



AMBIENTA

Environmental Investments

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2019 Environmental Impact Analysis

Ambienta invests in growth companies operating in the SME market that benefit from the strong competitive advantages that accrue from an industrial growth strategy driven by environmental trends. We are the leading European private equity firm in the frame of our strategy with operations in Milan, Düsseldorf and London and funds under management of over €1.2 billion. Ambienta is the world's largest specialist capital pool dedicated to this strategy. Ambienta has completed thirty-five investments to date (platforms plus add-ons), in the areas of Resource Efficiency and Pollution Control.

Regardless of the industry, the subsector or the geography, this is not only a better way of doing business from a sustainability standpoint, but also gives environmentally focused businesses

a competitive advantage from an economic standpoint.

At Ambienta, we believe that what cannot be measured, cannot be held accountable. Given our leadership in this developing discipline and the lack of reliable, systematic and transparent methodologies within the industry, we have therefore developed our own proprietary methodology, the *Environmental Impact Analysis (EIA)*, in order to demonstrate the environmental achievements of our portfolio as we do for our financial results.

This short report outlines our proprietary methodology and summarises the Environmental Impact of Ambienta's portfolio during 2019.

We believe this report to be unique in the investment industry and are proud to share this with you, our valued partners.

2019 Environmental Impact Analysis

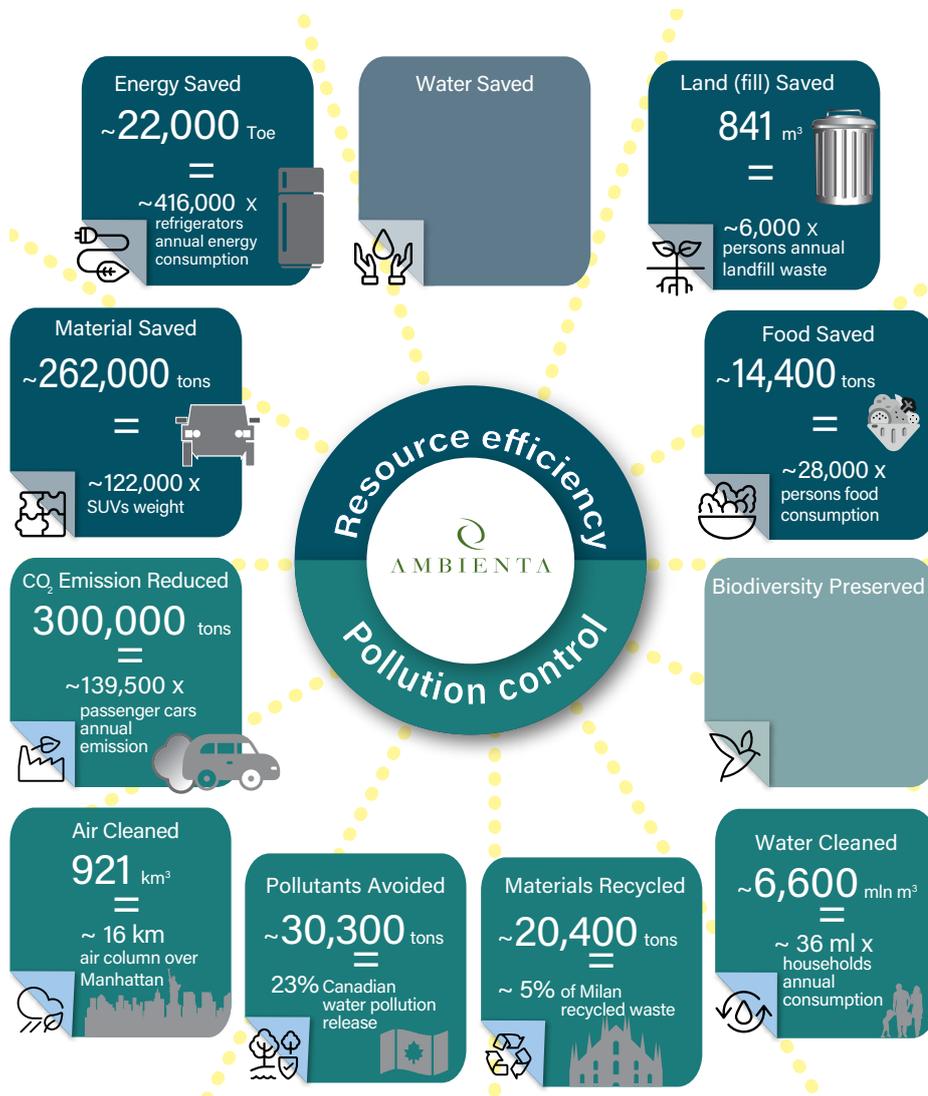
Our methodology applies a wide range of standardised metrics to capture the full Environmental Impact of companies with different business models operating across a variety of sectors and at different stages of the value chain.

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



The total Environmental Impact of our portfolio in 2019 is substantial and spans across many diverse dimensions

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’s investment strategy and its targets correspond to one or more of our Environmental Metrics. For instance, Goal 6 highlights water availability and

quality issues which are captured in EIA’s metrics Water Saved and Water Cleaned.

Over the years Ambienta has developed a taxonomy, described in our annual ESG & Environmental Impact Report, which allows us to report impact along SDGs as well. Our investment strategy focusses on 10 UN goals (Goals 2, 3, 6, 7, 8, 9, 11, 12, 14, 15). 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 year 2019, regardless if they were just acquired or sold during the reporting year. Our portfolio companies in 2019 contributed to improve issues included in 8 goals.

Comparative table between portfolio companies and SDGs

AMBIENTA SUSTAINABLE DEVELOPMENT GOALS	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
		✓		✓				
				✓		✓		
			✓					✓
					✓			✓
						✓		✓
	✓					✓		✓
	✓							✓
				✓		✓		
						✓	✓	✓
PORTFOLIO OVERVIEW	2	1	1	3	1	5	1	6

Our proprietary methodology

The purpose of the Environmental Impact Analysis is to quantify the Environmental Impact of different businesses in terms of Resource Efficiency and Pollution Control. 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. In order to have a broad enough methodology to achieve our goal we have identified 11 Environmental Metrics which together can be used to evaluate any of the businesses that we have come across. We assess the environmental contribution of each business, either in our portfolio or before we make an investment in a prospective target acquisition, using these metrics. The analysis is executed simultaneously with due diligence for a target company.

We assess the impact along the entire value chain. Companies may have an Environmental Impact across multiple Environmental Metrics which we account for when applicable.

We measure the Environmental Impact of a business depending on the timing of the impact. The Environmental Impact of some businesses is crystallised at the moment a product is sold, while for other businesses the

Environmental Impact unfolds throughout the operating lifetime of a product.

If the total impact is not exclusively driven by the activity of the company under analysis, we allocate the impact proportionately according to drivers we develop.

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 otherwise minor negative 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.

Why did Ambienta develop this framework?

As mentioned earlier, we at Ambienta believe that what cannot be measured, cannot be held accountable. This is a particular challenge in undergoing environmental due diligence in a target company. How do we determine whether a target business satisfies Ambienta's rigorous investment strategy that requires both strong financial performance and a positive Environmental Impact? Any target acquisition must meet our initial environmental due diligence benchmarks:

- Resource Efficiency and Pollution Control must be growth drivers for the business
- the Environmental Impact must be measurable
- the Environmental Impact must be material, in relative or absolute terms

In order to ensure compliance with these criteria, Ambienta measures the environmental contribution using its proprietary Environmental Impact Analysis model.

The purpose of the EIA methodology is to create a fair, homogeneous and as accurate as possible approach to the quantification of the Resource Efficiency and Pollution Control contribution of a specific Ambienta's portfolio company, the overall portfolio as well as any prospective target.