REPORT ON STANDARDIZED AND REPLICABLE FRAMEWORK FOR SMEs’ EE-ESG QUESTIONNAIRE

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**Mainstreaming Transparent Assessment of Energy Efficiency in Environmental Social Governance Ratings**

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1. Executive Summary

Improving access to long-term finance for Energy Efficiency (EE) projects is key to achieve the EU2030 targets and align the COVID-19 recovery to the European Green Deal. However, the lack of standardized disclosure of EE investments limits firms’ access to EE financing. Further, poor understanding of EE information in ESG (Environmental, Social and Governance) ratings increases the risk of greenwashing, thus preventing a smooth development of the sustainable finance market.

In this context the TranspArEEnS project was born to address these barriers by mainstreaming a quali-quantitative framework for standardized collection and analysis of firms’ EE and ESG information and the development of a standardized EE-ESG rating. This serves as an EE-ESG filter to inform investment and financial policy decisions with regard to portfolios’ alignment to sustainability. A unique added value of this project is to cover non-listed Small and Medium Enterprises (SMEs).

In particular, the project meets this relevant market need within the work package number 2 (“WP2”) carried out by CRIF with the support of all the Consortium members. Specifically, the purpose of the activity consists in designing and conducting a survey among a large number of SMEs in Italy in order to collect information to evaluate SME’s EE performance and EE investment in different sectors (buildings, industry, transport, etc.) by taking into account different aspects.

The questionnaire addresses the existing lack of EE and ESG information for non-listed SMEs and develops a standardized framework to collect and analyse them.

Establishing a suitable and shared perimeter of the survey is fundamental for the efficient running of the activity, as well as for obtaining robust results.

In particular:

- the scope of the activity related to the collection of information is limited to the SMEs segment, whose definition satisfies the EU recommendation 2003/361 (Turnover lower than €50 million);
- the Italian market is wide and representative of the behavior of SMEs in the euro area;
• to collect information on the EE-ESG profiles of companies in a very detailed way, specific questionnaires are prepared for certain sectors in addition to the generic questionnaire that is administered to all the SMEs on the CRIF radar;

• the most appropriate target economic sectors for ad hoc questionnaires are Construction and Manufacturing activities, as these sectors are largely represented in the Italian SMEs market, with high levels of employment and production.

Starting from these assumptions, CRIF plans to develop questionnaires that cover four areas of interest: Business, Environmental, Social and Governance. The questionnaires involve questions on different topics consistent with the main international standards and regulations in the ESG field.

More specifically, the main topics are:

- Energy efficiency;
- Corporate sustainability strategy;
- ESG Risk Management;
- Importance of R&D;
- Digitalisation of services;
- Labeling and information on products;
- Waste, water and energy;
- Certifications;
- Relationships with the community and stakeholders;
- Board’s structure and composition;
- Innovation;
- EU Taxonomy;
- Circular Economy;
- Workplace health and safety.

To achieve these goals, the interaction with other Consortium members and the engagement of several experts in the field is critical.
2. Introduction

The EE-ESG data gap between large firms and SMEs is substantial and this makes significantly more difficult for SMEs to access funding for energy efficient projects. In fact, in the database built in WP1, the sample of SMEs for which EE-ESG data are available is not very representative of the SMEs universe. The WP2 aims to solve this issue and allow the TranspArEEEns project to play a key role in addressing the data gap between SMEs and large firms and facilitating a vital market demand for further EE-ESG investments.

In particular, the macro activities in charge of WP2 are:

- construction of the questionnaires: the activity consists in the development of a standardized qualitative structure for questionnaires aimed at collecting information from SMEs on their activities and/or assets EE and ESG factors;
- administration of the survey on the Italian SMEs market for which CRIF can use a proprietary platform – which is able to guarantee transparency and efficiency – conveyed through different channels (CRIF branch network; national trade associations; banks networks);
- a descriptive analysis of data collected through questionnaires, with particular attention to data quality and specific KPIs useful for the interpretation of the results.

This report summarizes the methodological framework adopted for the construction of the questionnaires and the asset built, focusing on the first of the three macro activities listed above.

3. Methodological framework and operational steps

In the following chapter the operational framework that leads to the provision of the questionnaires is described, with a specific focus on the scope of the application (paragraph 3.1), the reasoning behind the definition of the most appropriate target economic sectors for ad hoc questionnaires (paragraph 3.2), the methodological approach adopted to define the ESG questionnaires (paragraph 3.3).
3.1 Scope definition

A standardized framework was developed in order to fill the existing lack of EE and ESG information for non-listed SMEs, which are the most representative type of enterprises in the Italian and European production system (they constitute the 92% of active companies in Italy). Therefore, the scope of the activity related to the collection of information through ESG questionnaires is limited to the Italian SMEs segment, whose definition complies with the EU recommendation 2003/361. In order to obtain evidence that is robust, interpretable and more coherent with the objectives of the TranspArEEnS project, the perimeter is further restricted in order to exclude individual companies and partnerships.

A qualitative standardized framework targets the Italian SMEs segment and aims to obtain representative results of the related EE-ESG profiles. In order to achieve this goal a general questionnaire and some ad-hoc ones related to specific sectors are prepared, as illustrated in the following section. The collection and analysis of information on SMEs is essential to create a widespread culture on EE-ESG in the European area and, in this respect, the Italian market is wide and representative.

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1 Given the Data Quality problems related to staffing information and leveraging on the possibility that EU recommendations give the financial industry to consider only turnover for the SME definition, it is proposed to use only Turnover values < € 50 M as a segmentation driver.
3.2 Definition of target economic sectors

The aim of collecting detailed information on the EE-ESG profiles of enterprises, and in addition to the design of a generic questionnaire to be delivered to all the SMEs included in the CRIF network, will be achieved through further specific questionnaires for certain sectors in order to collect more precise information and grasp their peculiarities. The target economic sectors on which to focus the ad-hoc questionnaires are identified on the basis of specific drivers.

3.2.1 Driver: Expert Judgment

In order to leverage CRIF's in-depth knowledge in relation to the Italian SMEs market and the respective expectations in terms of ESG impacts, the most appropriate target economic sectors for ad hoc questionnaires are Construction and Manufacturing activities\(^2\). These expectations are the result of considerations shared with different areas of the CRIF group, with discussions involving several experts from the Management Consulting and CRIF Rating areas. In addition, the choice of the two specific economic sectors, according to the expert approach, is based on evidence concerning three relevant issues:

1. Territorial presence of SMEs: the sectors identified are firmly present in the Italian SMEs market and provide an important contribution to the national production and employment levels;

\(^2\) Production, manufacturing and processing of metals and non-metals
2. ESG impacts: aiming for increasingly ESG-compliant profiles among the identified sectors would give a huge contribution to the global goals to be achieved by 2030\(^3\);

3. Response Rate: the sectors indicated should be favourable to contribute to the cause of ESG-specific information collection as they are strongly incentivised by national and European initiatives. A higher response rate is therefore expected for these sectors than for others.

3.2.2 **Driver: National Recovery and Resilience Plan**

The National Recovery and Resilience Plan sets out a strategy for the allocation of the funds made available by the Next Generation EU Plan. It is a Recovery Plan, because it responds to the economic and social impact of the pandemic crisis and it is a Resilience Plan, because the pandemic and the ecological emergency have put the extreme events of the present and the future in the spotlight. The country's recovery action outlined in the Plan is guided by policy objectives and interventions connected to the three strategic axes that are shared at European level: digitization and innovation, ecological transition and social inclusion.

Among the sectors that will benefit more from the NRRP there are Construction and Manufacturing sectors. A substantial part of the initiatives is intended for supporting the growth and the resilience of SMEs, the true driving force of the Italian productive system, by relighting their productivity and improving their ability to compete on international markets and to respond to the current crisis. Great importance is placed on projects that will allow to encourage innovation and a transition to a green economy for SMEs, which traditionally find it hard to participate in these virtuous processes.

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\(^3\) E.g. the construction of energy-efficient buildings whose activity falls within the construction sector or the use of less polluting machines that can be used in the manufacturing industry
Based on the contents of the Italian NRRP, including its components and the socio-economic objectives set out by the Government’s strategy, together with the amount of resources allocated for their achievement, the administration of the questionnaire to the Construction and Manufacturing sectors, which well represent the reality of Italian SMEs, would add considerable informative value.

### 3.2.3 Driver: Market Analysis

In order to assess the presence of the different sectors of economic activity on the territory, a Market Analysis was necessary to map the different ATECO codes (Italian version of NACE) into specific homogeneous and less granular sectors and to assess their frequency and economic impact. Starting from +1,600 Ateco codes to 25 Sectors (the sector relating to financial services is out of scope), using data provided by the CRIF Rating, the size of each sector was analyzed both in terms of the number of companies involved and in terms of production volumes. Construction and Manufacturing sectors confirm the strong presence in the territory of SMEs, both in terms of frequency and in terms of production contribution.
This mapping was carried out with the aim of making the perimeter less granular and considering the business of the companies belonging to the different ateco sectors and aggregating them homogeneously. The excel file related to the mapping of the ateco-new sectors is included in ANNEX A.

Figure 6 reports the descriptive analysis on the sectors which, due to the availability of data, is based on capital companies and not on partnerships and sole proprietorships. On the basis of the evidence...
reported in the following table, it is possible to state that the Construction and Manufacturing sectors are strongly present in the territory, therefore obtaining additional information via the *ad hoc* questionnaire would bring an important added value in representing the reality of Italian SMEs.

<table>
<thead>
<tr>
<th>ID</th>
<th>New Sectors</th>
<th>Turnover ≤ €2 M</th>
<th>€2 M ≤ Turnover ≤ €50 M</th>
<th>#</th>
<th>€ M</th>
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<td>12,111</td>
<td>534</td>
<td>355</td>
<td>2,496</td>
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<tr>
<td>3</td>
<td>FOOD &amp; BEV &amp; TOB</td>
<td>9,040</td>
<td>4,143</td>
<td>4,021</td>
<td>41,524</td>
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<td>4</td>
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<td>4,189</td>
<td>34,041</td>
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<td>1,098</td>
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<td>8</td>
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<td>9</td>
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<tr>
<td>12</td>
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<td>15</td>
<td>REAL ESTATE</td>
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<td>WHOLESALE</td>
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<td>SALE OF VEHICLES</td>
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<td>22</td>
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<td>CONSULTING AND QUALIFIED PROFESSIONS</td>
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<td>22,385</td>
<td>5,582</td>
<td>38,250</td>
</tr>
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<td>24</td>
<td>HEALTHCARE EDUCATION PUBLIC ADMINISTRATION</td>
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<td>9,279</td>
<td>2,924</td>
<td>19,274</td>
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<td>25</td>
<td>LEISURE</td>
<td>79,363</td>
<td>25,137</td>
<td>4,805</td>
<td>26,977</td>
</tr>
</tbody>
</table>

*Figure 6 – Descriptive analysis on the sectors*

### 3.2.4 Driver: EU Taxonomy

Considering the EU’s efforts of making clearer which economic activities most contribute to meeting the environmental objectives, a EU Taxonomy Regulation analysis was necessary to assess the alignment of different ATECO codes (Italian version of NACE) to the above mentioned objectives by the Taxonomy Alignment Coefficient (TAC). By considering a representative sample of Italian SMEs (≤ € 50 M of Turnover) and considering the regulatory content of the delegated acts approved in April 2021, about 52% of the population belongs to segments not yet considered by the taxonomy. Figure 7 reports the evidence that, it is possible to state that the construction and manufacturing sectors are strongly considered also by Taxonomy, therefore, again, obtaining additional information via the *ad hoc* questionnaire would bring an important added value in representing the reality of Italian SMEs.

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4 The sectoral TAC shown in Figure 7 is linked to the main Ateco of the counterparty, extracted from the CRIF business information
### 3.3 Construction of SMEs questionnaire

For SMEs questionnaires construction purpose it was necessary a deep interaction with different stakeholders, as specified in the next paragraph. In addition, the construction of questionnaires is based on some rationales and criteria aimed at creating a compromise between completeness of the potential information that will be collected and simplicity of the same, in order to ensure that the SMEs have the ability to provide answers to questions, maximizing the response rate. In particular, the methodological approach followed for the creation of the questionnaires can be summarized in 3 underlying logics:

1. Trade-off between difficulty of the questionnaire, number of questions and completeness of the information collected;
2. Design of a structure allowing for a structured and homogeneous data collection;
3. Information availability and compilation time.

For the questionnaires administration purpose a CRIF proprietary platform is used in order to guarantee efficiency and transparency, by exploiting different channels (CRIF branch network,
national trade associations, banks networks). In addition, in order to facilitate the communication with the SMEs, the questionnaire will be administered in Italian and the main macro-steps which are necessary for the administration of the questionnaires through the CRIF platform are: registration of the company on the digital platform, finalization of the suggested questionnaire (general or sectoral, depending on sectors of operation) by the company and finally verification of the completed questionnaires, by CRIF.

### 3.3.1 Involvement of different stakeholders

Stakeholders involvement is a key aspect for the implementation of all the different TranspArEEEn project phases. As mentioned in the previous paragraph, a consultation of some key stakeholders has been conducted to support the construction of the SMEs questionnaires.

In this phase of the project, the objective of the stakeholder interaction has a two-fold approach: (i) to collect ideas, opinions and insights from selected stakeholders to define the structure and the content of the questionnaires; and (ii) to engage relevant stakeholders in order to spread and delivering the questionnaires to a wide number of targeted SMEs. Two are the main stakeholders’ categories involved in the design of the questionnaires: i) financial institutions and ii) SMEs associations at national and regional level.

Between October 2021 and April 2022, the lead partner in cooperation with all project partners organised several bilateral meetings to promote a progressive involvement of key stakeholders through the following steps:

- organize a preliminary meeting with each key stakeholders to present the project and in particular the objective of the survey and the first draft of the questionnaire;
- collaborate through follow-up meetings and other communication tools in order to create on-going/interactive opportunities to gather feedbacks and inputs on the questionnaire and to share updated versions until the consolidation of a final version;
- involve stakeholders in the administration of SMEs questionnaires

Here below the main bilateral stakeholders meetings:

- **Banca IFIS** – two meetings between Septembers and December 2021
In this first round of stakeholder consultation, project partners decided to involve also a service company which operates mainly with the SMEs of the Nord East area: eAmbiente. The company is specialized in environmental and energy consultancy and its involvement is finalised to better assess the EE-ESG information that the project can actually collect from SMEs. (Two meetings have been organized in November 2021).

Furthermore, several contacts and meetings have been held with trade associations, in particular with Unioncamere del Veneto, Assofertilizzanti, Assogomme, Accountants and Auditors Association of Treviso - and at the European and international level – Connects, the platform of Chambers of Commerce. Their involvement will raise SMEs awareness on the need for SMEs to meet the ESG criteria and will facilitate a larger SMEs participation in TranspAreens survey.

Finally, the 15 of December 2021, both the structure and main contents of the WP2 questionnaire have been presented to the TranspArEEEns Advisory Council. During the meeting it was emphasised by key stakeholders such as JRC and EIB, the importance to consider the EU taxonomy regulation and therefore to include in questionnaires specific questions for taxonomy. Concerning this point it has been also stressed the importance to find a trade-off between the need for specific and targeted information and the actual capacity of SMEs to provide the required information.

### 3.3.2 Construction of SMEs questionnaire and database

For the purpose of creating a large-scale EE-ESG database, work package number 1 (“WP1”) will serve as a data hub for all the project and in particular will collect and standardize qualitative survey data gathered in WP2 and WP3’s EE-ESG rating scores for tested firms. The results of WP2’s survey will be of fundamental importance to collect information to evaluate SME’s EE performance and EE
investment in different sectors, thus creating an EE-ESG database, covering the existing lack of EE and ESG information for non-listed SMEs and developing a standardized framework to collect and analyse them.

In light of these considerations, for the alignment purpose between the construction of the WP1 database and the construction of SMEs questionnaires, the data collected by WP1 on European listed companies were considered as a starting point. From the long list of information defined by WP1, the information contained in the questionnaires have been calibrated in order to align and relate them to the reality of Italian SMEs, as specified in paragraph 3.1.

Given the complexity and technicality of some issues, it was therefore necessary to implement an action to review the contents, as they are too complex for the SMEs to understand. However, this does not affect the completeness of the information that can be collected given that the macro areas of reference have all been covered and included in the SMEs questionnaire.

4. The composition of the questionnaire

In the following chapter the composition of the questionnaire is illustrated, both in terms of general structure and contents.

4.1 Overview on the structure and contents of the questionnaire

As highlighted in the previous paragraphs, the questionnaires are focused on the Italian reality and in particular on the universe of Italian SMEs and, for this reason, will be administered in Italian language. In addition, the compilation of the questionnaires is expected from the 2nd quarter of 2022 for the entire duration of the current year\(^5\).

The questionnaires, based on a methodology linked to the main sustainability reporting topics used internationally (GRI, etc), are structured into a core/general section (including 4 macro-sections: business, environmental, social and governance) and 2 sectoral declination, Construction and

\(^5\) Regarding the compilation of the questionnaires, there are several questions in which information on annual consumption / production is requested. When we talk about annual information, with the wording "t0" we refer to the current year (2022) / month of compilation, with "t-1" to the year 2021, with "t-2" to the year 2020 etc.
Manufacturing metals/non metals, as illustrated in chapter 3.2. A deep dive on main topics covered by each type of questionnaire and on amount of questions included is shown here below.

As mentioned the general questionnaires, which includes a total of +60 questions, is structured into 4 areas of focus:

1. Business (7 questions), where the main topics covered are Corporate sustainability strategy, ESG Risk Management, importance of R&D, digitalization of services, labelling and information on products, in particular:
   1.1 In this area are included questions aimed to collect information relating to the enterprise's sustainability performance, the consideration of socio-environmental impacts in risk management and implementation of sustainability initiatives to manage the economic, social and environmental impacts deriving from its activities.

2. Environmental (21 questions), where questions about waste, water and energy and environmental certifications are included, in particular, for each section, are included questions relating to:
   2.1 “Water, Energy and Waste” subsection: the presence of energy production plants, energy efficiency interventions (with also the request to quantify the current and future value aimed at energy and consumption efficiency) and sensitivity to differentiated waste collection.
   2.2 Environmental Certifications” subsection: the use of specific environmental impact assessment tools (EU Ecolabel brand, Emas certification etc.).

3. Social (22 questions), where the main topics covered are Workforce management, relationships with the community, relationships with the stakeholders, certifications and compliance, in particular, for each section, are included questions relating to:
   3.1 “Workforce management” subsection: corporate welfare, gender gap, average salary, average age of employees and hours of training provided.
3.2 “Relationships with the community” subsection: carrying out projects on issues relating to sustainability and if investments for the benefit of the community (with indication of the amount) were made or not.

3.3 “Relationships with the stakeholders” subsection: the presence of a supplier evaluation system.

3.4 “Certifications and compliance” subsection: the presence of certifications about workers' health and safety management and about corporate social responsibility.

4. Governance (18 questions), where questions about Board’ structure and composition, certifications and compliance are included, in particular, for each section, are included questions relating to:

4.1 “Board’ structure and composition” subsection: type of corporate governance body and information on the board of directors, such as number of members, presence of women, average age etc.

4.2 “Certifications and compliance” subsection: the presence of an ethical code, presence of certifications on anti-bribery management, presence of a figure dedicated to sustainability.

In addition, the sectoral questionnaires, relating to 2 economic sectors Construction and Manufacturing (metals/non metals), are structured as follows:

1. Construction, where the 41 questions are related to topics such as innovation, waste, water and energy, certifications, relationships with the suppliers and raw materials, workplace health and safety, in particular, for each section, are included questions relating to:

1.1 “Water, waste and energy” section: production of hazardous waste, presence of areas dedicated to separate waste collection, implementation of systems for the treatment and reuse of water, contribution of the company to the construction of more efficient buildings from an energy point of view and to redevelopment and / or space reorganization projects.
1.2 “Certifications” section: company's possession of third-party certifications for its activities, such as ISO 31000, ISO 26000 or ISO 37001.

1.3 “Innovation” section: investments in Research and Development with a focus on sustainability, use of innovative tools and / or technologies that guarantee a reduction in energy consumption and emissions.

1.4 “Relationship with suppliers and raw material” section: use of measures for the optimization and / or reduction of the environmental footprint of activities and / or the materials / tools used, use of practices and procedures to ensure the recycling / recovery of waste, consideration of environmental and social criteria in the selection of suppliers.

1.5 “Workplace health and safety”: application of additional internal policies to guarantee the health and safety at work of the employees.

2. Manufacturing (non metals), where the 27 questions are linked to several topics such as business, environment, circular economy, innovation, relationships with the suppliers and raw materials and workplace health and safety, in particular, for each section, are included questions relating to:

2.1 “Business” section: possession of sustainability certifications, investments in Research and Development / presence at national or international round tables with a focus on sustainability.

2.2 “Environment” section: monitoring of consumption, environmental impacts and production of hazardous waste.

2.3 “Circular Economy” section: launch of collaboration processes aimed at minimizing the consumption of resources and waste, type of raw material used in the production process.

2.4 “Innovation” section: use of innovative tools and / or technologies aimed at reducing energy consumption and emissions, use of innovative methods for the manufacture of their products, development of "green" / sustainable proprietary patents.
2.5 “Relationship with suppliers and raw materials” section: consideration of environmental and social criteria in the selection of suppliers, assessment of the socio-environmental impacts of logistics chain.

2.6 “Workplace health and safety” section: provision of additional safety training hours, update of the Risk Assessment Document by the company in recent months.

3. Manufacturing (metals), where the 29 questions are related to topics such as waste, water and energy, innovation, circular economy and business health and safety, in particular, for each section, are included questions relating to:

3.1 “Waste, water and energy” section: production of hazardous waste and related management and treatment, implementation of systems for the treatment and reuse of waste water as part of production processes.

3.2 “Innovation” section: access to European funds, development of “green” / sustainable proprietary patents and investments in Research and Development with a focus on sustainability.

3.3 “Circular economy” section: evaluation of the reduction of waste along the value chain, use of recycled or reused raw material and adoption of practices and procedures to guarantee the recycling / recovery of waste.

3.4 “Business health and safety” section: presence of international certifications, presence of certified specialists in the field of sustainability and integration of safety management procedures for the purpose of accident risk prevention.

The above structure refers to the final draft of the questionnaires. In particular, the confrontation with different stakeholders resulted in 60 additional suggested questions. These questions have been evaluated in order to maintain the trade-off between the level of details, users comprehension and users experience.

The additional questions concern:
• Presence of specific qualitative / quantitative objectives on ESG dimensions, involvement in disputes related to ESG issues, presence of efficiency objectives relating to parameters such as tCO2e emissions, water consumption, waste production, etc.

• Amount (in relation to the current year and the two previous years) of waste produced in tons / by destination, of the water discharged and of water discharges, adaptation to the European provisions envisaged for waste management and reduction of their environmental impact.

• Energy Efficiency, in particular in terms of, for example, quantity of renewable energy produced and purchased, gas consumed, implementation and planning of energy efficiency measures (with indication of the amount of investments), amount of carbon dioxide (Co2) emissions for scope 1, 2 and 3, adhesion to the ETS, development of technologies or products for the renewable energy sector, percentage of energy consumption compared to the total monitored, presence of policies to improve energy efficiency, etc.

• Competence of the board members and type of company management (management profession or family management).

The integration in the questionnaires also involved the implementation of specific questions on the EU taxonomy. In particular the basic approach consists in a first alignment proxy, obtained by weighting company revenues for the Taxonomy Alignment Coefficient (TAC) estimated by Joint Research Centre (JRC). The implementation of specific questions on Taxonomy within the questionnaires allow to collect company information relating to its share of revenues deriving from economic activity (Ateco) and Taxonomy activity, in particular:

1. In the first question on EU Taxonomy, the company has to declare the percentage of revenues by macro-classes of Ateco;

2. The second question on EU Taxonomy aims to obtain the percentage of revenues by macro-classes of taxonomy activities\(^6\).

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\(^6\) Taxonomy activity stands for an eligible activity according to EU Taxonomy, which, if the substantial contribution criteria, DNSH criteria and minimum safeguard assessment are respected, can be considered as aligned activity with the EU Taxonomy.
These macro-classes are created to group all the Ateco/taxonomic activities having the same level of TAC, based on Taxonomy Compass tool\(^7\) and TAC&TEC Overview Tool 2021\(^8\). The figure 8 shows the approach described above.

\(^7\) EU Taxonomy Compass | European Commission (europa.eu)
\(^8\) Alessi, L. and Battiston, S. 2021. Two sides of the same coin. EU Taxonomy Alignment and Transition Risk Exposure of financial portfolios.
ANNEX A – MAPPING OF ATECO NEW SECTORS

See the Excel file