



AMBIENTA

Environmental Investments



Sustainability drives value

ESG & Environmental Impact Report 2018

1



AMBIENTA: CAPITAL FOR ENVIRONMENT

The largest capital pool committed to Resource Efficiency and Pollution Control investment

page 6

2



ESG IN ACTION

Our own approach to Responsible Investing implementation

page 11

3



ENVIRONMENTAL IMPACT

Our contribute to the Sustainable Development Goals

page 18

4



IDENTIFICATION AND MEASUREMENT OF OUR ESG PERFORMANCES

ESG activities across portfolio companies

page 24

5



OUR ACTIVITY FOR THE COMMUNITY

Fondazione Ambienta, an initiative to spread sustainability and environmental awareness across new generations

page 43



NINO TRONCHETTI PROVERA

Letter from Managing Partner and Founder

Over the last twelve months Ambienta marked several significant milestones, both with respect to our distinctive sustainability driven investment strategy, and our ESG in Action programme. These milestones reinforce our conviction that investing in sustainability driven companies is not an ethical consideration, but a smart business driven one. In our polluted and resource constrained world, these companies have a competitive advantage and are likely to outperform competitors. Therefore these investments represent an opportunity both, to contribute to long term planet and society preservation and development, and deliver outstanding financial returns for investors.

In 2018 we raised our third fund, a €635 million vehicle, twice the size of the previous and significantly oversubscribed. Ambienta's area of focus, environmental sustainability, once perceived as an investment niche with often subsidized investment cases, has become a very visible and wide trend worldwide. Impact of single use packaging products, of waste in the oceans or of livestock breeding have become media's hot topics. Global children unrest has raised the attention bar to climate change effects. People pressure and attention on how money fulfill social and environmental goals alongside financial objectives is set to grow and will drive investments that fulfill not only financial ones. We are proud to have pioneered an investment strategy in sustainability driven businesses. Our strategy, now 12 years old, captures about two thirds of the issues highlighted by the UN Sustainable Development Goals in 2015.

While growing from a less than 10 people firm in Italy to a 30+ people pan-European firm with 3 offices investing all across Europe, we developed methodologies and processes to fulfill our transparency duty towards our investors. Some are specifically dedicated to impact measurement and EGS issues integration. The Environmental Impact Analysis is our proprietary methodology to measure environmental impact of our portfolio. The ESG in Action programme, rather than a compliance tool, is our way to create value and manage risks into our daily operations at firm and portfolio level. Both methodologies have become industry references and recognized by industry participants. Therefore we decided to give full access to them to like-minded partners, as Sky Ocean Ventures, the investing vehicle of Sky media group dedicated to early stage investments in companies committed to solve the global plastic crisis.

Our commitment to sustainability and responsible investing is reflected in our companies results and achievements. Safim, a 30 million Euro company, was one of the first 5 companies in Italy to achieve the TUV ISO 45001 new Occupational Health & Safety standards and among the first 100 in Europe, thanks to our ESG in Action programme. Similarly through strengthening of the management and the introduction of an incentive, retention and training program for employees we unlocked operations doubling production output and driving personnel increase by 57%.

All of the above enabled Ambienta to become the only General Partner capable of delivering both solid and measured environmental impact coupled with top tier financial returns.

We will continue to develop our Environmental Impact Analysis alongside the UN Sustainable Development Goals framework and our ESG in Action programme to reinforce our leadership over responsible investment practices.

We now look forward to next phase of this journey because this is investing, the way it should be.



STEFANO BACCI

Letter from ESG Manager

Ambienta raised its new fund *Ambienta III* during 2018, a great success that brings us to a total of about €1.2 billion under management, and a new fund is always the trigger of a deep revision of all internal practices. This review was very positive and in terms of ESG and Sustainability and has brought results on many fronts.

Our Responsible Investment Policy has been upgraded. *Ambienta's* board reconsiders its Responsible Investment Policy every two years and in this third revision many new elements were introduced. Now our Responsible Investment Policy formally acknowledges the guidance of United Nations' Sustainable Development Goals in *Ambienta's* investment strategy and the ambition they represent. It reaffirms the principle of active and responsible ownership in particular on ESG operating guidelines according to UNIPRI Six Principles and United Nation Global Compact Ten Principles. It embraces the climate change challenge through implementing carbon foot printing and a carbon strategy at portfolio company level. Finally, it reaffirms the social goal of the creation of a sustainable society through the support of *Fondazione Ambienta* and its efforts for the wide promotion of environmental values to young pupil generations.

Our now established ESG in Action Programme has been upgraded in several components. This programme was created internally a few years ago and it has been constantly updated with our growth. Certainly, it couldn't be otherwise during this round of revisions.

ESG in Action now prescribes a timing for any new portfolio company to go through its phases. A decision to implement a carbon strategy at portfolio company level has been embedded in its guidelines. The internally developed policy "Labour and Employment Standards", which we require all portfolio companies to adopt, has been upgraded to better include equality standards. ESG Action Plans, which we require all portfolio companies to develop and execute, will be more prescriptive in terms of ESG issue preventative actions in the form of ISO certifications; certain certifications, like for example ISO 9001 for quality management or ISO 50001 for energy management will become a feature of all our portfolio companies.

AromataGroup, our most recent investment, the first one for *Ambienta III*, will be the first portfolio company to go through this upgraded ESG in Action programme.

May 2018

€635,000,000

Ambienta III



AMBIENTA

Environmental Investments

1

**AMBIENTA CAPITAL
FOR ENVIRONMENT**

The largest capital pool
committed to Resource Efficiency
and Pollution Control investment

Ambienta is a leading European private equity firm focused on environmental growth investments in industrial SMEs

Founded in 2007, Ambienta was established to capture the vast growth opportunity in privately owned, European niche leading businesses




increasing pressure on the supply of natural resources and pollution. These continuing trends have a detrimental impact on the environment. The foundation for Ambienta's investment strategy is that these undeniable long-term trends have created a compelling case for sourcing and supporting innovative businesses across industry verticals that improve Resource Efficiency or Pollution Control.

supported by indisputable environmental drivers. A three pillar investment strategy that has proven successful over the years. Domiciled in Europe, Ambienta's portfolio companies are truly international and currently active in more than 100 countries. Ambienta uses a research led process to analyse its target universe and combines its deep sector knowledge with local relationships to unlock proprietary, primary opportunities. Ambienta takes an industrial approach to value creation through professionalisation, internationalisation and buy-and-build, driving positive financial and environmental returns which it believes are fully aligned.

Europe has historically been characterised by a relative scarcity of natural resources, a strong industrial base and high population density. Out of need, Europe has become a global leader for environmental businesses whose products and services, originally developed for domestic markets, are now in global demand. Ambienta is well positioned to support European SMEs to become international niche industry leaders with an experienced team of 16 investment professionals across three key industrial hubs of Europe.

Environmental sustainability drives investment focus and rely on long term macroeconomic drivers. An ever-growing global population and associated consumer demands are placing

12 years after its establishment, Ambienta represents the world's largest capital pool for a specialised environmental growth strategy in private equity investing into niche leaders, with about €1.2 billion assets under management across three funds.

1 Sustainability	2 Europe	3 Niche leaders
		
<p>Resource Efficiency and Pollution Control - not a sector but a theme across all industries</p>	<p>Centre of excellence for environmental solutions - driven by necessity over the last century</p>	<p>30 companies acquired to date, ranging from the youngest at 20 years old to 90 years old</p>

“We are proud to have worked with Ambianta over the last five years, during this time they have become a leader within sustainability driven investments. Their strategy has delivered top-quartile financial returns as well as significant environmental impact across the portfolio”

Adam Turtle,
Founding Partner of Rede Partners

Ambianta’s founders have been pioneers of environment-related businesses since the 1990s and their investment thesis, although it has naturally evolved, has remained focused on sustainability-driven growth.

“Resource Efficiency” refers to minimizing the usage of natural resources and resource intensive services used to create electricity, heat, industrial products and food or to shifting to renewable energy and resources.

“Pollution Control” refers to reducing the negative impact of human activity on the quality of air, water, soil, ecosystems or the climate. It also relates to the control and reduction of the negative effects of economic activity such as noise or radiation.

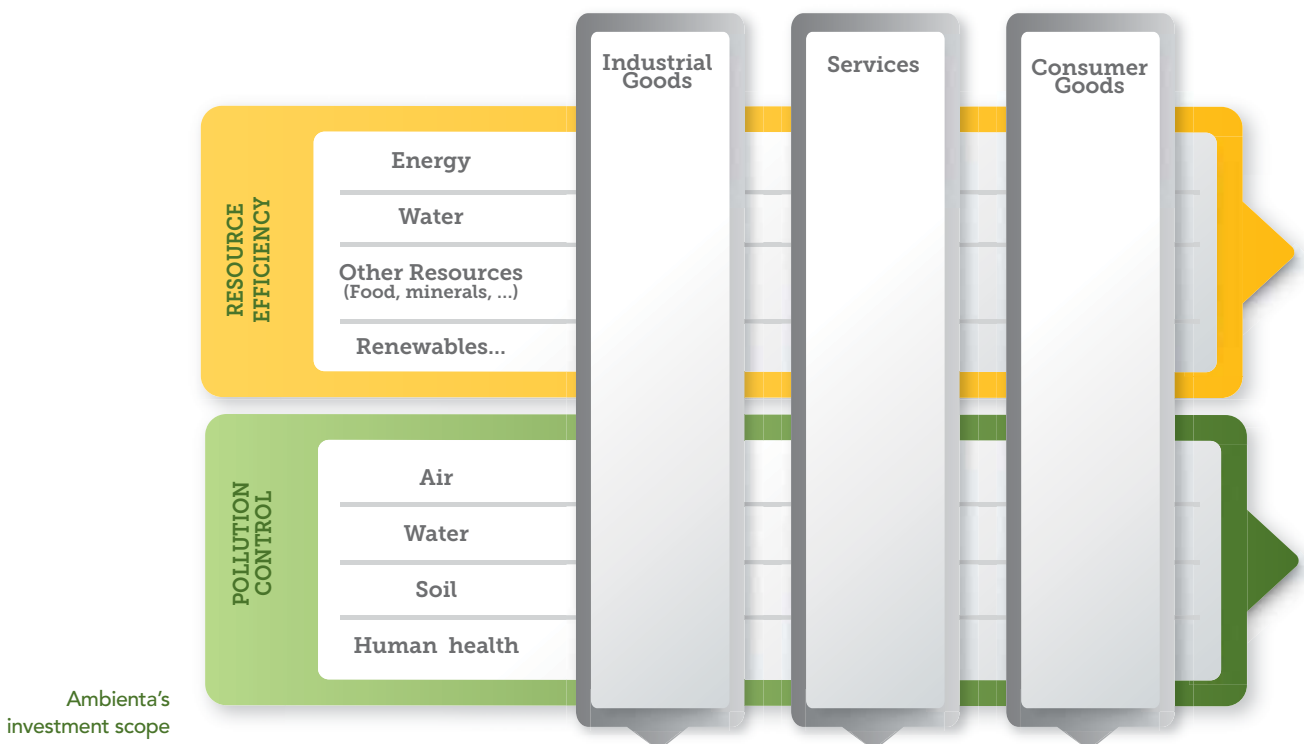
While domiciled in Europe, Ambianta’s portfolio companies are truly international and currently active in more than 100 countries.

Ambianta uses a research led process to analyse its target universe and combines its deep sector knowledge with local

relationships to unlock proprietary, primary opportunities. Ambianta takes an industrial approach to value creation through professionalisation, internationalisation and buy-and-build, driving positive financial and environmental returns which it believes are fully aligned.

APPROACH TO RESPONSIBLE INVESTMENT

Ambianta is an independent, partner-owned and managed investment firm. Ambianta’s partners are focused on the creation of long-term value for its shareholders, employees and their investors through responsible investment. Transparency and alignment of values, internally and externally, is a key priority for the Ambianta management team. Ambianta is fully aligned with the interests of Ambianta’s partners, LP investors and co-shareholders through the personal investment of Ambianta’s executives. To emphasise internal alignment and transparency, several initiatives have been implemented including a partnership agreement and a clear, formal career path for employees.



OUR TEAM

Ambienta's dedicated team is a key driver of Ambienta's success. Across Italy, Germany and the United Kingdom, Ambienta has a strong team of investment professionals with a complementary blend of Industrial, engineering, consulting and private equity experience. Supported by a systematic knowledge management framework and deep sector expertise, Ambienta is a valued partner for driving growth in European SMEs.



NINO TRONCHETTI PROVERA
Managing
Partner & Founder



MAURO ROVERSI
Partner & Chief
Investment Officer



STEFANO BACCI
Partner & Head
of UK Office



NICO HELING
Partner & Head
of German Office



GIANCARLO BERAUDO
Partner



FRANCESCO LODRINI
Partner

Sustainable and responsible investment is core to Ambienta's strategy, pro-actively incorporating Environmental, Social and Governance considerations across all of its operations including investment analysis, decision-making processes and portfolio management. Since 2012 Ambienta has been a signatory of the United Nations Principles for Responsible Investments (UNPRI) which are being adopted more broadly by the private equity community in recognition of the impact they can have on value creation and returns. This approach is rooted in our public Responsible Investment Policy that outlines the inspiring principles of our ESG integration programme which include the UN PRI six principles, the ten principles of the UN Global Compact and the PRI Task Force on Climate-related Financial Disclosures

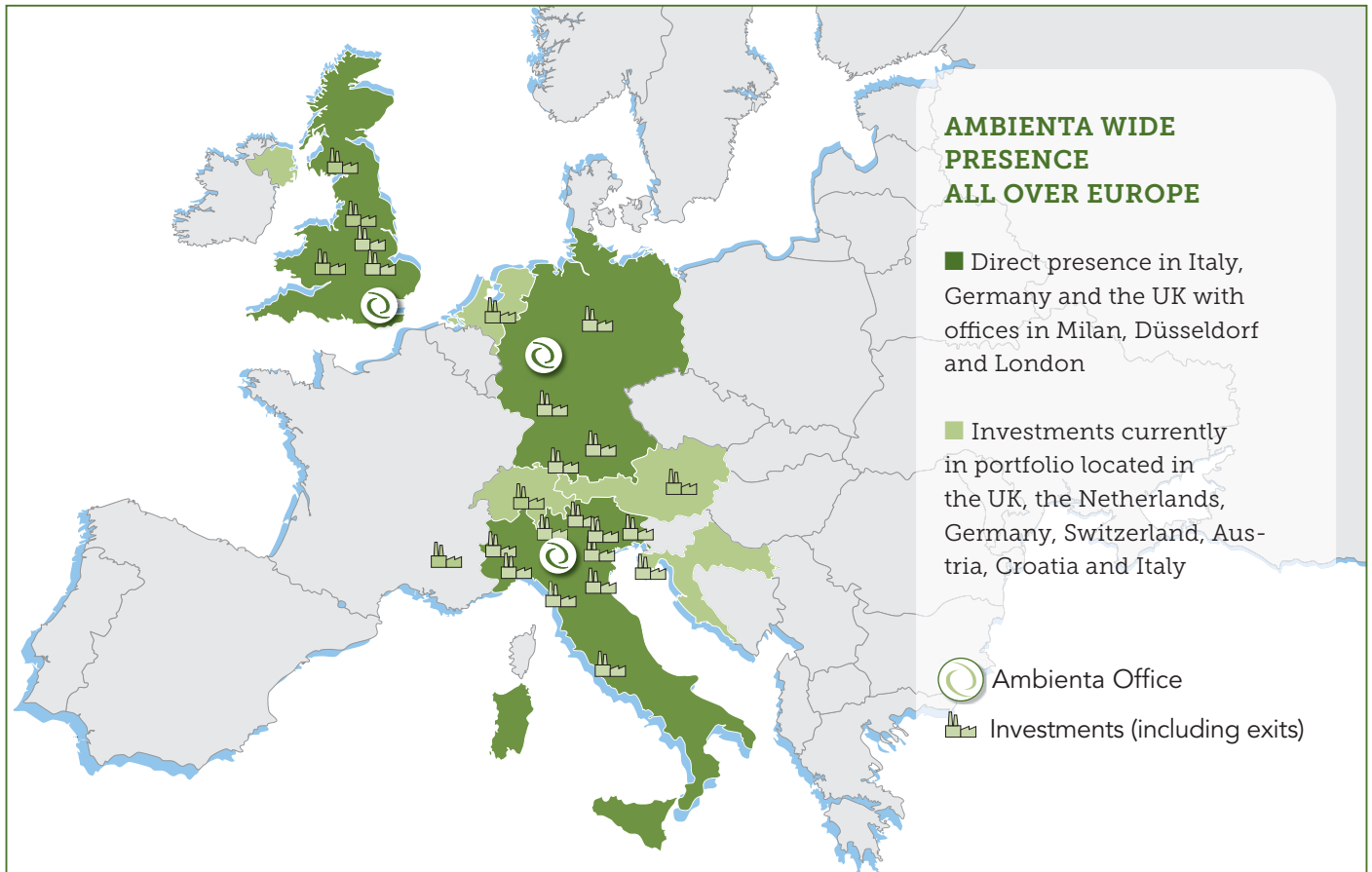
(TCFD). Over the years this approach has been developed in our *ESG in Action* programme, a fully fledged ESG issues integration programme which involves all portfolio companies and for which we was awarded several prizes.

Ambienta is a member of Invest Europe, which is an association that aims at harmonising professional standards, including ESG, across the private equity industry.

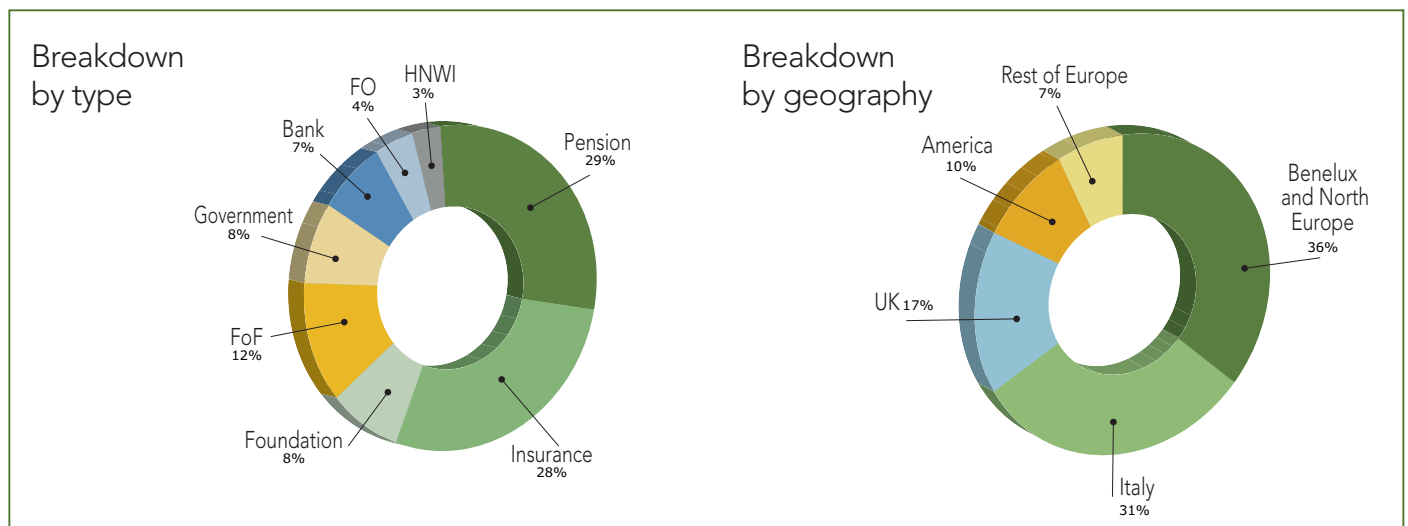
The purpose of Ambienta's annual ESG & Environmental Impact Report is to outline how Ambienta incorporates responsible investment principles across its operations and to report progress on both the management of ESG issues and the environmental impact of its portfolio companies, in line with Ambienta's distinctive investment strategy.

2017-2018 WIN	2018 WIN	2018 WIN	2018 WIN	2018 WIN	2018 NOMINATION	2018 NOMINATION
<p>Firm of the Year in Italy</p>	<p>Best European Private Equity Growth Manager</p>	<p>New Occupational Health & Safety Standard</p>	<p>New Occupational Health & Safety Standard</p>	<p>A+ ESG Score</p>	<p>ESG Award, DACH Deal of the Year</p>	<p>Impact Investment Firm of the Year (global)</p>

Our firm



Our investors



Our portfolio





2

ESG IN ACTION

Our own approach to Responsible Investing implementation

The integration of ESG factors into the managed investment industry is becoming an increasingly important part of the duties of a professional investor.

As a sustainability focused investor, Ambienta recognises this duty as a logical necessity given the natural correlation between

financial performances and environmental, social and governance issues.

Ambienta has developed an “*ESG in Action*” programme to systematically integrate ESG management guidelines and practices into our day to day operations. We built the programme with the ambition to achieve practical and effective results utilising our Firm’s finite managerial resources. We align the interests of all people in the Firm and in our portfolio companies to enforce, monitor and report the *ESG in Action* programme implementation. The principles are applied to actions at both General Partner and portfolio company level, tailored appropriately. At the portfolio level we decided to limit the scope of the program to Ambienta II portfolio companies as the Ambienta I portfolio is already in advanced divesting phase.

The *ESG in Action* programme is updated constantly and supervised by the Sustainability & Strategy team. We want to make sure that Ambienta will remain ahead of the curve and lead by example the implementation of these good practices in the financial world.

UNDERLYING PRINCIPLES OF ESG MANAGEMENT

Our ESG management work is guided by our Responsible Investment Policy and *ESG in Action* programme. Our Responsible Investment Policy sets the bar of our ambitions; the *ESG in Action* programme is a pragmatic guideline to what to do.

Our Responsible Investment Policy was created with inspiration from several international sources that have been addressing the integration of responsible investing guidelines both within the financial institutions sector and the corporate and industrial sectors. Both

our Responsible Investment Policy and our *ESG in Action* programme were developed taking into consideration the United Nations Global Compact, the United Nations Principles of Responsible Investing and the UN Sustainable Development Goals.

In our view, many ESG activities in our industry have been part of a “tick the box” approach and focused on filling in questionnaires. We believe in the importance of action over questionnaires, particularly given our limited resources as a mid-market private equity firm, and have developed the framework for the *ESG in Action* programme with this in mind. This principle of action has been reflected in three stages at both General Partner and portfolio level:

- **Set targets and delegate actions:** with the objective to create commitment and accountability of key management figures on implementing ESG guidelines
- **Monitor execution:** to be sure that programs and activities are continuously monitored and reviewed by accountable managers
- **Report:** to be sure that achievements, concerns or issues regarding ESG topics are assessed in a timely manner and appropriately reported within portfolio companies to responsible management and Board of Directors and within Ambienta, to Limited Partners and investors.

The objective of *ESG in Action* is to focus activities and efforts across all three stages to achieve effectiveness rather than breadth. 2018 marks a crucial year for our *ESG in Action* programme which has undergone several improvements that will be applied at GP level from 2019 and at Portfolio level to all new portfolio companies invested from Fund III onwards.

The key elements of our *ESG in Action* programme, on a GP level and at a portfolio company level, are outlined below.

ESG AT GP LEVEL

The ESG performance of target companies at the time of acquisition is not a part of Ambienta’s investment criteria. The integration of ESG considerations in our day to day operations is an effective management practice and supports long term value creation. We invest

ESG In Action programme innovation 2019:

- Require to develop carbon footprint and carbon strategy for each new investment.
- Include explicitly gender diversity into internally developed policy "Labour and Employment Standards".
- Become more prescriptive in terms of ESG issue preventive actions in the form of ISO certifications.

in companies which, at the time of our acquisition, may have a suboptimal ESG standards. We work with these companies to improve their ESG performance as well as their financial performance.

We encourage implementation of our *ESG in Action* programme by providing ownership and accountability to the investment deal team. We have constructed our programme so that our ESG commitment does not come second to other managerial goals and time consuming tasks. Our *ESG in Action* programme is a priority throughout the Firm, from Ambienta's Board of Directors direct responsibilities to being part of our standard operating procedures.

Our Responsible Investment Policy is approved and maintained on a two year cycle by the Board of Directors of the GP. It states the organization's commitment to ESG issues and the incorporation of these into operations. In particular, the policy describes the centrality of the six PRI principles and how they are integrated into the decision-making process from the investment analysis and decision to portfolio management, monitoring and reporting. Our investment management process reflects this commitment to the management of environmental, social and governance factors. Our Responsible Investment Policy was last revised by Ambienta's Board of Directors on January 31, 2019.

Our investment management process is part of our operating procedures, which are periodically reviewed by the Firm's Board of Directors. This makes us formally accountable for all aspects of the investment process including ESG issues.

According to our investment process, any investment opportunity which is being evaluated must include an initial ESG assessment and before any investment commitment an independent ESG due diligence must be completed. Results of these activities are included in the documentation supporting the investment decision. The final Investment Memorandum contains dedicated sections summarizing ESG findings, status and early actions for any investment candidate. But how to make sure real results are achieved? We act at several levels of responsibility and governance including externally, at portfolio level, and internally, at GP level.

We have instituted certain practices to embed direct ESG control at shareholder agreement level in our portfolio companies. This practice ensures that *ESG in Action* commitments are shared with management from the very beginning and benefit from clear governance; it helps us set the bar within the portfolio company organization.

We recognize the importance of having a clear internal organization and line of accountability, as required by our operating procedures. At the top of this line of accountability there is the ESG Manager, who has the objective to lead the *ESG in Action* programme and is ultimately responsible for its success. To assist in implementation, the ESG Manager is supported by ESG Nodes, who are the Partners in charge of each portfolio company, who have a duty to implement and report. ESG Nodes leverage the work of Ambienta's deal and portfolio management teams. To reinforce the practical implementation of our programme, we use "ESG Drive" as a metric for the year end bonus of the senior levels of Ambienta's investment team.



AMBIENTA SGR S.p.A.

Ambienta Responsible Investment Policy

Ambienta is committed to a sustainable future. Ambienta pursues this goal as a mid-market private equity investor specialising in the key environmental themes of resource efficiency and pollution control and only investing in companies which contribute to United Nation Sustainable Development Goals for the pursuit of its investment strategy. Active ownership and responsible investment are intrinsic to everything we do to deliver our primary objective of value creation.

Ambienta recognises the relationship between the long term performance of investments and environment, social and governance (ESG) issues. In the context of the types of companies that Ambienta invests in, ESG issues can include, but are not limited to

- business integrity
- corporate governance and management
- efficient use of resources
- air, land, water and more in general pollution
- occupational, user and community health and safety
- employment terms and labour standards
- human capital development

Ambienta's approach to responsible investment therefore includes:

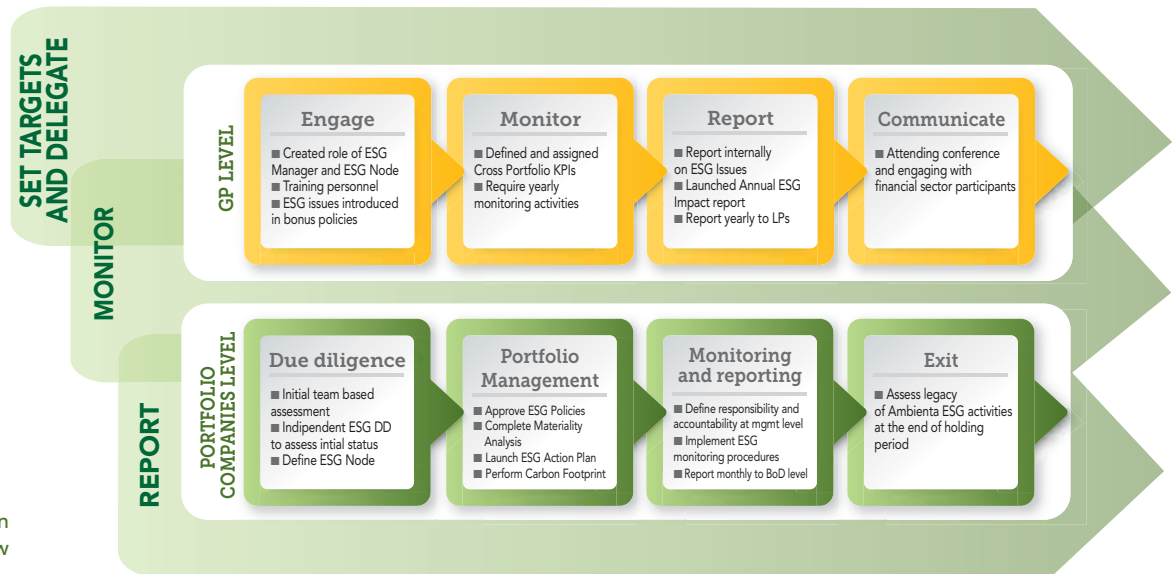
- investing in line with the United Nations Sustainable Development Goals;
- monitoring and reporting to stakeholders about individual portfolio company contribution to United Nations Sustainable Development Goals;
- recognising the centrality of, and following, the UNPRI Six Principles for Responsible Investments;
- incorporating ESG issues into our investment analysis and decision-making processes, drawing on independent expertise as and when necessary;
- leading our portfolio companies as active owners to ensure that ESG policies and considerations, in a form inspired by The Ten Principles of the UN Global Compact, are integrated appropriately within each of their operations;
- monitoring the ESG performance of our portfolio companies and integrating ESG information into our investor relations and LP reports on an annual basis;
- assessing and managing the carbon footprint of our portfolio companies;
- supporting and collaborating with Fondazione Ambienta, for the wide promotion of environmental values to the youngest generations
- promoting internal accountability for the implementation of the above.

Ambienta is a signatory of the UN supported Principles for Responsible Investment (PRI). Ambienta is a member of Invest Europe where it aims at having an active role and at harmonising its operations with best in class for its size.

This policy will be reviewed every two years.

Policy approved on January 31, 2019 by the Board of Directors of Ambienta SGR S.p.A.

ESG In Action
programme overview



Stefano Bacci, Partner, Director and Head of the London office, is the current ESG Manager and is supported in this leadership role by Fabio Ranghino, Principal and Head of Sustainability and Strategy department. Together this team directs, coordinates and monitors the activities of the ESG Nodes and their portfolio companies. In addition, to ensure awareness and consistent internal knowledge on ESG management we have an ESG handbook for employees and run internal ESG training events.

Coherently with our environmental investment strategy and awareness we decided to monitor a selected number of KPIs at GP level, homogeneously across portfolio companies. These KPIs are in addition to company specific KPIs and give us the opportunity to monitor our distinctive commitment to sustainability. We selected the following key performance indicators as “Cross Portfolio KPIs”:

- **Total Energy Consumption:** to monitor where in our portfolio the largest energy consumption takes place;
- **Total Water Consumption:** to monitor where in our portfolio the largest water consumption takes place;
- **Training Expenditure per Employee:** to monitor the level of activity in building professional skills;
- **Environmental Capex Expenditure:** to monitor the investment on ESG relevant aspects of business as defined by the company;

- **Percentage of Eco-Innovative Sales:** as defined by the European Commission, to monitor the percentage of sold products, or services, which bear a positive environmental contribution;
- **Job Creation:** defined as the number of employees at the end of the year, to monitor the development of workforce and the number of jobs created under our ownership.

All of Ambienta’s portfolio companies are required to report these Cross Portfolio KPIs in addition to any company KPIs. Our ESG & Environmental Imp act Report is the final element of our *ESG In Action* programme. This publication is for circulation to the wider stakeholder community. It describes and discloses all relevant parts of our organisation, progresses and results in implementing our Responsible Investment Policy; our commitment to sustainability and corporate citizenship. We publish this year the third issue of this report.

This ESG & Environmental Impact Report goes beyond ESG and includes a wider sustainability perspective. It covers two other parts of our commitment to making an impact: the measurement of the Environmental Impact of our portfolio holdings through our proprietary methodology (Chapter 3) and the activities of Fondazione Ambienta, a non-profit organization founded, sponsored and managed by Ambienta to promote sustainability awareness across young generations (Chapter 5).

ESG AT PORTFOLIO COMPANY LEVEL

The second level of action of the *ESG in Action* programme occurs at the portfolio company level where we ensure our values and commitments are communicated, shared and integrated within management and management practices.

As at GP level, the *ESG in Action* programme acts along three stages: set targets, monitor and report. This is done under the supervision and with the assistance of the Ambienta deal teams, specifically the ESG Nodes.

We use the indicator on the following page to track portfolio company progress along our *ESG in Action* programme. It provides an understanding of our effectiveness in delegating to management teams the integration of ESG guidelines in their operating practices.

This pre-investment ESG due diligence provides the foundation to identify, prevent and mitigate potential risks. The ESG assessment is included in the investment memorandum before the investment decision is made.

Since 2019, after acquisition we require our new portfolio companies to run a third party carbon footprint analysis develop a carbon strategy accordingly which will be considered alongside other ESG items in the ESG Action Plan preparation (step 4).

The next step is the adoption of “goal setting” policies in each of the three areas of business integrity, environment, health and safety and employment and labour standards, as outlined below.

- **Business integrity:** the company formalizes its commitment to conducting its business lawfully and ethically, setting out its approach to business integrity and the prevention of unacceptable business practices, including bribery and corruption.

- **Environment, health and safety:** the company formalizes its commitment to the best standards of environmental protection, resource efficiency and also the health and safety of employees, contractors, customers and local communities.

- **Employment and labour standards:** the company formalizes its commitment to the implementation of fair labour practices, ensuring that employees at all levels are treated with respect and consideration, and safeguarding the company’s compliance with applicable laws, industry standards and known best practices. A section dedicated to gender equality has been added as part of the latest review of our *ESG In Action* programme.

Once formulated, the policies are approved by the portfolio company’s Board of Directors. Once approved at company board level, we seek to ensure that these policies are well understood by the wider management team. Once the above set of goal setting policies are in place, we carry out a Materiality Analysis. We evaluate all of the principal risk factors found during the pre-investment phase and discuss them with the management team in the context of the current company business, its operating practices and its wider community of stakeholders. The goal is to work with the management team to identify the main risks and opportunities areas and a path to address them.

A careful review of governance, operations, management and employee relationships is carried out to identify any potential ESG issues. For each of them, wherever possible, we define a key performance indicator (KPI) that will be used by the management team to monitor and report.

Once specific KPIs to monitor are selected, we are ready to enter the execution phase through an adequate ESG Action Plan which needs to be approved at company board level. Implementation of the Action Plan allows us to improve the asset, to create an ESG responsible organization and a management system capable of meaningful monitoring and reporting.

The content of each portfolio company’s ESG Action Plan varies, however the purpose of each is the same – to engage management in ESG conscious practices and delegate accountability to support processes and practices in line with our framework. As

Ambienta was awarded an “A+” grade in both PRI’s “2018 Assessment Report” and RobecoSAM’s “ESG Score 2018”. SWEN Capital Partners also awarded Ambienta with “2018 ESG Best Practices Honors”.



**ESG in Action
progress indicator
for Portfolio
Companies**

Ambienta is accountable to our investors, we want management of the portfolio companies to be accountable to Ambienta and all company stakeholders. Therefore a major part of the Action Plan is comprised of the assignment of responsibilities across the management team for the implementation of actions and the development of the monitoring process and reporting.

The ESG Action Plan typically includes both preventative and monitoring actions. Preventative actions include the implementation of best practice management systems such as quality, environment and energy management in the form of the relevant International Standard Organization (ISO) certifications. The ESG Action Plan is the roadmap that enables the company set a course of action, implement the required measures and report to the Board of Directors. At the same time this allows Ambienta to monitor and report the progress of each portfolio company.

In 2019 we decided to raise our commitment with respect to Energy and Quality Management. We decided to commit all our companies to achieve internationally recognized ISO certifications instead of local standards. In particular, we might require portfolio companies to achieve

certifications ISO 9001 for Quality, ISO 50001 for energy Management, ISO 14001 for Environmental Management, ISO 18001 for Health and Safety or ISO 28000 for Supply Chain Security.

Once the Action Plan is set, the management team is accountable to report, both

on a regular basis, on the plan execution and KPI performances, or as required in response to critical issues.

CREATING A LASTING LEGACY

While developing our *ESG in Action* programme we reflected on the practical outcomes of implementing the programme. By the nature of our business we are bound to be temporary shareholders with a limited time horizon to create the conditions for long term sustainable value creation. We strive to implement all the needed tools in the companies we invest into, in order to help the business to be more responsible and to be able to create more value in the next ownership structure. Although we are conscious that the next shareholder might not recognize this added value and not encourage an ESG supportive culture, some aspects of our *ESG in Action* programme will survive such as ISO certification upgrades, governance practices, supplier management practices and management systems. They will be value creation instruments for the future; a lasting legacy. This is the reason behind our increased attention towards internationally recognized certifications.

"Ambienta's ESG in Action programme has become over the years a reference example of ESG integration for mid-market private equity managers"

Eric Marchand,
Investment Director Private Assets



3 ENVIRONMENTAL IMPACT

Our contribute to the Sustainable Development Goals

Ambienta, in the last 12 years, has developed into the largest capital pool dedicated to growth investments in companies driven by the environmental trends of Resource Efficiency and Pollution Control.

We have only invested, and will invest only, in businesses whose products or services have a Resource Efficiency or Pollution Control, or a combination of both, positive contribution.

Since the establishment of Ambienta, each investment opportunity has been assessed against our investment strategy as presented in Chapter 1. At the very beginning we used to include an assessment of the investment candidate's environmental credentials in our investment approval documents, outlining the impact of the target company's activity in terms of Resource Efficiency and/or Pollution Control. Prospective targets would not be pursued if their capacity for positive environmental impact were insufficient.

In 2015 we decided to refine and improve through a proper numeric estimate this crucial assessment, the environmental impact. Considering our deep expertise in understanding the effects of environmental trends on growth businesses and the breadth of our investment strategy, which is a theme and not a sector, we soon realized we needed more than what available in the public domain. We needed a holistic approach rather than a single indicator like, for example, CO₂ footprint and a methodology which could be homogeneously applied to evaluate the environmental impact of companies with different business models operating across a variety of sectors and at different stages of the value chain.

None of publicly available methodologies we found was adequate for what we wanted to achieve. The methodologies were either too limited in scope (i.e. carbon or water focused, or only one sector specific approaches) or inapplicable in the short timeframe typical for a private equity transaction (life cycle analysis is interesting, but not practical with the limited timeframe and scientific reach of a financial investor).

We decided to develop our own approach to systematically quantify the environmental

impact across our portfolio holdings as well as of any prospective target. The purpose of our proprietary methodology, which we refer to as the "Environmental Impact Analysis" ("EIA"), is to provide a fair, homogeneous and as accurate as possible approach to the quantification of the Resource Efficiency and Pollution Control contribution of companies with different business models, in different sector and at different levels of the value chain.

In this report we outline the aggregate impact of our portfolio for the year 2018. This represent the third full disclosure of our impacts to the public and the fourth including 2015 impacts shared with Ambienta's LPs in April 2016 at our AGM.

How does our methodology looks like?

ENVIRONMENTAL IMPACT ANALYSIS: THE UNDERLYING PRINCIPLES

Ambienta's portfolio and target companies can contribute both directly or indirectly to Resource Efficiency and Pollution Control. Impact is assessed along the entire value chain and not limited to the direct impact of the company in question. Companies may have an environmental impact across multiple Environmental Metrics which we account for when applicable.

Our preference is to use publicly available data and provide transparency on the source of the data. Where publicly available data is not available, we may use company or management data or where this is not available, we may use data generated by Ambienta. We disclose all of our data sources.

Our methodology measures the environmental impact of a business depending on the timing of the impact. For example, the environmental impact of some businesses is crystallized at the moment a product is sold, or first used (e.g. whenever a unit of water based coating is sold and used, a certain amount of solvent is saved), while for other businesses the environmental impact is throughout the operating lifetime of a product or service (e.g. the associated water saving of a cooling tower is a function of its useful life and usage).

We account for the individual attribution of a business in relation to a certain Environmental

Impact. If the total impact is not exclusively driven by the activity of the company under analysis, we allocate the impact proportionately. The total impact can be attributable to several factors of which the company under analysis only controls a few.

The Environmental Impact is assessed against reasonable technological alternatives and not against similar products from competitors. For example, a water-based wood coating is assessed against an alternative solvent-based coating, a reasonable technological alternative, and not against a water-based coating produced by a competitor. When a positive Environmental Impact is certain, but its reasonable quantification it is difficult to frame, we acknowledge there is an impact but do not quantify it.

A business can present both negative and positive Environmental Impact contributions. In cases where the negative contribution is comparable in size of impact to the positive contribution we do not continue with the investment process. Any negative otherwise minor Environmental Impact contributions are disclosed and discussed for transparency. Where the impact assessment is particularly challenging, we may use an independent expert as an advisor or auditor of our approach.

ENVIRONMENTAL IMPACT ANALYSIS: THE METHODOLOGY

The purpose of the Environmental Impact Analysis is to numerically quantify the environmental impact of different businesses in terms of Resource Efficiency and Pollution Control. In order to have a broad enough methodology to achieve our holistic goal we have identified 11 Environmental Metrics (outlined below) which can be used to assess any of the businesses that we have come across.

In the first step, the business is described and analyzed to identify its impact driver/s. These impact drivers are entirely specific to the individual business being analyzed.

In the second step, a numeric framework is developed through the application of the drivers to the relevant business output. We aim to give the maximum level of transparency, and critical discussion, on all relevant assumptions and simplifications used to make a reasonable assessment. The output is a calculation scheme. In the third step, input values and data sources are disclosed and described.

Finally, the numeric framework is populated with the values and the complete calculation is displayed. The output is the Environmental Impact.



THE ENVIRONMENTAL METRICS

Ambienta has identified the following Environmental Metrics to providing an homogenous base for capturing all the environmental effects of a business under analysis:

Resource Efficiency Metrics:

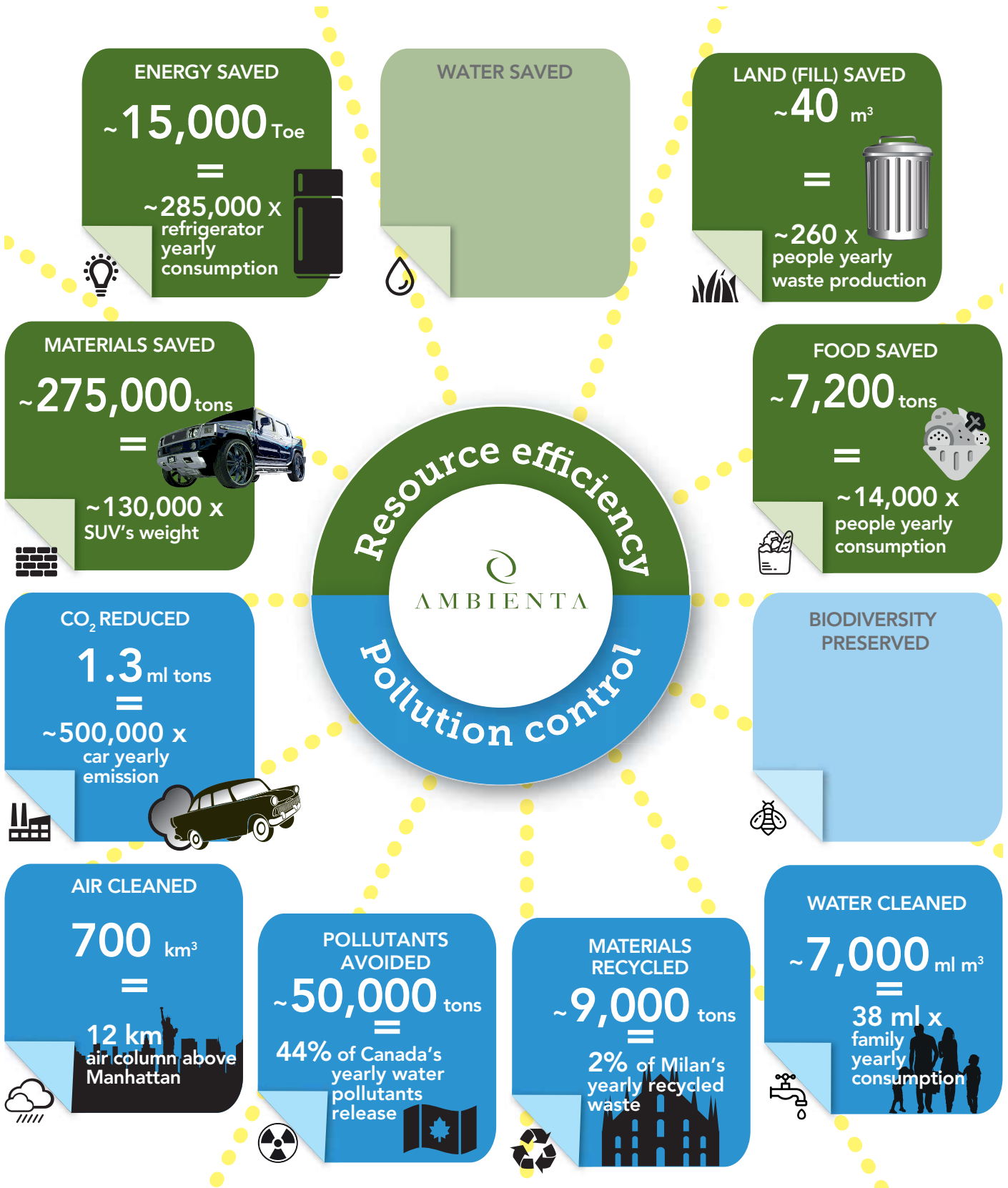
1. **Energy Saved:** amount of energy consumption avoided/reduced
2. **Water Saved:** amount of water consumption avoided/reduced
3. **Materials Saved:** amount of material consumption avoided/reduced
4. **Land(fill) Saved:** amount of space left untouched and not used for human purposes
5. **Food Saved:** amount of food no longer wasted or additionally produced

Pollution Control Metrics:

6. **CO₂ Emissions Reduced:** amount of CO₂ emissions reduced
7. **Air Cleaned:** volume of air cleaned
8. **Pollutants Avoided:** amount of pollutants reduced or not discharged
9. **Water Cleaned:** amount of water cleaned
10. **Materials Recycled:** amount of materials reused at end of life
11. **Biodiversity Preserved:** amount of species or space protected

2018 Impact

2018 represents our third year of our Environmental Metrics reporting. We run the calculation for all Ambienta portfolio companies, including the ones sold or purchased in 2018 to provide a full disclosure of our impact. We report herein our consolidated figures for Fund I, Fund II and Fund III portfolio companies.



ENVIRONMENTAL IMPACT ANALYSIS AND THE SUSTAINABLE DEVELOPMENT GOALS:

In September 2015 the General Assembly of the United Nations (UN) approved the “Sustainable Development Goals”. They represent 17 objectives encompassing a broad range of social and economic development issues that are often interconnected and need to be pursued on global scale to promote an inclusive and sustainable economic development. Each goal defines a set of well-defined targets (169 in total) that are universally applicable, regardless of the country or area of the world they are considered for. The aim of the UN goals is-, ‘to leave no one behind while balancing the three dimensions of sustainable development: the economic, social and environmental’.

















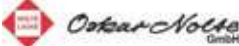



This framework is therefore naturally coherent with Ambienta’ investment strategy and its targets correspond to one or more of our Environmental Metrics. Through our investment scope that focuses on products and services that improve Resource Efficiency and Pollution Control we fully capture 10 of the 17 Goals and their respective sub-goals. Both Resource Efficiency environmental thesis and Pollution Control thesis allow to identify clear cut match with SDG’s long-term objectives. For instance, Water availability, sustainable management of water resources and improved sanitation objectives as stated in Goal 6, Clean Water and Sanitation, corresponds to impacts that we measure through our Water Saved and Water Cleaned Metrics. Air quality, which we measure through metric Air Cleaned, is a key element of Goal 3, Good Health and Well Being, since it heavily affects people health and in Goal 11, Sustainable cities and Communities. We currently do not include the goal 13 Climate Action into our Sustainable Development Goals Taxonomy because it only partially fits our mandate. Indeed Goal 13 focuses on mitigation of effect of climate change and government policies adoption to fight climate change and not on effective CO₂ Emission reduction as the name can suggest. Since we already capture CO₂ Emission Reduction opportunities across

all value chains through other Goals and Sub-Goals, we neglect Goal 13 in our taxonomy.

Overall 10 UN goals align with our Metrics and therefore our investment strategy. The objectives set by these goals define a wide range of investable opportunities that cross almost all sectors. Sustainability, as defined by our investment strategy, proves one more time to be a theme rather than a sector.

Over the years Ambienta has developed a taxonomy which allows to report along SDGs as well. In 2017 we started to associate portfolio companies’ impact, the result of our EIA methodology, to specific Goals and Sub-goals. This allows us to draw a map of how our portfolio addresses global environmental issues and how it contributes to solve them. In the table below we include all companies managed by Ambienta in 2018, highlighting the specific sub-goal they address. Overall our portfolio contributed to 8 Sustainable Development Goals.

Comparative table between portfolio companies and SDGs

 AMBIENTA	 2 ZERO HUNGER	 3 GOOD HEALTH AND WELL-BEING	 6 CLEAN WATER AND SANITATION	 7 AFFORDABLE AND CLEAN ENERGY	 8 DECENT WORK AND ECONOMIC GROWTH	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	 11 SUSTAINABLE CITIES AND COMMUNITIES	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
						9.4: (...) greater adoption of clean and environmentally sound technologies	11.2: (...) provide access to safe, affordable accessible and sustainable transport systems	
				7.2: (...) increase substantially the share of renewable energy in the global energy mix		9.4: (...) greater adoption of clean and environmentally sound technologies		
				7.2: (...) increase substantially the share of renewable energy in the global energy mix		9.4: (...) greater adoption of clean and environmentally sound technologies		
		3.9: (...) reduce ... from hazardous chemicals and air (...) pollution		7.3: (...) double the global rate of improvement in energy efficiency				
				7.3: (...) double the global rate of improvement in energy efficiency		9.4: (...) greater adoption of clean and environmentally sound technologies		
			6.3: (...) improve water quality by reducing pollution (...) and minimizing release of hazardous chemicals					12.4 (...) achieve the environmentally sound management of chemicals (...) and reduce their release to air, water
					8.4: Improve (...) global resource efficiency in consumption and production			12.2: (...) achieve the sustainable management and efficient use of natural resources
		3.9: (...) reduce ... from hazardous chemicals and air (...) pollution						12.4 (...) achieve the environmentally sound management of chemicals (...) and reduce their release to air, water
						9.4: (...) greater adoption of clean and environmentally sound technologies		12.4 (...) achieve the environmentally sound management of chemicals (...) and reduce their release to air, water
	2.4: (...) ensure sustainable food production systems					9.4: (...) greater adoption of clean and environmentally sound technologies		12.2: (...) achieve the sustainable management and efficient use of natural resources
								12.2 (...) management and efficient use of natural resources 12.4 (...) chemicals (...) and reduce their release to air, water



4

IDENTIFICATION AND MEASUREMENT OF OUR ESG PERFORMANCES

ESG activities across portfolio companies

Through sound investment management practices and good corporate citizenship, Ambienta is at the forefront of ESG management.

The *ESG in Action* programme has evolved since Ambienta's inception and has been applied in the portfolio companies of Ambienta II and now III. This Chapter outlines the

implementation and 2018 results of the *ESG in Action* programme within the Ambienta portfolio companies Oskar Nolte, SF-Filter, Calucem, Safim, Restiani, Pibiplast, Image S and Aromata. Portfolio companies are part of our portfolio for different periods and are measured from different initial ESG base levels; the degree of implementation of our *ESG in Action* programme in each one may differ. Size of the organizations across Ambienta's portfolio also varies. This implies different managerial bandwidth is available for this stream of work on a case by case basis and this drives different speeds of adoption. Therefore, as described in Chapter 2, we focus on material issues over breadth of approach when addressing ESG management.

The diagram below provides a summary of the level of *ESG in Action* implementation for the Ambienta II/III portfolio and the respective ESG Node.

There has been good progress in the implementation of *ESG in Action* throughout all portfolio companies. Three new companies, acquired in 2018, joined the programme: Pibiplast, ImageS and Aromata, who are now dealing with the implementation of Goal Setting policies. Of the two companies acquired in 2017, Safim and Restiani, Safim has swiftly completed the implementation of the entire programme at very fast speed, merit also of the excellent management team, and is now in reporting phase. Restiani has instead moved much slower because of the deep reshaping work Ambienta did, according to its investment case. This reshaping created changes at several levels, like management, minorities, statutory structures, business model, which all had the effect of making *ESG in Action* implementation almost impossible. In 2019 we expect an acceleration as such work is now completed. Calucem and SF-Filter remain in Monitoring and Reporting phase as in 2017 while Oskar Nolte has been dismissed. All companies at the last step have had an ESG Action Plan approved and the relative Key Performance Indicators (KPIs) that are used to report against. All companies have been able to provide Cross Portfolio KPIS (see table below for portfolio figures), even Image S and Aromata despite only being acquired at the end of 2018.





EXITED



Water-based coatings for the furniture industry

Data acquired	April 2015	Direct Operations	D, TR
Date divested	April 2018	Revenues 2017	€ 32 mln
Industry	Water-based coatings	Sales in	8 countries
Headquarters	Germany	Website	www.nolte-lacke.de
Board rep	3 of 4		

COMPANY DESCRIPTION

Oskar Nolte is a manufacturer of environmentally friendly water-based coating systems for the furniture industry. The company develops, produces and delivers solvent-free coating systems in liquid form to panel manufacturers that apply the product on panels. Oskar Nolte focuses on the most industrialized customers, where the coating is performed in fully automated, high speed production lines. The coated panels are then delivered to the furniture manufacturers who deliver finished furniture to retail customers. The market for wood coatings reached approximately €5.6bn worldwide in 2013, including approximately €1.3bn in Europe. Within Europe, Oskar Nolte operates in a €400m market segment.

Water-based and low solvent UV coatings, of which Oskar Nolte is a specialist, facilitate

the almost complete elimination of polluting organic solvents which are usually toxic, volatile and flammable. Both technologies, UV and water-based, though different, allow on average the elimination of 98% of the traditional solvent content. Globally, 83% of wood coatings are still solvent-based.

By using innovative water-based furniture coatings, Oskar Nolte has reduced the equivalent of 1,600 trucks of solvent from being used, contributing to a cleaner and healthier environment. In 2017, Oskar Nolte reduced the use of 23,385 tons of pollutants, 3,944 tons of CO2 emissions and enabled energy savings of 521 tons of oil equivalent. In terms of SDGs, Oskar Nolte contributes to SDG 3 and SDG 12.

As part of its focus on how sustainability is reshaping the chemical industry, Ambienta identified Oskar Nolte as a niche market leader with further significant growth potential

CROSS PORTFOLIO KPIS

KPI	UNIT OF MEASURE	2016	2017
Total Energy Consumption	GWh	0.4	0.5
Total Water Consumption	m ³	5,858	6,052
Environmental Capital Expenditure	€	21,000	16,000
Training Expenditure per Employee	€/FTE	244	362
Percentage of Eco-Innovative Sales	% of revenues	100%	100%
Job Creation	# of employees	45	47

ENVIRONMENTAL METRICS



OSKAR NOLTE, A 360 DEGREE SUCCESS STORY

"Transitioning a company to the next level can be a challenge. Ambienta, has been instrumental in supporting our transformation and growth strategy and Guido Puehse did a great job in handing over his tasks to our team. With Peter Möhrle Holding as a long-term shareholder, we are looking forward to continue our growth trajectory as a reliable and innovative supplier to our industrial customers."

Arne Deussen, CEO of Oskar Nolte

"We are proud of Oskar Nolte's success as the first of many more Ambienta investments in Germany and the first to exit."

Nico Helling, Partner at Ambienta

ESG IN ACTION

Oskar Nolte was acquired in April 2015 and was the second acquisition in the Ambienta II portfolio. The ESG Node is Nico Helling, Partner and Head of our Dusseldorf office for Ambienta. The company was divested in April 2018 to Hamburg-based Peter Möhrle Holding, a family owned industrial holding company.

In terms of headcount, Oskar Nolte was the smallest of all of Ambienta II's portfolio companies and employed less than 40 people when we first acquired it. During the initial ESG assessment it became clear that limited senior managerial resources and a high dependency on the owner for decision making were the two most critical governance issues. Lack of managerial time was therefore an issue also a hindrance to implement our *ESG In Action* programme at the beginning of our ownership period. Therefore, the implementation of a broader management team and structure was set as a key priority to ensure business continuity under our ownership. Immediately after the acquisition, Ambienta and the former sole shareholder hired a new CEO, a wood coating expert acting as COO, and a new CFO to manage the increasing complexity of a growing business. With these hirings, Oskar Nolte successfully managed the succession of the former sole managing director and at the same time built up a broader organization, which enabled the Company to grow to the next level on international scale and to expand its product portfolio.

Following the establishment of a new management team, Oskar Nolte started

the implementation of the *ESG In Action* programme. By the end of 2017, Oskar Nolte completed the Materiality Analysis, developed and approved the ESG Action plan and reached the Monitoring and Reporting phase, the last step of our programme.

On the governance side, Ambienta, together with the co-shareholders, installed an advisory board, introduced bylaws, appointed a new auditor, conducted voluntary audits on financial statements, and successfully managed the succession for the former sole CEO, transforming Oskar Nolte into an organization with more managerial depth. This was particularly crucial to grant business continuity to all employees and stakeholders.

The Company invested into ESG-related areas, most notably by offering free language courses for its non-German speaking workforce and investments into labour safety (e.g. new technical equipment), both of which helped in reducing the number of work accidents to a minimum. As a result of these achievements, IKEA run a full audit (IKEA MUST audit) on different company internal areas as fair working conditions, business integrity, environmental pollution and work safety. The outcome was very positive: it qualified Oskar Nolte as a top supplier and represented the foundation of further orders increase.

Shortly prior to exit, the advisory board of the Company positively attested the adequate implementation of the *ESG In Action* programme and its associated key achievements (see quotations in box).

"As CEO and shareholder of Oskar Nolte GmbH for more than 25 years, I have been guiding the Company along its journey of development and growth. It has been a great experience running the business with Ambienta over the last three years and a pleasure to coach the new Management team to take over my role at the helm of the business. Certainly, I am looking forwards to continuing to support and to contribute to the company's development in my new supervisory board role."

Guido Puehse, former CEO and sole shareholder



Distribution of filters for the industrial and mobile segment

Data acquired	January 2016	Direct Operations	CH,GER, AUS, POL, FRA
Industry	Industrial filters	Revenues 2018	CHF 83 ml
Headquarters	Switzerland	Sales in	45 countries
Board rep	3 of 5	Website	shop.sf-filter.ch

COMPANY DESCRIPTION

SF-Filter is a leading company in the distribution of mobile and industrial filters for a variety of applications such as oil, air, fuel, hydraulic, gas, pneumatic, liquid, and HVAC-related applications. With more than 30,000 European customers ranging from original equipment manufacturers to resellers as well as end-customers, the SF-Filter brand has been unanimously recognized as the leader in its field due to its broad filter range, competent technical and independent advice as well as 24 hour delivery times. SF-Filter operates throughout Europe with filter warehouses in Switzerland, Germany, Austria, France and Poland. Ambienta invested in SF-Filter as a majority shareholder in January 2016. Modern filtration technology contributes substantially to a cleaner environment by reducing the emission of pollutants, especially in the area of air and water filtration. Examples

include the de-dusting of air in industrial buildings or the purification of water before releasing it into the environment. SF-Filter's technical advice and service is therefore an important contributor to the sustainable use of resources and a healthier environment. Because not all aspects of SF-Filter's positive environmental impact can be properly quantified, we limited our Environmental Impact Analysis to the Environmental Metrics "Air Cleaned", "Pollutants Avoided" and "Water Cleaned". In terms of UN's SDG impact, SF-Filter has impact on SDG 6 and SDG 12.

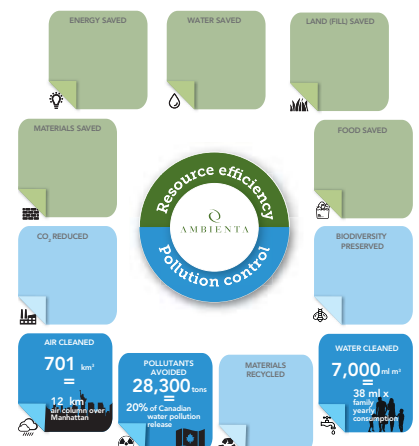
ESG IN ACTION

By the end of 2017, SF-Filter has reached the final phase, Monitoring and Reporting, of the ESG In Action programme. The ESG Node is Nico Helling, Ambienta's Partner and Head of our Dusseldorf office. In terms of financial profile, SF Filter is a relatively large company within

CROSS PORTFOLIO KPIS

KPI	UNIT OF MEASURE	2016	2017	2018
Total Energy Consumption	GWh	0.51	0.58	0.57
Total Water Consumption	m ³	1,897	2,349	3,514
Environmental Capital Expenditure	€	23,623	123,541	31,197
Training Expenditure per Employee	€/FTE	23	51	78
Percentage of Eco-Innovative Sales	% of revenues	100%	100%	100%
Job Creation	# of employees	278	290	300

ENVIRONMENTAL METRICS



ALWAYS CLOSE TO THE LOCAL COMMUNITY

SF Filter has been actively engaging with local communities since far before Ambienta invested in the company. Several different initiatives have been launched and maintained to promote social development beyond business.

Particularly in 2018 SF Filter supported the following initiatives:

- sponsored the local ice hockey club "Wild Wings", in Germany, demonstrating its active role in sustaining sport as fundamental driver for the development of a healthy society;
- participated in several entrepreneurial association in order to ensure a constant dialogue with the local communities as an active actor of a broader network of companies;
- offered training programs for young people in Switzerland, based on the belief that only by investing on people, a long-term sustainable development for the company will be possible

Ambienta II's portfolio. In spite of this, during its initial ESG assessment, it became clear that the company operated in an entrepreneurial manner with limited governance and internal reporting structure. The implementation of a new governance model and new internal reporting structure across the team was set as a key priority. Once the new management and reporting structure was put in place we could then move ahead with the ESG programme as well. As a first step, SF-Filter developed and finally approved in January 2017 the three goal setting policies in the field of Business Integrity; Environment Health & Safety; Employment and Labour Standards. The main activity of 2017 was then a thorough review of the business model and internal

processes to support the Materiality Analysis and the development of the ESG plan. In light of the value added distribution business operated by SF-Filter the main areas of attention were identified in proper supplier review, warehouse management and retention of technical know-how.

SF-Filter sources filters from both OEM manufacturers and private label manufactures. OEMs are listed companies with dedicated ESG programmes and reporting, thus the associated risk is low. In contrast, private-label manufacturers are typically smaller companies with less transparent managerial practices and are located in higher risk areas such as Asia and Turkey. In 2018, SF-Filter implemented an internal auditing system for the main private-label supplier conducted by company management directly at suppliers' production sites. All suppliers' audits, even in emerging markets, were positive in 2018. At the same time, the number of suppliers has been increased in order to limit dependency and spread reliability risks.

Warehouse management is critical for customer satisfaction and long term success of the company. The situation as FY2018 is that, out of the five warehouses, three are now ISO 9001 certified. SF-Filter's goal is to implement the quality certification for all warehouses.

COMPANY SPECIFIC ESG KPIS

Company specific KPIs represent a subset of the full set to be monitored as defined in the ESG plan. Numbers show the workforce is relatively young with an increasing number of female workers. According to the suppliers audit, the risk situation is considered low.

Company Specific ESG KPIS	UNIT OF MEASURE	2016	2017	2018
Certification of Facilities, percentage of Facilities certificated to ISO 9001 or more	%	43%	50%	60%
Diversity of Workforce, Split of worforce by gender and avg age	Avg Age/ Male/Female	40/184/94	40/183/107	41/181/119
Training & qualification I, Number of days spent on trainings	days	34	30	31
Waste Scope III, percentage of packaging materials recycled	%	98%	98%	90%
Spending on community sponsorships, in EUR	€	12,743	15,756	15,667
% of filter purchased from high-risk countries (CPI <50; TOP20 suppliers)	%	n.a.	41%	13%
% of filter purchased from ISO-certified (TOP20 suppliers)	%	n.a.	95%	94%
% of filter purchased from publicly ESG-committed suppliers (TOP20 suppliers)	%	n.a.	51%	51%



CAC producer for building chemistry

Data acquired	April 2016	Direct Operations	HR, GER, US, SGP, TR
Industry	Specialty Chemicals	Revenues 2018	€ 51 ml
Headquarters	Croatia	Sales in	60 countries
Board rep	3 of 5	Website	www.calucem.com

COMPANY DESCRIPTION

Calucem ranks #2 in the world as Calcium Aluminate Cements (“CAC”) developer, manufacturer and distributor and is one of the only few competitors with global reach in the sector. Calucem has sales more than 60 countries, with the US and Germany being the largest. As a global player, Calucem operates through R&D and commercial center in Mannheim (Germany), operations in Pula (Croatia), sales and marketing offices in the United States and Singapore and a bauxite quarry near Bodrum (Turkey) with distribution centers in the US, UK and Sweden. CAC based materials are part of the foundation of the success of large, global and fast growing end markets such as building chemistry, refractories and several specialties such as specialty pipes. Ambienta acquired a controlling stake in Calucem in April 2016. CAC is a family of high-value and high-

performance specialty binders used for their high strength, rapid hardening and heat resistance. In building chemistry, the largest end market, CAC is often used in blends with ordinary cement (“OPC”), improving its performance, reducing the needed quantity and sometimes even replacing OPC. Using our proprietary Environmental Impact Analysis, we have measured the effect of such OPC displacement to correspond, for Calucem’s sales only, to a saving of approximately 275,000 tons of CO₂ emission per annum, equivalent, as an example, to the elimination of approximately 110,000 passenger cars. Furthermore, when used as a binder CAC can replace phenolic resins, a very powerful but highly toxic alternative. The Environmental Impact Analysis of Calucem is measured using the Environmental Metrics “Materials Saved” and “CO₂ Emissions Reduced”. Calucem also has a “Pollutants Avoided” impact

CROSS PORTFOLIO KPIS

KPI	UNIT OF MEASURE	2016	2017	2018
Total Energy Consumption	GWh	245	220	255
Total Water Consumption	m ³	~ 4,500,000	~ 4,400,000	~5,600,000
Environmental Capital Expenditure	€	~ 238,000	~ 251,000	~200,000
Training Expenditure per Employee	€/FTE	113	193	238
Percentage of Eco-Innovative Sales	% of revenues	85%	85%	85%
Job Creation	# of employees	166	174	176

ENVIRONMENTAL METRICS



which is not measured because it is dependent on specific and less accessible customers end-product formulations. In terms of UN's SDG impact, Calucem has impact on SDG 8 and SDG 12.

ESG IN ACTION

Calucem, acquired in April 2016, has been the quickest company so far to reach the final step of our *ESG In Action* programme. The ESG Node is Stefano Bacci, Partner, ESG Manager and Head of our London office. It benefited from managerial practices that were already in place before our acquisition and also the top management's understanding of corporate social responsibility topics.

The company has approved three goal setting policies in the field of Business Integrity; Environment Health & Safety; Employment and Labour Standards in July 2016. Afterwards it completed the Materiality Analysis, and approved the ESG Action Plan with defined KPIs and reporting obligations which were completely fulfilled in 2017. Our Materiality Analysis conducted on the company highlighted a number of positive management practices and a few risk areas, such as energy management, Health & Safety (H&S) and emissions in the surrounding area.

A complete set of certifications was already in place before Ambienta's acquisition: ISO 9001 for quality, ISO 14001 for environment and OHSAS 18001 for health and safety matters. Ambienta's contribution came when also the certification of the energy management system was achieved, according to the standard ISO 50001, the highest possible on this topic. In addition, Calucem can now claim to receive 100% of its electric energy, approx. 80,000 kWh, from renewable energy sources through Renewable Energy Certificates. Furthermore, a newly completed system to reduce moist in the furnace by reusing exhaust gases brought down gas consumption by 90% in 2018. The consequence of these achievement was that energy consumption per volume of production decreased almost 10% during 2018.

A delegation made of the plant manager and other supervisors was sent to nearby cement plants to observe and learn best H&S practices to adopt in Calucem. The result was that a new EHSQ (Environment, Health & Safety, Quality) programme was being introduced in the Pula plant in 4Q18 in order to align the standards to those of the best market participants.

Calucem, because of its chemical process, has emissions, both in terms of CO₂ and other air contaminants such as NOX, SO₂, PM, noise and dust, which impacted the residential area near the production site in Pula.

Since Ambienta took over in 2016, the overall plant noise was reduced through various initiatives and the best available technologies, such as bag filters, have been used to reduce the emissions of dust. Despite regulations required only periodic registrations, Calucem records and provide authorities with daily measurement which could exceed the legal thresholds. The board approved ESG Action Plan contains a number new KPIs aimed at a more vigilant monitoring of different emissions and included extra dedicated capex for new sensors that have been installed. In parallel, we institutionalized board reporting on a number of relevant new and old KPIs.

CALUCEM FOR ITS PEOPLE

Calucem's cement mill in Pula (Croatia) has been operating since the beginning of the 20th century. Being relatively close to densely populated area, the attention of Calucem toward its employees and their community has been always at the top of the agenda. Several initiatives have been realized every year in order to support and engage with the local community in the production area in Pula. In 2017 the company:

- distributed 10.000€ for the realization of 3 social initiatives that were proposed and voted by Calucem employees;
- financed special initiatives proposed by the local community and the local elementary school;
- sponsored the young local soccer club (boys and girls up to 14 years);
- subsidized social activities for pensioners who worked in the plant.



COMPANY SPECIFIC ESG KPIS

The management team completely fulfilled the reporting obligations agreed at Board level. The KPIs reported here below are the end of year figures, while several indicators are monitored more frequently. We are proud to have put in place indicators for Noise and Dust Emissions monitoring system to be able to verify the impact of the investments made and described above. We consider this a positive way to foster and promote positive relationships with the whole community of Pula. The result was that emission never exceeded the legal threshold during the three years since Ambienta took over. At the end of 2017, also a noise control measurement was put in place. Despite the legal threshold was 70dB, our internal measurement recorded any noise above 55dB to occur only 2.2% of the time that the plant was operational, without ever exceeded the legal requirement. The company keeps investigating how to further improve its noise emissions.

Company Specific ESG KPIs	UNIT OF MEASURE	2016	2017	2018
Kilns Filter Emission, Non Conformity				
-Nox	nc	-	-	-
-SO2	nc	-	-	-
-dust	nc	-	-	-
Cooling Water from kilns, non conformity				
- temperature of released sea water	nc	0	16	10
- amount of released water	%	54%	65%	80%
Total Noise Emission		n.a.	0	2.2%
Total Dust release	mg/m ³	n.a.	19	18
LTIFR		3	-	14
LTISR		1,101	386	1,015
Days since last lost-time injury	days	84	448	18
Percentage of overtime over working hours	%	5%	5%	6.5%
Percentage of training over working hours	%	1%	1%	0.6%
Hours of strike over working hours	h	0	0	0
Ratio utilized /Licenced production capacity	%	78%	73%	86%
Cost of social projects outside the plant	€	78,500	50,800	57,000



Manufacturer of critical components for hydraulic systems on-board heavy vehicles

Data acquired	July 2017	Direct Operations	ITA, FRA, IND, US
Industry	Hydraulic components	Revenues 2018	€ 52 ml
Headquarters	Italy	Sales in	47 countries
Board rep	4 of 6	Website	www.safim.it

COMPANY DESCRIPTION

Safim is a leading manufacturer of critical components allowing the safe and energy efficient functioning of hydraulic systems on-board off-highway vehicles and trailers. The company is based in Modena (Italy), one of the leading districts globally for mechanical engineering, with subsidiaries in the USA, France and India. One of the few companies globally fully focused on these components, Safim is a leading player in its niche, serving premium OEMs like CNH, John Deere, JCB on a global basis. The company operates on different end-markets including agriculture, construction and material handling, which it historically outperformed thanks to its innovative offering and customer centric approach.

Ambienta acquired a controlling stake in Safim in July 2017 to foster international growth of the company and transition it to a fully management led company from its truly

entrepreneurial status. Ambienta’s initiatives resulted in unlocking Safim’s manufacturing capacity with daily delivery of its energy-efficient hydraulic components growing by over 100% in the last 12 months (at almost no Capex), revenues growing from €28ml in 2016 to over €50ml in 2018, workforce growing by over 50% as of December 2018 and profitability growing consistently.

Safim’s hydraulic components are designed to reduce energy losses in the hydraulic circuit through smart engineering solutions developed by the technical department. The energy saving results into a reduction of CO2 as well. We estimated the energy losses avoided of two specific and high growth solutions that reduce energy consumption in trailer braking and in hydraulic circuits split respectively. The Environmental Impact driven by the sale volumes of those products in 2018 has been estimated in about 8,163 tons of oil equivalent

CROSS PORTFOLIO KPIS

KPI	UNIT OF MEASURE	2017	2018
Total Energy Consumption	GWh	1.7	2.0
Total Water Consumption	m ³	3.000	2.280
Environmental Capital Expenditure	€	25.456	62.030
Training Expenditure per Employee	€/FTE	71	206
Percentage of Eco-Innovative Sales	% of revenues	17%	24%
Job Creation	# of employees	187	230

ENVIRONMENTAL METRICS



(Toe) of energy, equivalent to the annual consumption of about 150,000 refrigerators and 7,880 tons of CO2 Emissions Reduced, equivalent to the annual emissions of c. 3,200 cars).

The Environmental Impact Analysis of Safim is measured using the Environmental Metrics "Energy Saved" and "CO2 Emissions Reduced". Safim also has a "Pollutants Avoided" impact which is not measured because it is dependent on extremely variable usage related information which are not accessible to the company. In terms of UN's SDG impact, Safim's activity has impact on SDG 3 and SDG 7.

ESG IN ACTION

Safim controlling stake was acquired in July 2017. By the second half of 2018, Safim has reached the final step of the *ESG In Action* programme. The three goal setting policies in the areas of Business Integrity, Environment Health&Safety, Employment and Labour Standards were approved in December 2017, the Materiality Analysis was completed by January 2018 and the ESG Action plan was approved by the Board of Directors in H1 2018. The ESG Node is Nino Tronchetti Provera, Ambienta's Managing Partner and Founder.

ESG due diligence was carried out on Safim before investment, as required by Ambienta's *ESG In Action* programme. The due diligence did not highlight any significant issues. In terms of Environment / Health & Safety the company operates in compliance with environmental regulations, with only a few minor improvement areas identified. In terms of Social and



Governance, Safim had already adopted an organizational model according to Italian law 231 and a related Code of Ethics, which represent the reference standard and is unusual in companies this size – which represent a good basis to promote further improvements in some identified areas.

Nonetheless our initial assessment of the company highlighted several opportunities that the Materiality seem to confirm in the area of human capital. The company has always been run in a truly entrepreneurial set-up, which very effectively grew the company into a niche leader. Today strengthening of the management team will enhance the company's capabilities to cope with rapid growth and expand its reach in foreign markets as the US. For this reason, at the moment of our entry we recruited a CEO to transition Safim to the next stage of its growth story. A CFO and a second layer of managers in the areas of operations and product development complemented the hiring plan that will grant long term continuity of the company beyond the family members. In this area we already introduced a career development plan and performance based incentives, for the first time in the company. This setting will contribute to promote long term value for all employees and thus for the company itself.

The new management implemented many initiatives. Among others, the introduction of integrated production planning to achieve 100% raw material availability, established world class manufacturing programme to reach over 90% operational efficiency and reduced backlog on deliveries by 90%. Other social initiatives have

SAFIM: ADDRESSING A LOCAL COMMUNITY ISSUE

In the very first months of our ownership a local environmental agency indicated Safim as a possible source of an unpleasant smell which was noticed by citizens living in the surroundings of the plant. Despite being recognized as fully compliant with applicable regulations, Safim's board and top management gave priority to investigate all possible sources of the smell within our plant and implemented additional measures to make sure all potential odours were abated in order to minimize any other risk. The source of the smell was later identified in a nearby foundry.

been put in place aimed at improving the private lives of Safim's employees, including sponsoring summer camps for employees' children and supporting the local parish church on multiple initiatives in an underdeveloped area of Modena.

In order to foster the transition from an entrepreneurial company to a managerial one, Safim S.p.A. became one of five companies in Italy, and among the first 100 companies in Europe, to be awarded the new Occupational Health & Safety standard ISO 45001, with TÜV certification. ISO 45001 was developed in 2018 with the goal of providing employers with a framework to improve employee safety, reduce workplace risks and create better, safer working conditions.

The prestigious certification follows Ambienta's effort over the last two years to achieve a transformational change in the capabilities and standards of the company. This recognition highlights the success and capability of Ambienta's *ESG In Action* programme, integrating responsible investment factors on

Environmental, Social and Governance issues into daily operations.

The company has developed Company Specific KPIs to complement for the Cross Portfolio KPIs which are reported on the previous page. The numbers are impressive when we compare the employee growth (from 140 in 2014 to 230 in 2018) with improving indicators such as consumed energy per hour worked, percentage of waste recycled, and severity of work accidents.



Company Specific ESG KPIs	UNIT OF MEASURE	2017	2018
Total Gas Consumption	m ³	86,900	96.568
Total energy produced by photovoltaic system	kWh	281,900	271.506
Consumed energy/ hours worked	kWh/hours worked	6,36	5,95
Consumed water/ hours worked	m ³ /hours worked	0,0105	0,0078
Consumed gas/ hours worked	m ³ /hours worked	0,30	0,26
Energy produced with photovoltaic/ hours worked	kWh/hours worked	0,98	0,73
Total waste produced	t	287.000	355.572
Percentage of waste externally recycled	%	60.0%	66,5%
Total cost for waste disposal/ revenue	%	0,05%	0,04%
Total waste disposal/ hours worked	t/hours worked	0,058	0,521
Number of days without accidents	days	359	358
Frequency of work accidents	accidents/10 ⁶ hours worked	20,92	20,31
Gravity of work accidents	days compensated/10 ³ hours worked	0,66	0,42
Incidence of work accidents		36,59	33,82
Number of first aids	-	2	6
Number of near misses	-	2	3



ESCO delivering energy efficient heating solutions to private residential customers

Data acquired	August 2017	Direct Operations	ITA
Industry	Energy Services	Revenues 2018	€ 43 ml
Headquarters	Italy	Sales in	1 country
Board rep	4 of 5	Website	www.energywave.it

COMPANY DESCRIPTION

Restiani – through its subsidiary Energy Wave Srl – is an Energy Service Company (ESCO) founded in 1937 by the Restiani family, with headquarters in Alessandria (Italy) and six commercial offices across North West Italy. Energy Service Companies (ESCO) drive the adoption of energy efficient and low pollution solutions through their activities. Restiani Energy Service Business is focused on delivering energy efficient heating solutions to private residential customers (large residential buildings with centralized heating systems), with a leading market position and strong brand recognition in core provinces of North West Italy .

Restiani is a Pollution Control and a Resource Efficiency investment for the purpose of Ambienta’s investment strategy. Energy efficiency is the most critical competitive factor in the residential heating sector, both for economic and environmental reasons.

Restiani is an ESCO specialized in large residential buildings. Its advanced services include energy audits, engineering, maintenance and installation of heating systems and smart meters. Its activities have a large Environmental Impact because provide the best applicable technology while replacing old and inefficient heating solutions. Restiani directly invests into the new solution and is remunerated through long-term contracts associated to the energy saving provided by the intervention. Restiani drives also a CO₂ emissions reduction impact, since its advanced heating devices (i.e. condensing boilers) are much more efficient than their older alternatives and every unit of energy saved naturally entails a corresponding CO₂ emission reduction. Furthermore, they replace old heating systems, like oil and diesel boilers, which release much more air pollutants per unit of energy: not only more CO₂ (Carbon Dioxide) but also more CO (Carbon monoxide),

CROSS PORTFOLIO KPIS

KPI	UNIT OF MEASURE	2017	2018
Total Energy Consumption	kWh	454,000	554,000
Total Water Consumption	m ³	108	193
Environmental Capital Expenditure	€	~190,000	~283,000
Training Expenditure per Employee	€/FTE	92	53
Percentage of Eco-Innovative Sales	% of revenues	100%	100%
Job Creation	# of employees	150	155

ENVIRONMENTAL METRICS



NOx (Nitrogen oxides) and SOx (Sulphur oxides). What has all this got to do with ESG? The Environmental Impact driven by buildings under contract with Restiani in 2018 has been estimated to be 5,473 ton of oil equivalent (ToE) of Energy Saved and 13,985 tons of CO₂ Emission Reduced. In terms of UN's SDG impact, Restiani has impact on SDG 7 and SDG 9.

ESG IN ACTION

Restiani was acquired in August 2017 from the group Total Erg in the context of a large divestment of several divisions. The resulted spin-off company Energy Wave Srl, rebranded to enhance its focus on energy efficiency, is now working towards implementing a strong ESG culture following the professionalization of its management team. Restiani has already approved in 2018 the three Goal Setting Policies in the area of Business Integrity, Employment and Labour Standards, Environment Health & Safety. The Materiality Analysis is being prepared during Q1 2019, with the goal to have the ESG Action Plan approved by Q2 2019. The ESG Node is Mauro Roversi, Partner and Chief Investment Officer of Ambienta.

The initial due diligence did not highlight any major clear issue, as a result of existing policies and methodologies already introduced under the industrial conglomerate ownership (see box). From the due diligence emerged a sort of mismatch between policies and statements



and the actual implementation, monitoring and application of some commitments. For instance, despite efforts, there is no environmental reporting in place. Similarly, Audits to be carried out within the ISO 14001 requirement are carried out but not effectively reported.

For this reason, professionalization and reinforcement of the management team has been the starting point of all our work stream within the company. We immediately introduced a new CEO with extensive knowledge of energy efficiency services, with the mandate to establish a new and young set of managers to reignite growth of the company. Amongst the key managers identified, the CEO hired a new CFO, an experienced EHS (Environment, Health and Safety) manager and a new Technical Manager. Together, they represent the foundation for the development and implementation of our *ESG In Action* Programme.

During the Materiality Analysis, which is still in progress, some elements have been given priority. Among them, the necessity of evolving the business with more training and professionalism. With regards to that our data shows, despite a decreased training expenditure per employee, an increase in training hours from 2.800 to more than 4.000. This has been achieved through new partnerships with Politecnico di Torino university and some energy consulting companies, which significantly drew down training cost per hour. In addition, many of the new hires came alongside a higher education, as a demonstration of the efforts of the new CEO to shift from the old entrepreneurial mentality to a more structured system.

RESTIANI: A CARVE OUT FROM A LISTED CONGLOMERATE

Restiani is an energy service company founded in 1937 by the Restiani family in Alessandria. It has served for decades local residential buildings through installation and servicing of heating systems. Over this period of time it has built a strong brand recognition in the North West of Italy. In the nineties the founding family sold a majority stake to industrial players. Under industrial owners, the Total Erg group, a series of policies covering health and safety, environment and labour were introduced. For this reason a certain sensitiveness to ESG factors integration is already present in the company. Nonetheless, policies had failed to generate a continuous work stream of actions and monitoring activity; over the years all had become almost a box ticking exercise. In this case it was paramount to recreate a clear line of accountability from Board down to top management and employees.



Leading provider of sustainable cosmetics packaging solutions

Data acquired	September 2018	Direct Operations	ITA
Industry	Cosmetic packaging	Revenues 2018	€ 65 ml
Headquarters	Italy	Sales in	35 countries
Board rep	2 of 6	Website	www.pibiplast.com

COMPANY DESCRIPTION

Pibiplast, with headquarters in Correggio (Italy), is a leading provider of beauty and personal care packaging solutions. Founded in 1954, Pibiplast was a first-mover in adopting environmentally friendly plastics packaging solutions, leading the transition away from highly polluting materials. The company specialized in the skincare and makeup sectors through strategic acquisitions and investments in state of the art technologies. Today, it operates four plants based in Northern Italy, serving more than 500 customers across 35 countries. It offers a wide range of products and customized solutions to the cosmetics industry, from the most recognized global brands to emerging independent brands.

Pibiplast is a Pollution Control and, to a lesser extent, a Resource Efficiency investment for the purpose of Ambienta's investment strategy. Pibiplast is a pioneer in leading the substitution of polluting non-recyclable plastic (i.e. PVC) with recyclable and more environmentally friendly plastics (i.e. PET, PE, PP). Pibiplast has a 58% share (2018 figures) of high recyclability products against a market average of 28%. The growing use of recyclable products is driven by both regulation and consumers' awareness. Particularly the EU committed to make all plastic packaging products

recyclable by 2030. This in turns facilitate recycling activities and increase the amount of recycled materials circulating in the value chain. On the basis of its proprietary methodology, Ambienta quantifies Pibiplast Environmental Impact by focusing on the various Environmental Metrics affected by the company value chain. Pibiplast impact can be defined as 237 tons of CO₂ Emissions Reduced, 12 tons of plastic saved, 3 Toe of Energy Saved, 40m³ of Land(fill) Saved and 6 tons of plastic recycled. In terms of UN's SDG impact, Pibiplast's activity has impact on SDG 9 and SDG 12

ESG IN ACTION

Pibiplast was acquired in was acquired in November 2018. Therefore we completed only the ESG due diligence by year end, which is the first step the ESG In Action programme. The preliminary activities to approve the three goal setting policies in the areas of Business Integrity, Environmental Health&Safety, Employment and Labour Standards started in Q1 2019 and we expect to finalize it by 1H19. Then the management will focus on the Risk and Materiality Analysis which is likely to focus on training and operations management. The ESG node is Mauro Roversi, Chief Investment Officer and Partner of Ambienta.

CROSS PORTFOLIO KPIs

KPI	UNIT OF MEASURE	2018
Total Energy Consumption	GWh	16,3
Total Water Consumption	m ³	~6,200
Environmental Capital Expenditure	€	~827,000
Training Expenditure per Employee	€/FTE	325
Percentage of Eco-Innovative Sales	% of revenues	58%
Job Creation	# of employees	325

ENVIRONMENTAL METRICS





Leading provider of natural-based flavors and colors for the food industry

Data acquired	November 2018	Direct Operations	ITA
Industry	Food Ingredients	Revenues 2018	EUR 30 ml
Headquarters	Italy	Sales in	59 countries
Board rep	3 of 5	Website	www.aromatagroup.net

COMPANY DESCRIPTION

AromataGroup is the Italian leading manufacturer of natural flavours and colours for the food industry. The Group, headquartered in Concorezzo – Italy, is the result of a consolidation project promoted by two seasoned managers, which started in 2011 with the acquisition of Select Alimenta, a small operator in the food flavors industry. Along these years three additional companies entered the Group: Emans Derivati Aromatici (flavors), Variati Aromi (flavors) and Fiorio Colori (colors). At the moment of the acquisition, the Company served more than 1,200 customers across 50 countries with more than 5,500 SKUs and employed c.120 people.

The Group manufactures and distributes natural flavors and colors that are increasingly substituting synthetic chemicals which are derived from oil or inorganic chemicals. The substitution of synthetic chemicals with natural ones entails a switch from non-renewable fossil and inorganic raw materials to raw materials which are renewable by definition. As proposed by the 7th principle of Green Chemistry, this

switch inherently contribute to develop a more resource efficient and inherently safer design of molecules and products.

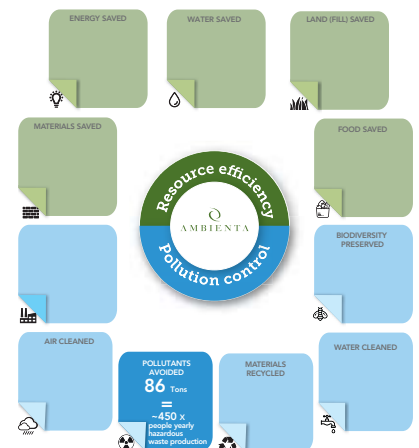
The Environmental Impact of Aromata in 2018 was estimated according to our Environmental Impact Methodology against the Environmental Metric “Pollutants Avoided”.

In terms of UN’s SDG (Sustainable Development Goals) impact, Aromata’s activity has impact on SDG 12. In line with SDG 12 (“Ensure sustainable consumption and production patterns”) Aromata’s product offering and strategy promotes an environmentally sound management of chemicals through their lifecycle (Sub Goal 12.4) and the sustainable management and efficient use of natural resources (Sub Goal 12.2).

CROSS PORTFOLIO KPIS

KPI	UNIT OF MEASURE	2018
Total Energy Consumption	Gwh	2,1
Total Water Consumption	m ³	~39,000
Environmental Capital Expenditure	€	~300,000
Training Expenditure per Employee	€/FTE	300
Percentage of Eco-Innovative Sales	% of revenues	50%
Job Creation	# of employees	124

ENVIRONMENTAL METRICS



ESG IN ACTION

Aromata controlling stake was acquired in November 2018. Therefore only the ESG due diligence performed before acquisition, the first step the *ESG In Action* programme, was actually completed by year end. The preliminary activities to approve the three goal setting policies in the areas of Business Integrity, Environmental Health&Safety, Employment and Labour Standards started in Q1 2019. Aromata, the first company invested by fund III, will be the first to run a full Carbon Footprinting analysis and develop a carbon strategy to be included in the ESG Plan. This in line with the ambitions set by Ambienta with respect to climate change mitigation. The ESG node is Mauro Roversi, Chief Investment Officer and Partner of Ambienta.

As prescribed by *ESG In Action* programme, the ESG due diligence was carried out by third party consultants and covered all operations of the company and even the adoption of recent privacy regulation. The due diligence was overall positive and didn't highlight any major unmanaged issue. Some areas of improvement have been suggested and will represent the starting point of the Materiality Analysis which will start in Q2 2019 alongside the Carbon Footprinting which will be run with the support

of a consultant. By end of Q1 we do expect Aromata to have approved the three goal setting policies Ambienta requires. In terms of operations management, particularly with respect to health and safety topics, the due diligence indicated a review of the census of the machinery equipment to be run in the next years to grant highest safety standards. Similarly wastewater management, given the type of products the company manages, has been indicated as a high attention topic. These areas will likely be included in the review of certification standards of all plants, an activity that Ambienta often launches within its portfolio. The achievement of an ISO 14001 or equivalent is usually the result of such a work stream. In terms of people management and employee retention policies, we identified the need to expand the incentive scheme beyond top management to include a large part of a second level managers. Despite being very early into the programme the company management has engaged early on and is addressing some of the priorities with plant managers early on with respect to all board resolutions we will take. On the same line the company run a preliminary review of the Cross Portfolio KPIs to set a reference base for the programme, which is reported in the previous page.





Machine vision distribution

Data acquired	December 2018	Direct Operations	ITA
Industry	Machine vision distribution	Revenues 2018	€ 29 ml
Headquarters	Italy	Sales in	1 country
Board rep	3 of 4	Website	www.imagesspa.it

COMPANY DESCRIPTION

Image S, with headquarter in Mariano Comense (Italy), is the Italian leader and #2 in Europe in the distribution of machine vision and imaging products. The company offers a complete product portfolio of hardware, software and related services, acting as a one-stop-shop for machine vision applications.

Image S is a Pollution Control and a Resource Efficiency investment for the purpose of Ambienta's investment strategy. To estimate of the impact according to our methodology, we focused our analysis on sorting application. We focused specifically on waste sorting and seed sorting, the first being a Pollution Control driven application the latter being a Resource Efficiency driven one.

In waste sorting, machine vision systems allow waste sorting machine to select useful recyclable materials among undifferentiated

waste streams. For example, within plastic recycling it is necessary to accurately separate PET from PVC, since only 50-100 ppm of PVC concentration in a PET recycling stream can spoil its recyclability. Within the glass recycling industry, it is important to eliminate impurities almost completely.

In seed sorting, machine vision systems improve seed sorting efficiency. This kind of machine can precisely detect and eliminate impurities while keeping "false negatives" at a minimum, i.e. good quality seeds wrongly scrapped. Product quality is the most important outcome of the sorting process. Traditional mechanical sorting systems can only focus on delivering good quality products, neglecting scraps. Machine vision-enabled sorting systems are able to separate impurities from good seeds at very high-speed rates and far more precisely. Process efficiency has increased

CROSS PORTFOLIO KPIS

KPI	UNIT OF MEASURE	2018
Total Energy Consumption	kWh	95,000
Total Water Consumption	m ³	130
Environmental Capital Expenditure	€	n.a.
Training Expenditure per Employee	€/FTE	800
Percentage of Eco-Innovative Sales	% of revenues	86%
Job Creation	# of employees	38

ENVIRONMENTAL METRICS



dramatically: independent figures estimate a 5-10% yield improvement compared with previous generation of sorters in terms of good resourceful seeds funnelled into agriculture and not discarded.

The Environmental Impact of Image S in 2018 has been estimated to be 8,735 tons of Material Recycled and 7,188 tons of Food Saved. In terms of UN's SDG impact, Image S' activity has impact on SDG 2, SDG 9 and SDG 12.

ESG IN ACTION

According to our *ESG In Action* programme, a full ESG due diligence has been performed for Image S. In general, Image S maintains good control over ESG issues for a company of its size. Nonetheless some areas of improvements were identified and will be addressed through the Materiality Analysis that will be developed in the next months.

On the environmental side, Image S is a distribution company and is currently not engaged in production activities. The headquarter, which is located in Northern Italy and was purpose built by the sellers in 2018, mainly includes offices and the automated warehouse. Image S has a limited environmental impact in terms of wastewater, energy consumption and air emissions. The assessment

of health and safety standards and procedures has been positive, too.

The founders have managed the company with high ethical standards and with the objective of sharing the benefits of the success of the company with its broader stakeholders. The new building has been designed in order to provide an efficient, but also enjoyable, working environment. The company sponsors a number of charity initiatives, including support to research and healthcare institutions, housing for earthquake sufferers, support for homeless and disabled.

In terms of governance, Image S is an entrepreneurial company with a lean and flat organization and informal organizational processes. The founders of the company will continue to manage the company, complemented by a new CEO. The company is well managed, but we expect during the investment period to improve organizational structure, processes and reporting systems and create an incentive scheme which will align compensation to performance. Image S has not yet adopted an organizational model that complies with Italian law 231 and a related Code of Ethics, which is not mandatory but desirable. The *ESG In Action* Plan will include its implementation.





5

FONDAZIONE AMBIENTA
An initiative to spread sustainability
and environmental awareness
across new generations

The values and the culture of Ambianta have led to the creation of Fondazione Ambianta, a not for profit organization which invests into educational projects to foster environmental and sustainability awareness across new generations.

Fondazione Ambianta was conceived, established, sponsored and managed by Ambianta's senior team since Ambianta's inception. Its objective

is to promote projects supporting the culture of environmental respect and sustainable development both of which are at the core of Ambianta's investment strategy, and reconcile industrial development with environmental issues. Out of the many areas where interesting projects could be developed, Ambianta's management focused since the beginning on education. In Italy, probably more than in other geographies, sustainability is not a clear and well defined topic in standard educational programs. Sustainability is a fairly complicated matter that encompass consumer habits, different areas of science and political decisions. Communication has to be adapted to the specific audience. Different content has to be developed depending on the audience, like in the case of primary school children or high school students. Teachers, who are not specifically trained on this wide topic, are at risk of relying on low quality publicly available material.

Ambianta's management realized that our knowledge could fill this gap and contribute to reaching our objective. As a result we launched our first project, "Tondo come il Mondo", in the Italian primary school education system in 2010. In 2017, the tenth anniversary of Ambianta, we decided to launch a new project dedicated to middle schools (11-14 years old) that was named "Futuro".

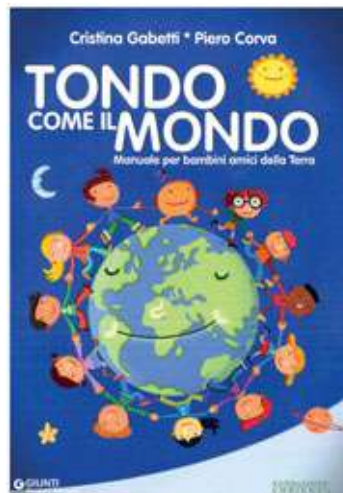
TONDO COME IL MONDO

Tondo come il Mondo (Round as the Earth) is a course in environmental education for Italian primary schools, in particular for children between 8 and 10 years-old. It was first

distributed to primary school classes from 2010. Each class joining the project was given a kit of 25 student books and supporting didactical materials for teachers, to implement a proper environmental education course. In 2014, in addition to the usual nationwide distribution to schools participating in the initiative, the kit has been distributed in all primary schools in Milan, with the support of the City of Milan. The kit is accompanied by a competition on a specific theme, each year a different one, awarding the most original and imaginative project. The competition is typically very successful and attracts the interest of children. Ambianta's team has directly participated in some of the award ceremonies held so far.

Beside the usual paper based materials, in 2013 the Fondazione Ambianta started with a multimedia project to step up its communication effort and reach a higher number of targets: children, teachers and families. A new website now offers each teaching section of the book (split by themes:

air, water, land, energy and recycling) as web pages, allowing children to have interactive experiences with games, tests, quizzes and labs. Access through registration and authentication allows us to monitor subscribers and to collect valuable data for future projects. People registered to the website receive a monthly newsletter which keeps alive the interest of users and aims to enrich the contents of the site with updates, news and curiosity in the environmental field.



"Tondo come il Mondo represents a noteworthy educational initiative to spread sustainability awareness within childrens, therefore we wanted children of primary schools of Milan to participate with their teachers to the project and expand their understanding of the importance of environmental stewardship"

Giuliano Pisapia,
Former Mayor of the City of Milan



FUTURO

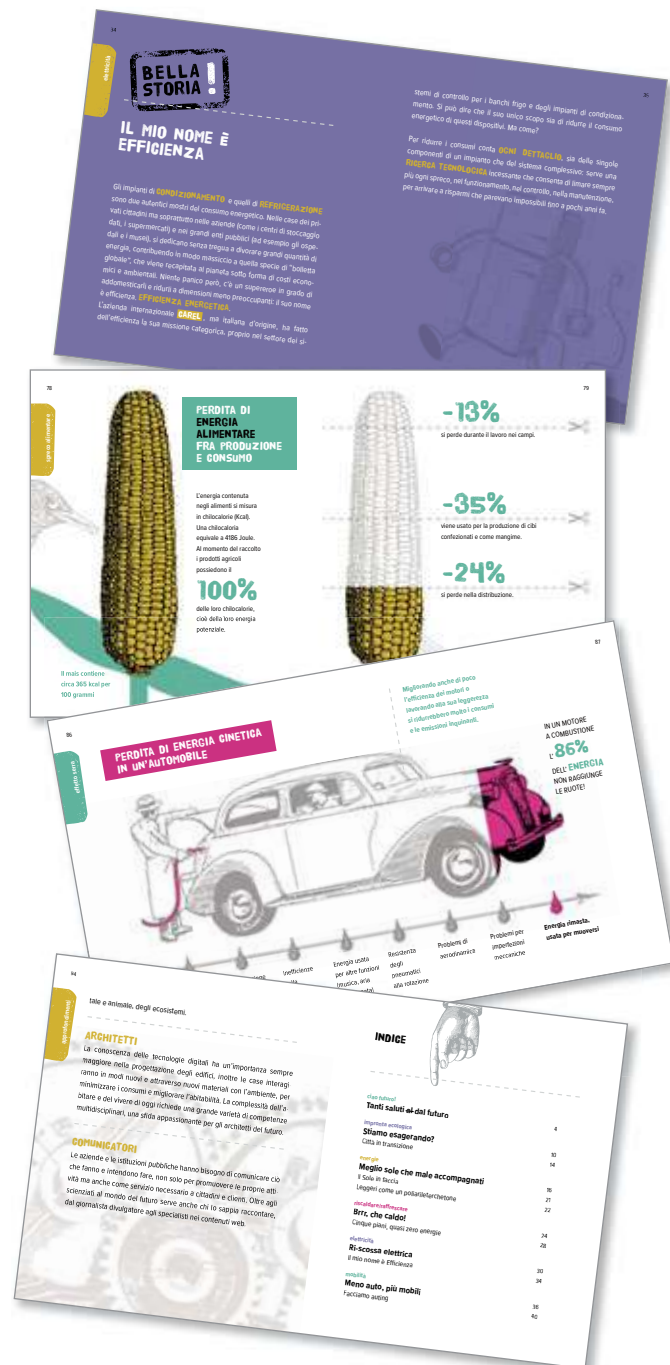
In 2016 the management team of Ambienta started considering a second project which will target middle school students; 11-14 years old. We recognized that environmental education is not adequately part of education programs in middle schools as well as in primary schools. Thus, we decided to prepare a student book dedicated to students of this age. Futuro, this is the name of

the book, was then developed to provide students evidences on the opportunities for the society and for individuals by sustainability trends. Indeed students in middle schools start to build the competences and interests that will shape their professional and working careers.

With respect to Tondo come il Mondo, whose primary objective was to raise awareness on specific sustainability issues and engage them on action that could be part of daily experience, Futuro has a much more sophisticated approach. Futuro approaches sustainability trends coherently with Ambienta investment strategy. Sustainability is a reaction to macroeconomic issues of growing resource demand and pollution driven by population growth and increased consumers standards. Products and services which enable resource efficiency and pollution control, regardless of the specific sector, will benefit from a growing interest of industry players, regulators and consumers. Therefore sustainability represent a smart way to reconcile economic development and the global need of sustainable consumption of resources. Futuro was developed with the support of a scientific journalist and the advisory of Fabio Ranghino, Head of Ambienta's Strategy & Knowledge Management division.

Futuro guides students through 11 industrial sectors, as the building industry, the electrical grid, sustainable mobility or the food value chain and explains the

environmental issues that each of these sector of human activity is facing. For each of these areas an example of existing products and solutions is presented to highlight both how the industry is reacting and what kind of employment opportunities will appear in the future.



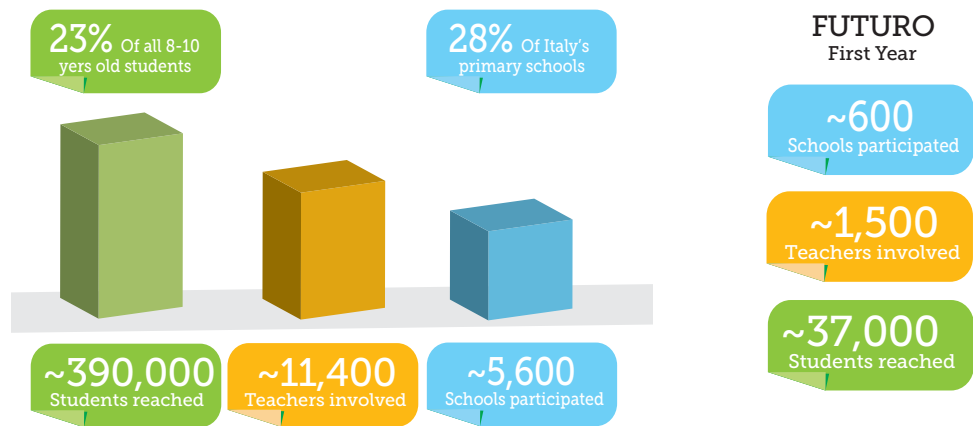
KEY FIGURES AND ACHIEVEMENTS

Fondazione Ambienta has been sponsored by Ambienta's team, individuals, and organizations engaged in sustainable development or interested in supporting the initiative otherwise. In six years of activities Tondo come il Mondo has allowed us to connect about 400,000 primary school children in 28% of Italy's Primary schools and to involve 11,000

teachers. This figure represents 23% of all 8-10 years old students in Italy.

Ambienta developed the project through the end of 2016 and finalized in 2017. The course kit was offered to teachers from the school seasons 2017-2018. This is the second year of the course. To date, we involved approximately 1,500 classes and about 37,000 students.

Summary of Tondo come il Mondo achievements 2010 - 2018



COMPANIES THAT HAVE SUPPORTED THE PROJECT





Guiding framework

This report represents the first step made by Ambienta in disclosing its performances as responsible investors.

In preparing this report we reviewed best practices and used it as a starting point; we focused on our role, and available guidance, of managed equity investor.

As a signatory of the voluntary framework of the UNPRI, we followed the guidance of the six Principles and we relied on the UN Global Compact to develop our approach. We leveraged the ESG KPIs framework from the European Federation of Financial Analyst Societies (EFFAS) and Society of Investment Professionals in Germany (DVFA).

Boundaries

The report has the objective to offer an overview of Ambienta's activities and their results during the reporting period both at General Partner level and at Portfolio level.

We involved all the relevant persons within Ambienta's controlled companies.

This publication covers all business activities of Ambienta, production sites and offices of Ambienta II's controlled companies. It includes activities and performance in economic, environmental, governance and social areas. It covers the year January 1 to December 31, 2018 (some information up to March 2019 included).

CONTACT

MILAN

Piazza Fontana, 6
20122 – Milan
p. +39 02 7217 461

DÜSSELDORF

Heinrich-Heine-Allee, 38
D-40123 – Düsseldorf
p. +49 211 205 40110

LONDON

Egyptian House
Piccadilly 170
London W1J 9EJ
p. +44 207 8706607

info@ambientasgr.com



AMBIENTA

Environmental Investments

Milan - London - Dusseldorf
www.ambientasgr.com

FONDAZIONE
AMBIENTA

Milan - www.fondazioneambienta.it