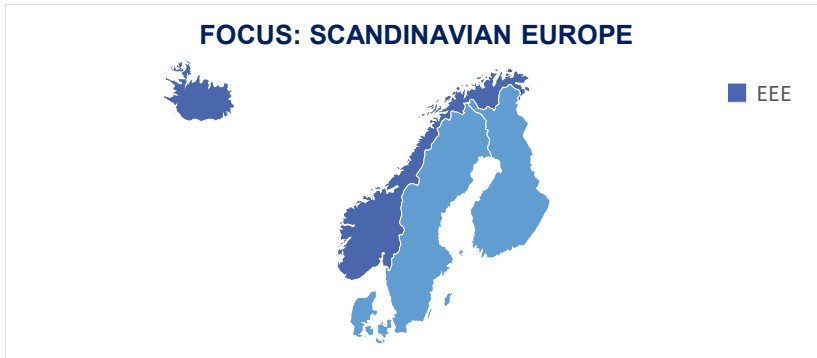
A Focus on European countries

In this part of the Report, there is a focus on European countries (more specifically, **geographical Europe**). To compare the European countries, SE analysts decided to divide Europe’s geographical area into a set of subgroups with geopolitical affinities: **Scandinavian Europe, Mediterranean (or MED) Europe, the EU Founding Members** and the **Visegrad (V4) Countries**. The table below summarises the Country SERs in Europe.

Iceland	EEE	Switzerland	EE+
New Zealand	EEE	Estonia	EE
Norway	EEE	Greece	EE
Belgium	EEE-	Japan	EE
Canada	EEE-	Latvia	EE
Denmark	EEE-	Lithuania	EE
Finland	EEE-	Portugal	EE
France	EEE-	Slovakia	EE
Ireland	EEE-	Slovenia	EE
Scotland	EEE-	Vatican City	EE
Sweden	EEE-	Austria	EE-
United Kingdom	EEE-	Brazil	EE-
Australia	EE+	Bulgaria	EE-
Germany	EE+	Czech Republic	EE-
Italy	EE+	Mexico	EE-
Luxembourg	EE+	Romania	EE-
Netherlands	EE+	South Africa	EE-
Spain	EE+	United States of America	EE-

Country SERs will now follow in their different categories to enable an overall assessment of Country SERs in Europe. The first area to be analysed is Scandinavian Europe.

As shown in the table above, the 5 Scandinavian countries have an excellent level of compliance with sustainability standards. Moreover, two countries (Iceland and Norway) are rated “EEE”, meaning they fully comply with international sustainability standards. Denmark, Sweden and Finland have a Country SER of “EEE-”.



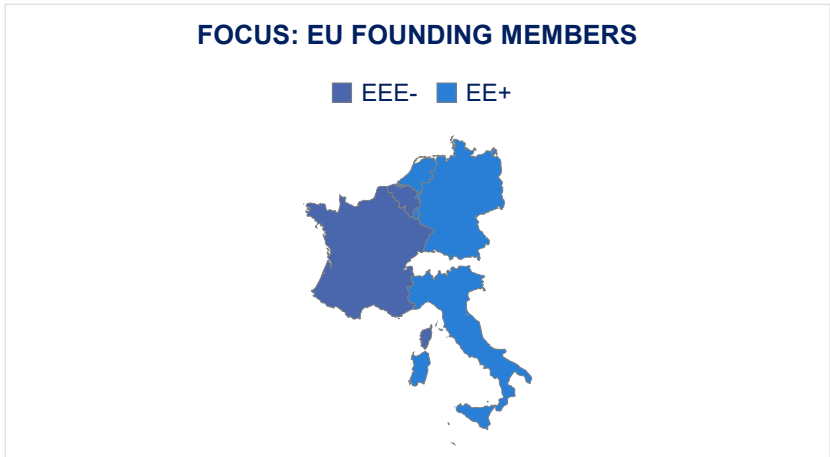
COUNTRY	RATING
Iceland	EEE
Norway	EEE
Denmark	EEE-
Finland	EEE-
Sweden	EEE-

Mediterranean Europe (Italy, France, Spain, Greece, Portugal) display a heterogeneous distribution of Country SERs: France has the highest Country SER (“EEE-”), Italy and Spain (rated “EE+”) show a very strong level of Sustainability, whereas Portugal and Greece (rated “EE”) appear well aligned.



COUNTRY	RATING
France	EEE-
Italy	EE+
Spain	EE+
Greece	EE
Portugal	EE

Among the founding members of the European Union, the two most virtuous nations in terms of compliance with sustainability standards are France and Belgium (both rated “EEE-”), whereas the other 4 nations (Germany, Italy, Luxembourg and The Netherlands) are all rated “EE+”. To date, none of the EU founders is rated less than “EE+”.



COUNTRY	RATING
Belgium	EEE-
France	EEE-
Germany	EE+
Italy	EE+
Luxembourg	EE+
Netherlands	EE+

The Visegrad Group countries (VG4) **Sustainability Grade** levels are very different. Between the V-4 countries, only **Slovakia** (whose rating is “EE”) has a strong level of compliance with international sustainability standards, the **Czech Republic** (rated “EE-”) is adequately aligned. **Poland** (now upgraded to an “E+” rating) and **Hungary** (rated “E”) could be grouped with those countries comprising a medium-high risk of sustainability.



COUNTRY	RATING
Slovakia	EE
Czech Republic	EE-
Poland	E+
Hungary	E

Focus: Country SER Republic of Türkiye²⁴

Considering the dramatic impact caused by the huge earthquake on 6 February 2023, Standard Ethics suspended the Negative Outlook assigned on 7 September 2017 to the rating of the Republic of Türkiye.²⁵ The Republic of Türkiye's Country Standard Ethics Rating "E-" was reconfirmed.

Country	SER
Egypt	E-
Turkey	E-
Russia	F

²⁴ The Republic of Türkiye changed its official name from The Republic of Turkey on 26 May 2022 in a request submitted to the Secretary-General by the country's Minister of Foreign Affairs. Source: United Nations page on Türkiye.

²⁵ <https://standardethics.eu/media-en/press-releases/the-republic-of-turkey-s-negative-outlook-suspended>

4.Security SER

The Security Standard Ethics Rating (SER)

General-Purpose Securities: why a Sustainability Rating?

Standard Ethics believes that "all debt must be sustainable" and that - in some way - all financing of business plans should be consistent with global environmental and social policies. It would not make sense for a company that wants to be sustainable to issue Green Bonds on the one hand and finance projects that follow a completely different philosophy on the other. Moreover, in the opinion of **Standard Ethics**, SDG-Linked Bonds or ESG-Linked Bonds do not in any way meet this requirement.

In 2020, **Standard Ethics** introduced the Security Standard Ethics Rating to the market because debt financial products - unlike **ICMA**'s well-regulated green bonds and similar instruments - are not covered by specific and comparable **ESG** evaluations and form a significant gap in the market. After a trial to analyse the statistical frequency of data made available by listed companies directly, and after defining a hierarchy according to the importance given by international organisations, an algorithm and analysis methodology were developed. Emissions were selected over the course of 2020. The analysis was started in the summer of 2020. It was then partly made public in October 2020. In November 2020, it was applied to a first solicited case: **Snam**; one of the world's leading energy infrastructure operators. In the aftermath of the pandemic and with the transition towards a new economy, **Standard Ethics** believes that **all debt must be sustainable** and that all funding of industrial plans is coherent with global environmental and social policies.

How is a Security Standard Ethics Rating (SER) assigned?

In **Standard Ethics**' opinion, an "EE-" rating (or above) qualifies the debt instrument as suitable for an **ESG/SRI** portfolio.

EEE	EEE-	EE+	EE	EE-	E+	E	E-	F
	Excellent	Very Strong	Strong	Adequate	Low	Very Low	Unsatisfactory	
Sustainable					Not Fully Sustainable		Not Sustainable	

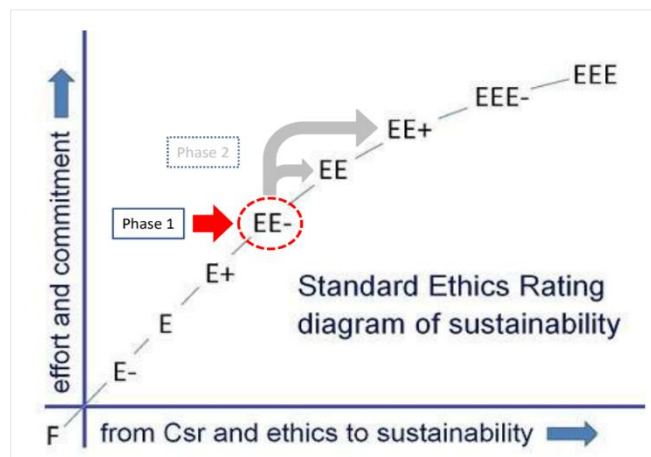
Phase 1: Issuer evaluation

An issuer evaluation is carried out by Analysts based on about **40 standard markers** used to measure (according to the **Standard Ethics** methodology) the alignment of **ESG** policies and the governance of Sustainability with **UN**, **OECD**, and **EU** indications concerning: fair competition, market, dominant positions, market distortions; shareholders' agreements, ownership and shareholders; market weight, participation and voting at general meetings; directorships, Board of Directors, independence and conflict of interest; governance of Sustainability, governance, **ESG** policies, **ESG** disclosure; human rights.

The result of the analysis is then synthesized and entered into the Standard Ethics Proprietary Algorithm. A Baseline Rating on the company is internally calculated.

Phase 2: Issue evaluation

Phase 2 is about the Issue and uses the Baseline Rating as a starting point. It is carried out by Analysts through the application of other standard markers in order to evaluate whether the strategic & industrial plans and sustainability plans (financed by the debt instrument) are aligned with Sustainability Policies determined by **UN**, **OECD**, and **EU**.



Another branch of analysis comprises projects implemented by companies to foster the **green and digital transitions**, mostly in the **Energy and** in the **Financial** sectors. The analysis included but was not limited to operations falling within the framework of the **EU Recovery and Resilience Facility** (RFF).

Focus: Unicredit's Eco Sisma Bonus Securitisation Programme

In 2022, **Standard Ethics** (SE) was asked by **EBS Finance** (the Applicant) to issue a Security SER (Standard Ethics Rating, to be renewed annually) on the **Eco Sisma Bonus Securitisation Programme** (the "Transaction"). The Transaction – launched by **UniCredit** in May 2021 with an initial amount of **EUR 500m** – is linked to tax credits arising from a recent Italian law ("Rilancio Decree") facilitating certain properties' renovation. The maturity of the Transaction is linked to the exhaustion of the tax receivables portfolio (deadline for their deductibility). EBS Finance is a Special Purpose Vehicle (SPV) established pursuant to the Italian Securitisation Law (Law 130/1999) exclusively for the purpose of the Transaction. It is a company consolidated in UniCredit's corporate financial statements. The Transaction is a **securitisation** with unique nature involving, in various ways, four Main Transaction Players (MTPs): **Republic of Italy** (Country SER "EE+"); **EBS Finance** (the Applicant); **Centotrenta Servicing** (Corporate SER "EE-"); **UniCredit** (Corporate SER "EE+"). The assessment of the Transaction started by analysing - from an **ESG** perspective - the four MTPs to identify a baseline. It then went on to study the "transaction" in its philosophy, governance and reporting. In the absence of other similar transactions on which to make statistical comparisons, the likely major direct and indirect **social** and **environmental** effects were directly examined. It is the opinion of Standard Ethics that the Transaction is aligned with European environmental and social strategies, and it is in line with the most relevant ESG principles promoted by the OECD and the UN. Annual monitoring, and evaluation of the changes introduced, led Analysts to confirm the rating grade of "EEE-" both in 2023 and 2024.

Focus: Mastercard In Control for Commercial Payments

Standard Ethics (SE) was asked by **Mastercard Europe S.A.** (the Applicant) to issue a Security SER (Standard Ethics Rating) for the **Mastercard In Control® for Commercial Payments** (the "Platform"). The "Platform" is linked to the digitalisation of payments among B2B parties.

The Platform is a specialised financial service with a unique nature involving, in various ways, four Main Transaction Players (MTPs): **Mastercard Europe** (the Applicant); its parent company **Mastercard Inc.**; the **European Union** (Country SER "EEE"); and the **United States** (Country SER "EE").

The assessment of the Product started by analysing - from an **ESG** perspective – Mastercard Inc. to identify a **Sustainable Grade** baseline SER. It then went on to study the Product in terms of its structure, nature and impacts – also among **users** (i.e., issuers, buyers and suppliers). In the absence of other similar products to use to perform statistical comparisons, the likely major direct and indirect **social** and **environmental** effects were examined directly.

It is the opinion of Standard Ethics that the Product is aligned with the European Digital Economy strategies and the most relevant **ESG** principles promoted by the OECD and the UN. A **Security SER "EE"** is therefore assigned to the Product. Further developments and impacts will be constantly monitored. The medium and long-term vision is positive.

Focus: SYHO Social Impact One

Save Your Home (SYHO) Srl (a private limited liability company) has requested **Standard Ethics Ltd** to issue a **Security Standard Ethics Rating** (Security SER or Rating) on the operation called "**SYHO Social Impact One**", linked to the issuance of a 5-year, single-tranche dematerialised bond to be placed with qualified investors for the purchase of mortgage NPLs of private (single name) clients. The transaction is conducted in accordance with the **Italian law** regulating what is known as "social impact securitisation" with respect to "non-performing loans". The designated beneficiaries of the law are individuals unable to meet the repayment terms and conditions of a **mortgage loan** contracted with a credit institution for a residence they wish to continue occupying. The procedure allows debtors to initiate the procedure with an application through the appropriate channels.

The parties involved, known as the **Main Transaction Players – MTPs**, have distinct roles and functions. They are: The Republic of Italy, Save Your Home (SYHO) Srl, SYHO Start SPV, SYHO RE Srl, Centotrenta Servicing SpA, Esdebitami Retake SpA, and the APS, CODICI – Centro per i Diritti del Cittadino (a non-profit association).

A complex operation, the transaction cannot be compared to other financial transactions given the recent introduction of the law in question. Moreover, the law itself provides no statistics regarding its concrete application. Some aspects are open to different interpretations, with the MTPs given ample leeway to apply

good sustainability practices. The complexity and innovative character of the operation support the decision by Standard Ethics to issue an initial Adequate rating, which shall be subsequently reassessed, considering both the cases handled and the concrete application of ESG principles. The beneficial impacts for recipients will be assessed against debt management governance, and in social terms, by the extent of home retention by the defaulted debtor. The transactions themselves have no direct environmental impacts.

Focus: Snam's ESG Euro-Commercial Paper Programme for the Issuance of Notes and ESG Notes

Snam is a worldwide energy infrastructure operator. The Company's activities involve transportation, regasification, and storage of natural gas. In 2023, Snam launched its new **Euro-Commercial Paper Programme** whose purpose is to issue **Notes and ESG Notes** ("the Programme") and was subject to the assignment of an "EE+" Security Standard Ethics Rating (SER).

The Company is playing a key role in Italy and Europe in ensuring the 'Security of Supply' of energy within the context of the gas supply crisis caused by the Russian invasion of Ukraine. **Snam** has launched its first Transition Plan which put the company at the core of the European Network of Transmission System Operators, with a high technical, scientific and innovative content to reach Carbon Neutrality.

The Company's Governance of Sustainability and Sustainability strategies are in line with **UN**, **OECD** and **EU** guidelines. **ESG** (Environmental, Social and Governance) reporting and **ESG** Risk Management follow European best practices.

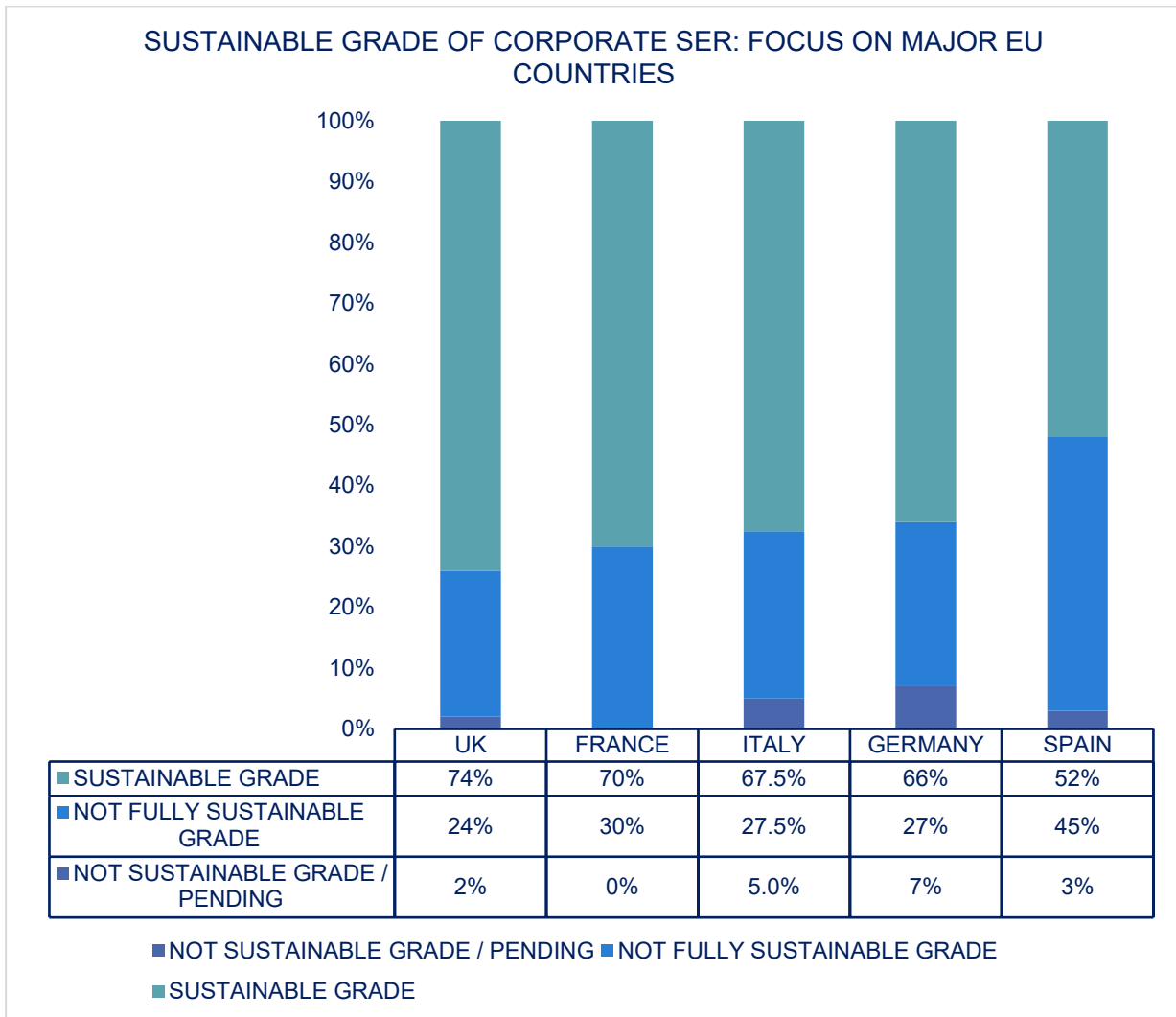
The Company has been acquiring a specialised know-how in Sustainable Finance, accompanied by the update of the Sustainable Finance Framework. **Snam's** new Commercial Paper Programme seems to be supporting the financing of the Company's Sustainability targets and the implementation of its various initiatives. The Programme's features does not show negative impacts on **Snam's** strategic targets, and it increases the Company's financial resilience, especially in a stressful scenario as the current one.

On 20 January 2026, Standard Ethics reconfirmed Snam's "EE+" Security Standard Ethics Rating (SER) in relation to its ESG Euro-Commercial Paper Programme for the Issuance of Notes and ESG Notes.²⁸

²⁸ <https://standardethics.eu/media-en/press-releases/standard-ethics-confirms-security-ser-to-snam-s-esg-euro-commercial-paper-programme-for-the-issuance-of-notes-and-esg-notes>

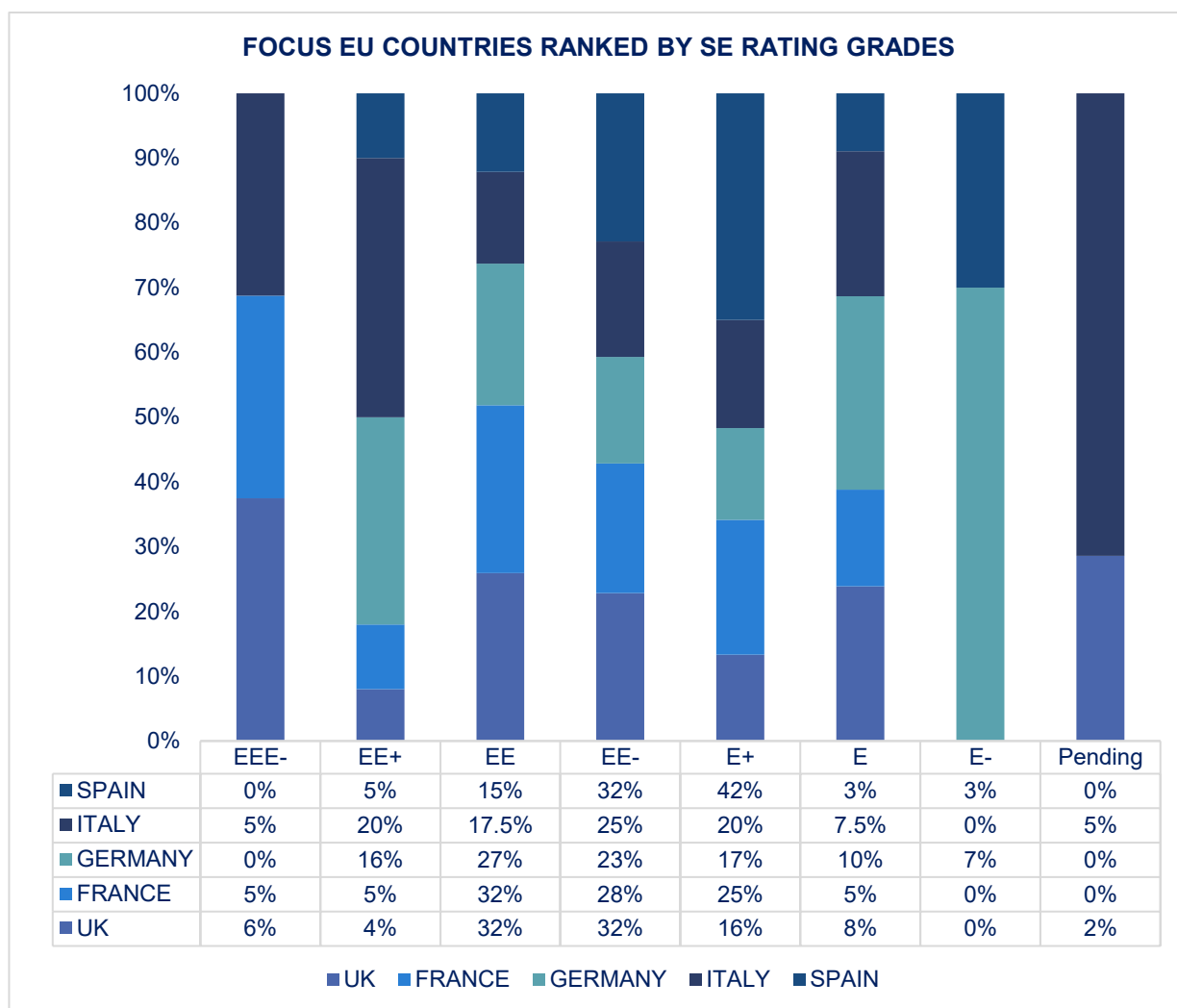
5. Statistical Findings

A focus on the biggest European markets



The bar chart illustrates the **Corporate SERs** of the major European countries, divided into **Sustainable Grades**. The sample is made up of circa **200 companies**, constituents of: the *SE UK Index*, the *SE Italian Index*, the *SE German Index*, the *SE French Index* and the *SE Spanish Index*.

The bar chart shows that the highest percentage of Corporate SERs with a **Sustainable Grade** can be found in the **UK (74%)**, followed by **France (70%)** then **Italy (67,5%)**, **Germany (66%)** and finally **Spain (52%)**. Nonetheless, **45%** of Spanish companies rated by Standard Ethics currently have a **Not Fully Sustainable Grade (45%)**. Confronting such data with the rest of the sample, only circa a third of companies in both **Italy (27,5%)** and **Germany (27%)** have a **Not Fully Sustainable Grade**. Conversely, nearly half of the total of **Spanish (48%)** and more than a third of **German (34%)** companies have a **Not Fully Sustainable** or a **Not Sustainable Grade**.



*Corporate SER grades EEE and F are excluded because of 0% in all countries

Further considerations follow with a second bar chart, showing the distribution of Corporate SERs, this time not by **Sustainable Grade**, but by the **9 different Standard Ethics Rating letter grades**:

- Currently, only **5%** of both **Italy** and **France** companies have an **EEE-** Corporate SER. **6%** of UK companies lead with an **EEE-** rating.
- Currently, **no company** has a Corporate SER higher than **EE+** in **Germany** and **Spain**.
- **Italy** has the highest number of companies (**20%**) rated **EE+**, followed by **Germany (16%)**, **France** and **Spain (5%)** and the **UK (4%)**.
- **France** and **UK** have the highest number of companies rated **EE (32%)**, followed by **Germany (27%)**, **Italy (17,5%)**, and **Spain (15%)**.
- **Spain** and the **UK** have the highest number of companies with an **EE-** rating (**32%**). This corresponds to an **adequate** level of compliance with international sustainability standards. It is followed by **France (28%)**, **Italy (25%)** and **Germany (23%)**.
- In **Spain**, **42%** of rated companies have an **E+** rating, in comparison to **UK (25%)**, **Italy (20%)**, **Germany (17%)** and **UK** with only **16%**.
- In **Germany**, **10%** of companies are rated **E**, which corresponds to a **Very Low** level of compliance with the international sustainability standards.
- In **Germany**, **7%** of rated companies hold an **E-** rating. This demonstrates an **unsatisfactory** level of compliance with international sustainability standards.

Corporate SER Global Distribution 2019-2025

The table below summarizes the number of Corporate Standard Ethics Rating (SER) actions over the last 7 years.

	2019	2020	2021	2022	2023	2024	2025
No. action (excluding pending and suspended)	109	129	110	126	98	102	115
No. action (including pending and suspended)	114	132	113	133	102	102	117
	2019	2020	2021	2022	2023	2024	2025
EEE-	2%	3%	2%	0%	0%	2%	4%
EE+	7%	6%	6%	6%	12%	14%	14%
EE	17%	14%	18%	15%	18%	20%	25%
EE-	20%	25%	27%	19%	28%	27%	26%
E+	22%	23%	32%	29%	13%	24%	18%
E	22%	25%	12%	27%	13%	11%	11%
E-	9%	3%	3%	5%	4%	3%	1%

The following empirical considerations can be made:

- In the last 7 years, the percentage of companies rated **EEE-**, a grade with an excellent level of compliance, has remained basically stable: never rising above **4%**.
- The companies rated **EE+**, on the other hand, have significantly increased: from **6%** in 2020 to **14%** in 2024 and 2025.
- Over the last year, most companies (Standard Ethics Index constituents) sat between an **EE**, **EE-** and **E+** rating. **26%** of Standard Ethics Index constituents have been rated as an **EE-**.

	2019	2020	2021	2022	2023	2024	2025
SUSTAINABLE GRADE	46%	48%	53%	40%	58%	63%	70%
NOT FULLY SUSTAINABLE GRADE	42%	48%	59%	56%	34%	34%	29%
NOT SUSTAINABLE GRADE	9%	3%	3%	4%	4%	3%	1%

The table above shows the distribution of Corporate SERs from 2019 to 2025 grouped by level of Sustainable Grade. The sample takes into account: the **solicited** and **unsolicited** Corporate SERs of SE Index constituents.

The following can be noted:

- There has been a significant increase in ratings with a **Sustainable Grade** since 2022. Such change is estimated as **+30%**.
- On the other hand, the percentage of Corporate SERs with a **Not Fully Sustainable Grade** has been the lowest registered since 2019.
- In 2020, **48%** of companies rated held a **Not Fully Sustainable Grade**, and, although there was a sharp increase in 2021 to 59%, this percentage has now fallen to **29%** in 2025.
- The percentage of companies with a **Not Sustainable Grade** remained mostly stable between 2020 and 2024 (**3** or **4%**) but decreased significantly between 2019 (**9%**) and 2025 (**1%**).
- The percentage of companies with a **Sustainable Grade** was at its highest in 2025 (**70%**). It seems evident that, more than ever before, companies are more willing to **comply voluntarily with international sustainability standards**. As far as European companies are concerned, the legally binding European sustainability standards have raised the bar: **the European Green Deal**, for example, with which Europe's biggest companies will have to comply in the following years. In parallel, Standard Ethics' analysts note a decrease in the **Not Fully Sustainable Grade** in the years

between 2021 and 2025. This could be due to a general increase in legally binding regulations as well as voluntary provisions concerning global sustainability standards.

Global industry breakdown

Further significant data can be retrieved by observing the **industry breakdown of the Corporate SERs** issued. The sample of Corporate SERs issued by the Agency includes more than **500 unsolicited** and **solicited** Corporate SERs. **All** companies in the sample are SE index constituents.

INDUSTRY	N° of companies	Sustainable Grade %	Not Fully Sustainable Grade %	Not Sustainable Grade %
Banking	85	45%	52%	4%
Consumer Products	67	33%	64%	3%
Utilities, Multiutilities & Renewable Energy	43	72%	26%	2%
Apparel & Textile Products	23	52%	48%	0%
Insurance	22	82%	14%	5%
Biotech & Pharma	22	50%	50%	0%
Real Estate	22	45%	55%	0%
Transportation & Logistics, Transportation Equipment & Transportation Logistics	17	47%	41%	12%
Machinery, Iron & Steel and Electrical Equipment	15	67%	33%	0%
Hardware, Tech hardware & Semiconductors	15	53%	40%	7%
Telecom	15	53%	40%	7%
Automotive	15	33%	47%	20%
Chemicals	14	79%	21%	0%
Asset Management & Financial Services	14	64%	36%	0%
Other (Football)	14	7%	71%	21%
Industrial Products & Industrial Services	13	69%	31%	0%
Oil, Gas & Coal	12	67%	8%	25%
Engineering & Construction Services	12	58%	33%	8%
Technology Services	11	82%	9%	9%
Aerospace & Defence	10	70%	30%	0%
Health Care	9	56%	44%	0%
Software & Tech	8	63%	38%	0%
Media & Internet Services	8	38%	63%	0%
Medical Equipment & Devices	7	57%	43%	0%
Others	7	57%	43%	0%
Gaming, Lodging & Restaurants	6	33%	67%	0%
Metals & Mining	5	0%	100%	0%
Commercial Services	4	100%	0%	0%
Construction Materials	4	50%	50%	0%
Specialty Finance	4	50%	50%	0%
N° of Companies	523	52%	44%	4%

In the table above, the industries are ordered by the number of companies. The last line in **bold** shows the distribution of Standard Ethics Ratings (SER) at a global level.²⁹

To simplify the representation of the industry breakdown, each industry is listed in descending order by the number of companies represented.

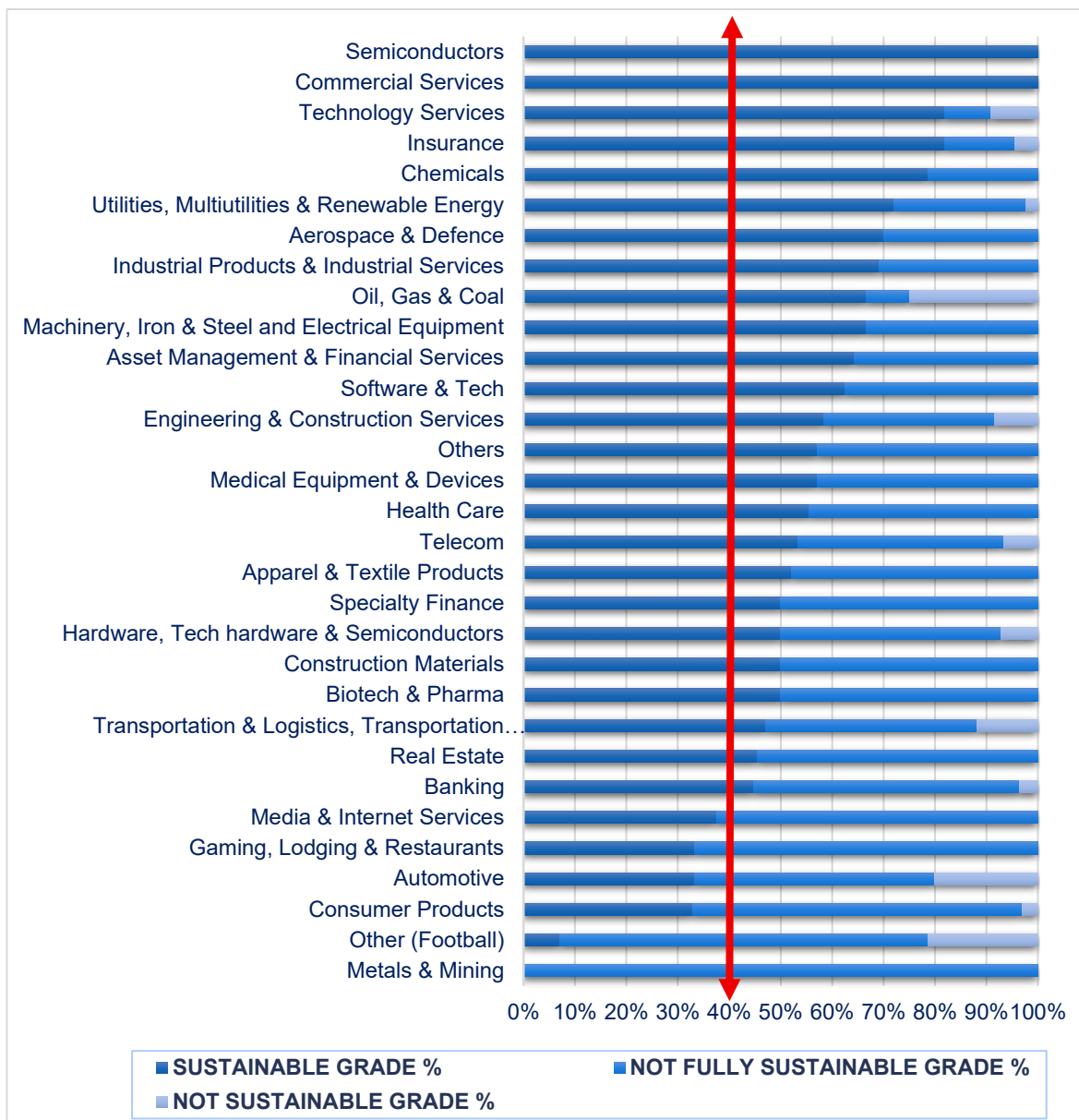
It can be noted how, from a sample of **523** companies, **52%** hold a **Sustainable Grade**, while **44%** have a **Not Fully Sustainable Grade** and **4%** a **Not Sustainable Grade**.

Once again, it is important to pinpoint that, in line with the **Standard Ethics** methodology, the Corporate SER measures a company's level of compliance with the global standards on Sustainability as set by the **EU**, the **UN** and the **OECD**.

²⁹ Methodological Note

Concerning methodology, the Standard Ethics Research Office has decided to merge several industries to ensure statistical significance, capturing global, industry-wide sustainability grade levels. To build clusters with a representative number of companies (more than 3), the following categorisations have been applied:

- **Consumer Products:** Merges Retail & Wholesale Staples, Consumer Staple Products, Retail Staple Products, Consumer Discretionary Services, and Retail.
- **Media & Internet Services:** Assembles Media and Internet media and services.
- **Aerospace & Defence:** Now includes Passenger Transportation.
- **Health Care:** Merges Health Care Facilities & Services and Health Care providers.
- **Utilities, Multiutilities & Renewable Energy:** Combines Utilities, Multiutilities, and Renewable Energy sectors.
- **Software & Tech:** Merges Software and Software & Tech.
- **Machinery, Iron & Steel and Electrical Equipment:** This comprehensive category now includes Manufactured Goods, Electrical Equipment, and Iron & Steel industries.
- **Hardware, Tech hardware & Semiconductors:** Merges Hardware, Tech Hardware, and Semiconductors into a single cluster.
- **Oil, Gas & Coal:** Includes Oil, Gas, and Coal providers.
- **Industrial Products & Industrial Services:** Merges Industrial Products and Industrial Services.
- **Others:** Includes Home & Office Products, Forest & Paper Products, and Consumer & Packaging.
- **Transportation & Logistics, Transportation Equipment & Transportation Logistics:** Aggregates all segments related to transportation equipment, logistics services, and logistics management.
- **Asset Management & Financial Services:** Financial Services has been joined with Asset Management.
- **Other (Football):** Includes the main listed football clubs globally, specifically those in the "Standard Ethics European Football Index" suspended on 25th February 2025:
<https://www.standardethics.eu/media-en/press-releases/standard-ethics-suspends-its-activities-on-the-se-european-football-index>



The table above summarises the overall **global trend of Corporate SERs** and their **Sustainable Grades**. The **most sustainable industries** appear to be **Semiconductors** and **Commercial Services**.

Some other industries preserve their high compliance with Sustainability standards defined at an international level: in this **“dark blue zone”** there are: Technology Services, Insurance, Chemicals, Utilities, Multiutilities & Renewable Energy, Aerospace & Defence, Industrial Products & Industrial Services, Oil, Gas & Coal, Machinery, Iron & Steel and Electrical Equipment, Asset Management & Financial Services, Software & Tech, Engineering & Construction Services, Other industries ³⁰, Medical Equipment & Devices, Health Care, Telecom, and Apparel & Textile Products.

In the **“light blue to blueish”** area there is a group of industries, which account for **50%** of Corporate SERs with a **Sustainable Grade**: Specialty Finance, Hardware, Tech hardware & Semiconductors, Construction Materials and the Biotech & Pharma industry.

Finally, the **“sky blue zone”** highlights: Transportation & Logistics, Transportation Equipment & Transportation Logistics, Real Estate, Banking, Media & Internet Services, Gaming, Lodging & Restaurants, Automotive, Consumer Products, Other (Football) and Metals & Mining.

Undoubtedly, the **Banking** sector **performs** better at the **European level**³¹ than at the global level.

³⁰ For statistical comparison criteria, please remind that the following industries are included in the **“Other”** category: Home & Office Products, Forest & Paper Products, and Consumer & Packaging industries.

³¹ Please refer to the Italy In-Depth Analysis and the findings related to the Italian Banking Industry.

Final Remarks on the SE Annual Report 2025

Highlights per industry

- ❖ **Standard Ethics' ethically neutral approach** does not exclude any industry from the rating assessment, nor does it eliminate those sectors traditionally considered ethically **controversial** by the **Sustainable Finance** sector.
According to the Agency's proprietary methodology, a set of **controversial** industries, such as **Aerospace & Defense, Medical Equipment & Devices** and the **Oil & Gas** industry, include a high number of **Sustainable Grade**³² companies.
Regarding specifically energy transition, those companies which correctly pursue global Sustainability standards as defined by the supranational organisations, from the perspective of SE analysts, will successfully face the transition challenges.
- ❖ With regard to **Social** issues (i.e. labour conditions or human rights), companies belonging to industries such as **Apparel & Textile Products, Iron & Steel, Metals & Mining, Consumer Products** and **Tech Hardware & Semiconductors**, risk falling into incorrect practices linked to supply chains and worker health & safety conditions, where international rules and regulations are not always implemented at the highest standards. Global supply chains can often be complex networks with many layers of suppliers, intermediaries and subcontractors involved. This can lead to difficulties in tracing the conditions under which products are manufactured or raw materials are supplied.
- ❖ As far as the **Apparel & Textile Products Industry** and the **Consumer Products Industry** are concerned and given recent **geopolitical impacts** on **global supply chains**, **Standard Ethics'** analysts have noted a considerable sense of resilience from the industry at a global level, often forced by the **responsible** and **ethical** choices of customers and consumers. Moreover, in the light of the **EU Critical Raw Materials Act (CRMA)**, **critical raw materials** outsourcing risks are still a topic to be treated carefully when observing companies' sustainability practices. Specifically, **Long Supply Chains**³³ policies as well as **due diligence** processes have ultimately assumed remarkable importance for the **Apparel & Textile Products Industry**, the **Consumer Products Industry** the **Hardware, Tech hardware & Semiconductors industry** and the **Automotive industry**. All the aforementioned industries are exposed to **geopolitical** risks, nowadays stemming from US trade tariffs and their secondary effects. These industries are particularly vulnerable due to their high export dependency and tight operating margins, which leave little room for cost absorption. Consequently, more rigorous oversight across the **entire supply chain** will be required to manage financial stability. To mitigate these risks, companies must enhance **traceability** and diversify their target markets, as rising customs costs will necessitate a structural review of both **procurement strategies** and pricing models.
- ❖ No matter which specific industry companies are in, one of the next sustainability challenges is to produce a clear-cut differentiation between **philanthropic activities** and **sustainable practices**. Whenever this process is yet to be undertaken, **Standard Ethics'** analysts believe that this could lead to underlying inaccurate **management of risks** and often related **reputational crises**.
- ❖ Global trade uncertainty and geopolitical tensions are affecting a variety of industries, bridging European institutions and stakeholders to the negotiating table with emerging international players³⁴. In the last few years, gas prices volatility surprised the largest **European utility companies**, forcing to prioritise energy security and resilience over Sustainability commitments. While corporate **net-zero carbon targets** legitimately differ with each company, the **EU Commission** has not changed its long-term strategies. For instance, in the **Automotive** sector, the very ambitious targets to replace

³² In Standard Ethics opinion, a Sustainable Grade; a rating of EE- (or higher), qualifies a company as Sustainable and therefore consistent with an ESG/SRI strategy

³³ For a further focus on the topic of Sustainable Supply Chain Management, Long and Short Supply Chains please refer to Gornati B. and Morello M. "Sustainable supply chain management (SSCM) and the UN sustainable development goals (SDGs): definitions and interconnections" in Leal W., Viera Trevisan L. et al. "*Sustainable Supply Chain Management and the UN Sustainable Development Goals: Exploring Synergies towards Sustainable Development*", the TQM Journal – 23 October 2023. DOI 10.1108/TQM-04-2023-0114; ISSN: 17542731. This study was funded by the Inter-University Sustainable Development Research Programme (IUSDRP) and is part of the "100 papers to accelerate the implementation of the UN Sustainable Development Goals" Initiative.

³⁴ See EU- India Free Trade Agreement:

https://ec.europa.eu/commission/presscorner/detail/en/ip_26_184 and EU-Mercosur Agreement, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement_en

thermal engines with hybrid or electric ones have caused drawbacks. The sector has suffered a slump in sales, both in the demand for sustainable vehicles and in the supply, which is ill-suited to the need to produce charging stations, meet the demand for critical raw materials for the production cycle, solve the age-old problem of batteries, their recycling and disposal, and finally meet the demands of more sophisticated consumers. Utilities and the automotive sector will thus increasingly share challenges. The degree of preparedness will become clear in the years to come.

- ❖ The focus on the **Telecom** and **ICT (Information and Communication Technology)** sectors appears to be a trend. This can be seen globally as these sectors tend to benefit from economies of scale, i.e. becoming more efficient when the scale of production increases. On the other hand, very high entry costs and the significant capital investments required usually contribute to discouraging smaller companies from competing. These sectors have registered various mergers and acquisitions over the past few years. Big tech and telecom companies frequently acquire minor firms to expand their portfolio or to further their reach. In light of the above, **Telecom** and **ICT** industries are most likely to be involved in controversial cases linked to anti-competitive behaviour.
- ❖ Sustainability roles in companies are becoming increasingly strategic. In some markets, such as the **USA**, **Switzerland** and the **UK**, the focus on sustainability in the boardroom has not yet reached a high level of maturity. However, European companies are developing internal control and governance systems that are increasingly integrated with **ESG** issues. A recent paper³⁵ attempts to standardise the treatment of **ESG** themes in the boardroom.
- ❖ Even though defining it as “an **ESG** backlash” would still be inappropriate, the ideological debate affecting sustainability strategies among **US** companies continues. Last year the major **US Banks** have left formally the **UN Net Zero Banking Alliance**, followed by **EU Banks** in 2025. So, the Alliance suspended its activity officially in August 2025.
- ❖ The number of **Sustainable Grade** companies is surprisingly lower than expected in some industries **at the global level**: in the **Banking** industry for example, although **45%** of companies have a **Sustainable Grade**, **52%** have a **Not Fully Sustainable Grade** and **4%** a **Not Sustainable Grade**.
- ❖ **Artificial Intelligence** was the key sustainability topic of 2025. Even though only a few European companies have implemented a related policy or addressed the topic in their corporate policies, **Standard Ethics’** analysts have appreciated the effort made by the **Italian companies** in taking a step toward voluntary policies addressing it as a consistent part of their **governance of Sustainability**. **Data management, privacy, and cybersecurity** remain transversal and critical assets for corporate operational resilience. In response to the evolving **UN, EU** and **OECD guidelines** framework, an increasing number of organisations are implementing dedicated **AI governance policies**. This strategic shift extends beyond mere digital perimeter protection; it aims to establish sustainable and procedural standards to mitigate **automated decision-making risks**, ensure integrity. Consequently, the adoption of specific AI protocols is becoming a cornerstone of modern risk management models, once again reflecting heightened awareness of the **legal** and **reputational** implications of digital transformation.
- ❖ The **Fiscal Policy** is still a relevant matter, included in the governance of Sustainability recommendations as promoted by the EU and the OECD. **Standard Ethics’** analysts have thus noted that Big Corporations (mostly in the **Software and Tech**. and **Consumer Products** industry) are very often subject to **fiscal** controversies. Such events impact their **Sustainable Grade**, leading to more prudent Corporate SERs. Despite the entry into force of the **Sustainable Finance Disclosure Regulation (SFDR)**, **Standard Ethics** analysts noted that there is still a lot of confusion between **ethical** approaches and **sustainable** investing in the **Credit, Insurance** and **Asset Management Industry**.³⁶ For financial

³⁵ Rasche, A. (2024). Bringing Sustainability into the Boardroom – Structure, Mindset, Competencies, in: Thomsen, S. (ed). Lærebog i Bestyrelsesledelse. DJØF: Copenhagen, pp. 281-303.

³⁶ Please see “Early Warning” credit sector OECD countries on <https://standardethics.eu/>.

On 5 April 2022, Standard Ethics had launched an “Early Warning” on the credit sector in OECD countries. As part of its regular analysis, Standard Ethics has noted that institutional investors, engaged on the ESG front, are asking the listed banks in their portfolios to intervene in credit policies. Often, however, the requests cross the boundaries of the Sustainability principles provided by the supranational organizations (UN, OECD and EU) and invite the adoption of an ethical approach that may result in the exclusion of certain economic sectors (such as defence, natural gas distribution, alcohol, contraceptive medicine and others). Such an approach may be reflected in ESG scoring systems operated by the investors themselves or in ESG indices. It is Standard Ethics’ view that these

institutions in particular, traditional ethical exclusion criteria are increasingly at risk of becoming misaligned with emerging international standards. As highlighted in **Communication COM 2025/4950**, the European Commission is now actively encouraging the channelling of financial flows towards strategic sectors such as **Aerospace & Defence**. These industries, traditionally considered **'controversial'** and excluded by **SRI strategies**, are being reframed as essential pillars of European autonomy and resilience. From the perspective of SE Analysts it is likely that forthcoming international guidelines will further clarify the eligibility of **other** industries and sectors - such as biotech, alcohol, or gaming - potentially reintegrating them into the sustainability-related investable universe.³⁷ Moreover, on 14 January 2026, ESMA published its **second thematic note on clear, fair and not misleading sustainability-related claims**.³⁸ These notes postulate **4** principles to protect investors and consumers considering **Sustainability Claims** in financial products: **1) accuracy, 2) accessibility, 3) substantiality and 4) update**. These considerations are promoted not only as the general guidelines to present, market and sell financial products and services, but also to better **protect consumers and investors**. The notes also suggest that financial products portfolio construction should be better clarified by marketers, since ESG factors are more than often considered, but confounding the radical differences that ESG integration and exclusion entail.

- ❖ Globally, banks are still bound to promote **'ESG-linked'** terms of financing concerning debt instruments (i.e., loans and bonds). However, whenever the **use and management of proceeds** are not well assessed through the voluntary standards promoted by the **International Capital Market Association'** rules, **greenwashing** risks³⁹ as well as **aggressive marketing** practices are likely to damage the sustainable debt market. Recalls and early warnings to the banking industry have captured the attention of **market regulators and supervisors** at the **EU and UK** level so far. Overall, **ESG-linked financial instruments** are a growing but still controversial category of investments. There are certain to be other kind of financial instruments on the rise. However, the **EU Green Bond Standard** and a possible, **EU Social Bond Standard** could accelerate the shift from Sustainability-linked instruments to regulated emissions. This will not jeopardise voluntary standards for general purpose debt instruments, whose coexistence is more than likely.
- ❖ Over the past few years, **Standard Ethics'** analysts have noted that sustainable supply chain financing has emerged as an independent discipline. However, the final text of the **EU ESG Rating Regulation** has been approved. This involves different challenges for both buyers and suppliers. Considering supply chain **ESG Due Diligence**⁴⁰, corporate buyers face the challenge of controlling and monitoring their suppliers thoroughly. **Standard Ethics'** analysts have identified a growing practice whereby undertakings require suppliers to be scored, to assess the overall sustainability of their supply chains. However, these **in-house or outsourced** scores are not subject to the **EU ESG Ratings Regulation**.⁴¹ Contradictions might thus emerge.⁴² Similarly, banks are adopting credit policies addressing the **ESG** profile of companies. The subsequent scores could produce an exclusionary effect on credit, whenever the bank adopts ethical principles affecting the **ESG** score methodology.
- ❖ The **European rail infrastructure management** industry must address **gender imbalances** and enhance **disclosure** practices to promote a more sustainable and transparent sector. Furthermore, technological advancements, such as **electrification** and **sustainable infrastructure development** or the incoming **AI-driven solutions**, are crucial for achieving **EU-wide sustainable mobility goals**.

purely ethical demands pose systemic risks. There are two main reasons for this: • firstly, there is no way of knowing whether a decision that is not compliant with the UN, OECD and EU sustainability guidelines is of shared interest. Thus, there is concern that this practice may produce arbitrary discrimination in the credit market. For example, a winegrower or a manufacturing SME in the defence industry cycle might have less access to credit than others without a shared sustainability rationale; • secondly, it is believed that by introducing non-standard ethical principles that are not in line with international indications, the industrial systems of the world's major democracies could add unjustified additional costs to the already existing costs of energy transition. It is also important to consider that any position on ESG which differs from that indicated by the UN, OECD and EU could be influenced not only by transparent ethical choices, but also by undisclosed economic interests, or could be based on a hierarchy of values to which the UN and countries guided by the rule of law do not subscribe.

³⁷ European Commission, Communication C(2025)4950 final: On the application of the sustainable finance framework and the Corporate Sustainability Due Diligence Directive to the defence sector.

³⁸ Please refer to the ESMA36-429234738-165 of 14 January 2026.

³⁹ Please see EU COM(2022) 143 final and the subsequent EU legislative acts.

⁴⁰ Also according to the Corporate Sustainability Due Diligence Directive and the subsequent EU legislative acts

⁴¹ In response, Standard Ethics Preliminary Assessment Tool "PAT" is an online solution that could be used to rate corporate supply chain according to the UN, the EU and the OECD international guidelines on sustainability.

⁴² In fact, a supplier could be rated as "fully sustainable" by an independent ESG rating agency, while being penalised by an in-house score of its buyer. This negative externality could affect the company's admission in the buyer's supply chain. More clarity is needed on this topic.

Also, more investments in secondary and peripheral rail lines are essential to broaden **transportation accessibility** and foster **inclusive mobility solutions**.

- ❖ Finally, in the **fashion and luxury sector**, **Standard Ethics** analysts have noted that **50%** of the constituents of the *SE European Fashion & Luxury Index* obtained a Full **Sustainable Grade**, this means an increase in previous years and demonstrates willingness to comply. There is still room, however, for the companies operating in this business to move towards advanced levels of sustainability.
- ❖ Previous studies conducted by the Agency's Research Office⁴³ have highlighted a significant divergence in sustainability approaches between **Italy's unlisted banks** and their **listed** counterparts. While listed institutions are driven by the expectations of global investors and market pressures, unlisted banks exhibit a different sensitivity. This does not necessarily imply a lack of progress, but rather a distinct set of priorities, often shaped by specific Italian and European regulatory mandates. Generally, **unlisted banks** face greater challenges in disclosing comprehensive sustainability policies - particularly regarding human rights and environmental impacts. While **gender equality** within senior management shows consistent growth across listed European and Italian banks, **unlisted** Italian institutions still demonstrate lower sensitivity to this marker. However, analysts suggest the most significant disparity remains the engagement with **ESG rating providers**: whereas listed banks are fully aligned with **European peers** in undergoing **solicited ratings**, unlisted Italian banks continue to lag in this strategic area.
- ❖ Similarly, a study⁴⁴ in 2025 tells us that the **Insurance** industry is facing similar ESG challenges. Considering the **non-listed insurance companies** in Italy, the study, whose scope was to map out the disclosure of sustainability policies, targets and strategies in the Italian insurance industry, concluded that insurance companies are prone to disclose **environmental** strategies and policies in a more frequent manner than their **non-listed banking** counterparts. **Social** policies (e.g. **Human Rights** and **Gender Equality**) are more often publicly available. Comparing private companies with listed companies, the **Italian Insurance industry** shows a lower degree of maturity considering the disclosure of an **Artificial Intelligence Policy**. Considering the relationship with **ESG Rating Providers**, the research showed that private insurance companies are surely less mature than their industry listed counterparts. In other words, little or no companies communicate the solicitation of an ESG Rating Provider "**opinion**" in their respective websites whereas listed insurance companies are more understanding to this matter.
- ❖ The **ESG Omnibus Package** (2025-2026) is designed to alleviate the administrative burden on European companies by streamlining obligations under the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CS3D). Key measures include raising threshold criteria to exempt SMEs, reducing the number of required data points within European Sustainability Reporting Standards (ESRS), and introducing greater flexibility regarding reporting timelines. The primary objective is to simplify regulatory processes without compromising the overarching sustainability goals of the Green Deal. The most compelling technical insight is that – as noted by analysts – the focus on ESG strategies and themes remains high and continues to be a priority. In some virtuous cases, **voluntary disclosure** practices complement the regulations, utilising additional reporting tools to highlight those projects that would otherwise lack sufficient visibility in reporting strictly compliant with the CSRD.

Highlights per country

- ❖ In Italy, **stock market** features a significant number of **financial and banking institutions** when compared to other countries. Competition in the **Banking** sector is very strong and medium and small banks are also present.
This, together with a strong awareness of international best practices and the regulatory measures introduced after the 2008 financial crisis, has enabled the banking system to rapidly align with sustainability principles indicated by international guidelines. The sector remains highly dynamic. The SE Research Office expects a general trend towards the stabilisation of Corporate SERs for the

⁴³ Standard Ethics (2025). *La sfida della Sostenibilità per le banche non quotate italiane*. Published April 2025. Available at: [standardethics.eu](https://www.standardethics.eu).

⁴⁴ Standard Ethics (2025). *La sfida della Sostenibilità per le Assicurazioni italiane non quotate*. Published June 2025. Available at: [standardethics.eu](https://www.standardethics.eu).

Italian listed banks due to the rapid alignment with international **EU**, **UN** and **OECD** guidelines. Nonetheless, such considerations are yet to be extended to the **non-listed Italian banks**, whose trend could still be improving thoroughly in the medium run.

It should also be noted that many large Italian listed companies are former **state-owned companies** (e.g. ENI, ENEL, Terna, Snam) that have become **public companies** with a strong international presence and a strong propensity for stakeholder dialogue.

- ❖ Compared to previous years, **Standard Ethics** analysts welcomed the increased presence of the underrepresented gender (i.e. **women**) in top tier company boardrooms. Italian companies (particularly banks) appear to be making tangible progress towards **Gender Equality** as a key Sustainability issue. **Standard Ethics** analysts have also noted that internationality (as defined by **OECD** and **EU** guidelines) has become a criterion for the qualitative and quantitative composition of company boards.
- ❖ The **Italian Food & Beverage** industry appears to offer the greatest potential for improvement. Companies in this sector are often not listed on regulated markets and are therefore not required to disclose Sustainability-related information. As a result, best practices in this sector are sometimes underdeveloped, lacking in the overall **ESG** reporting standards, transparency and disclosure area.
- ❖ **Banking** concentration in Italy is still underway. As we write this report, several Italian banks are submitting takeover bids to acquire other banking institutions. This concentration phase reflects the expectations of **Standard Ethics** analysts but does not change the overall **positive outlook** on the Italian banking sector.
- ❖ Over the past few years, Italy has witnessed various instances of **supply chain mismanagement** within **subcontracting tiers**, exposing significant gaps in existing monitoring and oversight frameworks. These developments necessitate a solid commitment to implementing robust, rigorous and voluntary **sustainability due diligence and supply chain management** systems, aligned with emerging **European** and **OECD guidelines** on value chain **accountability**. This shift transcends mere operational supervision; it demands a structural commitment to transparency and the mitigation of **legal** and **reputational** risks across all subcontracting layers. Consequently, the oversight of indirect suppliers must now be integrated as a pivotal component of **corporate governance** models and, crucially, enshrined within **corporate bylaws**.
- ❖ The **construction sector**⁴⁵, represents a critical area regarding risks inherent in **subcontracting** and complex supply chains. The very nature of large-scale infrastructure projects involves multiple tiers of suppliers, which complicates the **traceability** of **labour conditions** and regulatory compliance. Consequently, companies in this sector are required to strengthen their **value chain monitoring systems**, ensuring transparency that exceeds minimum statutory requirements. A robust sustainability rating will increasingly depend on the ability to oversee every link in the supply chain, mitigating **reputational** and **operational** risks associated with deeper subcontracting layers.
- ❖ **In France**, companies are often part of large **industrial** groups and have a high presence in **foreign** markets. There is a traditional presence of the **French State**, which shows interest in the main **European social and environmental issues**. There is also a strong tradition of best practice in **ESG reporting** and **measurement models**. The fact that France is host to the **OECD** and the **European Parliament** demonstrates its sensitivity to international institutions. Very often, and positively, employees of French enterprises are involved in company ownership structures (this makes "Double Voting Rights" consistent in many cases). Throughout **Standard Ethics'** analyses, it has been noted that in France many CEOs/Chairmen are not independent – this is often counterbalanced by the presence of Independent Lead Directorships.
- ❖ **As far as Germany** is concerned, the market is characterised by companies with a high **international** profile. The German industrial system directly involves its **workers**, which makes for some peculiarities that are absent in other systems, such as a strong and fruitful dialogue with **trade unions**. This, however, means that many listed companies appear less sensitive to certain principles of **corporate governance** (such as those linked to internationality, diversity and the independence of senior management), and less inclined to bring the favourable working conditions that can be seen at a domestic level to its foreign branches and subsidiaries. Sometimes, it seems that there is more

⁴⁵ Please see chapter 6 "Next Steps" for further information.

attention paid to the conditions of national employees and communities than to those of foreign employees and their local context.

- ❖ **In the UK, companies** are part of one of the most international systems in Europe and they also appear to be among the most compliant with the **OECD Principles of Corporate Governance**. UK companies also seem to be focused on fundamental sustainability principles such as diversity, gender equality and independence within their boards and top management. Companies in the UK generally pay adequate attention to transparency and reporting. In recent years, there has been a marked improvement by UK listed companies in their ESG reporting, which has been continually standardising in accordance with international best practices. Moreover, UK regulators have proposed a framework of **soft regulation** for **ESG** rating providers. Such a system can clarify what an **ESG** rating provider should evaluate in the first place, while also boosting more transparency in the market and addressing traditional conflicts of interest among **ESG** raters. Finally, it can be noted that some companies tend to promote their governance activities and projects in advance of the changes and implementation of a company's organisation and/or structure.

- ❖ **Spain** has lately started accelerating towards Sustainability. The largest listed companies can be found in the **Banking** and **Utilities** industries. While the **Banking** sector still retains a strong 'responsible' footprint, the **Utilities** sector maintains a high level of best practice, in line with the standards set by the **UN**, the **OECD** and the **European Union**. Several utility companies are converting, at least part of their business and activities, to renewable energy sources and at the same time, are embracing best **ESG** practices with respect to international guidelines. Overall, **Spanish companies** tend to have good **ESG reporting standards, transparency and disclosure**. Nonetheless, there is still room for improvement in the overall **Corporate Governance** area. Especially, but not solely in Spanish mid-cap companies, Boards of Directors hold a minority of independent directorships, with modest internationality, diversity and, in most cases, have not yet achieved the level of gender equality recommended by the **EU in its sustainability guidelines**.

- ❖ Drawing some insights from the comparison of the two **mid-cap** indices in **Italy** and **Spain**, which represent countries with a somewhat comparable economic structure, the following observations can be made:
 - the *SE Mid Italian Index* currently counts on a higher percentage of virtuous companies that have obtained a **Sustainable Grade**, but also prevails in the percentage of companies with the lowest rating (**E**) assigned in the two indices;
 - the structure of the *SE Mid Spanish Index* is more homogeneous, with **50%** of companies obtaining the same rating (**E+**) which is equivalent to a **Not Fully Sustainable Grade**;
 - in both indices, most ratings are below the threshold of a full sustainability grade, which means that in general, mid-cap companies in both countries still have relevant gaps to close on their path to an adequate level of Sustainability.

- ❖ Overall, while the Corporate Sustainability Reporting Directive (CSRD) mandates that all applicable **European SMEs** implement new reporting rules by 2030, the introduction of the **VSME (Voluntary Small and Medium-Sized Enterprises) standard** marks a significant shift toward proportionality. Analysed SMEs in Italy and Spain currently show room for improvement in Corporate Governance and the formal governance of Sustainability. However, Standard Ethics' analysts highlight a high latent potential; many of these entities are already on a transition path. By adopting the **VSME modular approach** - which simplifies disclosure into 'Basic', 'Narrative', and 'Business Partner' modules - these SMEs can effectively bridge the data gap with credit institutions and large-scale buyers, transforming regulatory compliance into a strategic competitive advantage.

- ❖ **US companies** (compared to European companies) tend to favour an approach that is closer to the *Freeman* doctrine and therefore more linked to classic **Corporate Social Responsibility** practices. This can be seen from the fact that they select objectives that are consistent with their expectations for the future but are not always consistent with the international strategies set by the **UN**, the **OECD** and the **EU**. At a national level, fluctuating **US participation in international organisations** has been noted, specifically, major **US banks abandoned the UN Net Zero Banking Alliance**. Much more debate has surrounded the US companies' approaches to ESG. A previously latent ideological dichotomy is on the rise due to the latest Presidential Elections and, is now, more importantly, influencing companies' approach to Sustainability. This further shows how key it is for

companies to separate CSR, philanthropy and Corporate Ethics from the notion of Sustainability: only the latter is promoted by international organisations and could thus be coherently measured. Issues such as **taxation** (in large **IT & Technology** companies for example), or the transformation of companies, and therefore, the protection of stakeholders because of potential production centre closures or company restructuring, seem to have been underestimated. Issues that, according to the **OECD** and the **EU**, are an important part of Sustainability.

- ❖ **Hong Kong companies** seem to focus on **environmental** targets, which are often at the centre of their policies. On the other hand, issues such as **human rights and privacy, gender equality** (even in top management), **taxation** and **tax avoidance** (resulting from offices headquartered in tax havens), are – on the whole – largely ignored, even though they are central to the principles of Sustainability as defined by the **UN**, the **OECD** and the **European Union**. Overall, the *SE Hong Kong Index* is the furthest from international sustainability standards. **Disclosure** relating to **corporate governance** is something **Hong Kong** companies could improve on by aligning with the international indications for standard financial and non-financial reporting.
- ❖ **As previously mentioned, Swiss companies** tend to refer to internal rules in defining the independence of their Board of Directors, while they should consider international guidelines for their definition of independence, **ESG** reporting and sustainability policies.
- ❖ Over **70%** of **Dutch companies** have a **Full Sustainable Grade**. However, **taxation**, a key Sustainability issue highlighted by the **OECD Guidelines**, can sometimes be a structural liability, even in companies whose Corporate SERs are within the top tier of the *SE Dutch Index*. Dutch companies appear more prone to paying attention to favourable working conditions at a domestic level, and less to foreign branches and subsidiaries. Corporate governance reporting could be improved.
- ❖ **Belgian companies** are good observers of the **EU** recommendations on Sustainability. Generally, they have transparent **ESG** reporting even if, in some cases, non-financial reporting tends to lead to compliance with national guidelines instead of international ones. Often corporate policies comply with the **UN**, the **EU** and the **OECD** standards. However, corporate governance structures are often lacking in the areas of **gender equality, internationality** and **independence**.
- ❖ All **enterprises in Europe** will have to face some challenges regarding the EU **ESG** ratings regulation. In fact, buyers currently demanding an **ESG score** from suppliers are likely to be left outside of the regulatory spectrum. This is why **Standard Ethics** analysts foresee challenges encompassing **supply chain finance** in general, as mentioned above.

Overall, Sustainability has become an important goal and ambition for many companies and the way they run their businesses. Some of them still need to find their way to truly understand it and weave it into their corporate practices. The **Standard Ethics Rating (SER)** serves the above-mentioned purpose by providing companies with a feasible roadmap to navigate the global journey to Sustainability.

To give some broader examples, listed companies are increasingly linking top management's long-term incentive plans to long-term sustainability targets. Corporate sustainability policies often focus on trending topics such as **Artificial Intelligence, Gender Equality, Biodiversity and Circularity**. Company governance practices are expanding towards better dialogue with shareholders and other stakeholders. **Codes of Conduct** almost systemically include references to the international Sustainability guidelines. Finally, perhaps the most promising factor is that **companies are willing to apply for a solicited Standard Ethics Rating (SER)** to measure their efforts and move faster towards becoming an ideal model of Sustainability.

6. Next Steps and New Tools

- **Publication of the *SE Unlisted Italian Banks Benchmark* (first quarter 2026)**

The **Benchmark** comprises 25 of the largest unlisted banking institutions based on managed assets⁴⁶, including the two state-owned banks (the Credito Sportivo e Culturale and the Mediocredito Centrale).

The Benchmark aims to provide an overview on Sustainability within the unlisted banking sector in Italy and to monitor the progress made in aligning with the international sustainability recommendations set out by supranational bodies. Furthermore, the benchmark analysis will allow companies to compare their positioning on Sustainability with that of other sector players in relation to the EU, OECD, and UN guidelines and to assess any improvements to their ESG models.

- **Publication of the *SE Italian Construction Benchmark* (first semester 2026)**

This announcement follows the Agency's recent publication of a Study on the Sustainability of Italian construction companies⁴⁷, which assessed the alignment of **30 listed and unlisted Italian companies operating in the construction sector** with the voluntary sustainability principles established by international organisations (**EU, OECD, UN**).

Of the 30 construction companies analysed below, a further selection of the two groups will be made for inclusion in the Benchmark and announced by end January 2026.

The Benchmark's objective is to furnish a comprehensive overview of Sustainability in Italy's construction sector, in addition to the ongoing monitoring of progress in aligning with international sustainability recommendations established by supranational bodies. In addition, the benchmark analysis will enable companies in the sector to compare their sustainability positioning with that of other sector players and evaluate potential enhancements to their **ESG** models.

- **The Agency is evaluating an in-depth analysis on 70 of Italy's largest companies with the highest legal rating (first semester 2026)**

Standard Ethics has announced an upcoming in-depth analysis of the **70 of the largest Italian** companies who hold a **three-star legality rating** as assigned by the **Italian Competition and Market Authority (AGCM)**.⁴⁸

The Study will assess how well companies with a **three-star legality rating** align with the sustainability and corporate governance indications provided by international organisations such as the **UN, OECD** and **EU**. It is well known that obtaining the third star in the **AGCM rating** takes into account issues that go beyond regulatory requirements and, in some cases, coincides with areas of **ESG**, such as the adoption of Codes of Ethics, the guarantee of transparency in payments, the implementation of an organisational model against illegal activities, and the establishment of reporting systems.

Standard Ethics will examine how companies interpret and present sustainability matters to customers and suppliers, using publicly available data.

⁴⁶ The banks were selected from the Study published last April 14: 'The Challenge of Sustainability for Unlisted Italian Banks:' <https://www.standardethics.eu/component/edocman/la-sfida-della-sostenibilita-per-le-banche-non-quotateitaliane/viewdocument/1097?Itemid=0>

⁴⁷ <https://standardethics.eu/media-en/research-methodology/la-sfida-della-sostenibilita-per-le-imprese-italiane-di-costruzioni>

⁴⁸ <https://www.agcm.it/competenze/rating-di-legalita/>

- **The Agency is evaluating an in-depth analysis on Spanish unlisted banks for a future Benchmark**

The analysis carried out by Standard Ethics on Spanish unlisted banks will focus on the following substantial elements:

- alignment with the sustainability guidelines established by the UN, OECD and EU;
- the quality of public disclosures in the ESG area to include ESG Risk Management and governance;
- the presence of independent ratings provided by agencies that adopt the principles of the EU's regulation on ESG rating providers.

The data will be taken from official public documents published by the banks under rating or provided by regulators. The Agency will consider whether to issue an unsolicited Corporate Standard Ethics Rating (SER) to those without one. The names of the Spanish unlisted banks to be analysed will be announced over the course of the year along with the methodological details.

The Benchmark aims to provide an overview on Sustainability within the unlisted banking sector in Spain and to monitor the progress made in aligning with the international sustainability recommendations set out by supranational bodies. Furthermore, the Benchmark analysis will allow companies to compare their positioning on Sustainability with that of other sector players in relation to the EU, OECD, and UN guidelines and to assess any improvements to their ESG models.

- **The Agency is evaluating the launch of an Index of the main European motorway routes managed by global operators**

Standard Ethics is considering the possibility of creating a European index of the world's leading motorway network operators. Some of the companies in this sector have already been assigned a Corporate Standard Ethics Rating (SER), such as Autostrade per l'Italia (ASPI) (EE) and ASTM Group (EE+) and offer interesting insights for an in-depth analysis of the sector.

The largest companies in the sector, including those with public participation, will be evaluated. It is proposed that a list of between twenty and thirty operators be drawn up, with the number of kilometres and the actual traffic on the network⁴⁹ they manage being considered as key factors. The objective of this Study is to obtain a comprehensive overview of the sector and to assess the advancements made in terms of management, environmental sustainability, and social responsibility. The sector has attracted significant attention for its recent innovations in materials, construction technologies, traffic management (including Artificial Intelligence), safety and user-centred planning.

⁴⁹ The Annual Average Daily Traffic (AADT) index serves as a comprehensive "census" of our motorway network. AADT provides a clear, objective view of typical daily demand. For stakeholders and concessionaires, this figure is essential for long-term infrastructure planning, environmental impact assessments, and ensuring the continued efficiency of the nation's primary transport arteries. High intensity: over 50,000; Moderate Intensity: 10,000-40,000; Low intensity: under 10,000.

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This analysis is based on documents and public information available as of 31.12.2025. A possible margin of error of no more than 0.5% is estimated by the Research Office. A value around the estimate does not affect the validity of the results.

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