

## **AMBIENTA SGR S.p.A.**

**Statement on principal adverse impacts of investment decisions on sustainability factors**

**June 2023**

## Financial market participant Ambianta SGR (LEI 213800S9NV2YWOK49L28)

### Summary

Ambianta SGR (LEI 213800S9NV2YWOK49L28) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Ambianta SGR (also "Ambianta", "Manager").

The present statement includes:

- Ambianta X Public Equity division directly managed funds: X Alpha, Sustainable Leaders, and Environmental Mid Cap; the Funds, active as at 31.12.2022 are formally classified under the SFDR Regulation as Article 9 funds;
- Ambianta Private Equity Fund III which, having been placed prior to the entry in force of the SFDR, is not formally classified under the Regulation. Ambianta Fund IV, classified as an Article 9 fund will be integrated in the next reporting period as it was not active as at 31.12.2022. The present statement does not include Ambianta Fund II, not formally classified under the SFDR as placed prior to the entry in force of the regulation, and in a closing stage with only two portfolio companies active as at 31.12.2022.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

Ambianta, considers adverse sustainability impacts, as expressed through the relevant mandatory and additional PAI indicators outlined in the Level 2 Measures for equity investments, throughout the lifecycle of the investment. The first test that the Manager applies in the context of examining a target company to ensure that it does no significant harm to environmental objectives is related to the environmental impact analysis that is conducted prior to investment, and annually thereafter. It allows to assess whether the prevailing environmental contribution is positive or negative and therefore represents the first test to this end.

The Manager also verifies that investments do not cause significant harm through the environmental, social and governance ("ESG") assessment, an integral part of the investment process that contributes to the identification and control of the potential negative effects associated with investments, including in the area of social and governance matters.

The above is done through Ambianta's *ESG in Action* programme, a proprietary approach to the integration of non-financial factors into portfolio management, that is structured in two main phases:

1. **prior to investment, due diligence** is carried out to analyse the main impacts on environmental and social objectives and to ensure comprehension of potential negative impacts, their probability of occurrence and compliance with minimum safeguard principles. Based on results, an exclusionary approach or, depending on the share of influence, a management or engagement approach may be adopted.
2. during the **holding period** Ambianta continues to monitor negative impacts through a combination of proprietary tools and external market research analysis, which are subsequently factored into investment decisions, and to implement its active ownership practices, that may vary depending on the asset class and our share of influence.

This takes place through a mix of qualitative and quantitative approaches to assess the performance of PAI indicators related to ESG topics specific to the industry of the investee company. The Manager requires investee companies to implement appropriate measures to address relevant environmental impacts, implement policies and processes to manage social, human rights and governance issues, and promote diversity at all levels of seniority. To this end the Manager analyses the management approach, performances, targets (where relevant) and transition plans of all relevant PAI indicators. The Manager also requires compliance with international standards and guidelines, including those of the UN Global Compact and OECD (Ref. mandatory PAI 10 and 14). In case of alleged violations, a comprehensive investigation is conducted, taking into account the response and action plans of the company/issuer.

Based on the outcomes of the aforementioned evaluations, the Manager may choose to exclude target companies or, depending on the share of influence, either manage or engage with the investee.

## Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact -fiscal year 2022 <sup>1</sup>	Impact - previous fiscal year <sup>2</sup>	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	13,987.98 '000 t CO2e / EUR (M)	N/A	Trends and analysis of performances will be available from the next fiscal year.  Regarding indicator #4, a few Public Equity portfolio companies have a limited exposure to the fossil fuel sector. However, in line with our investment strategy, a significant portion of their enterprise value is associated with divisions that address environmental issues; for example, they support the switch towards renewable energy production or the electrification of HVAC & Refrigeration. The growth of these companies is driven by these sustainable divisions.  Total GHG emissions are the sum of Scope 1, 2 and 3 emissions.	Ambienta SGR is committed to actively mitigate and reduce the impact of climate change through: <ul style="list-style-type: none"><li>investment strategy centred on companies whose products, services, and operations have a positive environmental impact in terms of resource efficiency and/or pollution control, including climate change;</li><li>firm-level commitment, in 2019, to Net Zero by 2030 and development of a Net Zero Strategy;</li><li>decision in 2022 to increase level of ambition and expand commitment to asset classes through adherence to the Science Based Target initiative (SBTi) – <i>commitment will be publicly visible on the SBTi webpage within July 2023.</i></li></ul> Ambienta has also integrated climate change considerations into its <i>ESG in Action</i> approach across asset classes.  <u>Private Equity</u>  Pre-investment, in the ESG due diligence, Ambienta assesses existing company practices and approaches on energy consumption and carbon mitigation and integrates findings within its investment memorandum.  Post-investment: <ul style="list-style-type: none"><li>carbon footprint analysis foreseen for all portfolio companies;</li></ul>
		Scope 2 GHG emissions	10,025.55 '000 t CO2e / EUR (M)	N/A		
		Scope 3 GHG emissions	579,603.72 '000 t CO2e / EUR (M)	N/A		
		Total GHG emissions	603,617.25 '000 t CO2e / EUR (M)	N/A		
	2. Carbon footprint	Carbon footprint	560.25 t CO2e / EUR (M)	N/A		
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,434.61 t CO2e / EUR (M)	N/A		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2.14 %	N/A		
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources	Consumption: 79.46 % Production: 43.41 %	N/A			

<sup>1</sup> Information on impact to be published annually by the 30<sup>th</sup> of June. It covers the period of 1 January until 31 December of the preceding year. Impact will be calculated and illustrated as the average of impacts on 31 March, 30 June, 30 September and 31 December of each reference period.

<sup>2</sup> Information on impact in year n-1 is not available as 2023 (on 2022 fiscal year) is the first year of reporting. Information on impact compared to previous year will be reported by 30 June 2024, and continuously on an annual basis.

		compared to renewable energy sources, expressed as a percentage of total energy sources				<ul style="list-style-type: none"> <li>based on results, definition of emission reduction actions to be integrated in ESG Action Plan of companies;</li> <li>progress and results are monitored and reported at Board level.</li> </ul> <p>With the commitment to the SBTi we are in the process of defining a decarbonization toolkit, designed as a practical implementation guide that companies can readily adopt. The toolkit will be composed of a range of initiatives such as car fleet electrification, PPA agreements, energy efficiency projects, etc..</p> <p><u>Public Equity:</u> Pre- and post-investment, the Manager evaluates the greenhouse gas emissions of its portfolio companies and their reduction strategies. This is done through analysis over companies' disclosures, third party provider data and Ambienta's annual engagement process.</p> <p>The Manager actively engages with public companies to promote practices that lead to emission reduction, aligning with the targets set forth in the Paris Agreement. If engaged companies fail to adequately address climate change in their strategies and disclosures or if their climate strategies lack ambition and transparency, the Manager may initiate an escalation process. When applicable, the Manager utilizes its voting rights to influence the company's direction and steer it towards more sustainable practices whenever possible.</p> <p>Currently, a good portion of the portfolio has strategies in line with the Paris Agreement and the SBTi, while those whose GHG emissions exceed those of their peers have been identified as a priority for engagement or will be guided towards more ambitious reduction actions.</p>
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Construction: 0.12 GWh / EUR (M) Manufacturing: 0.14 GWh / EUR (M) Transportation: 1.83 GWh / EUR (M) Electricity: 1.40 GWh / EUR (M) Waste: 0.66 GWh / EUR (M)	N/A		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to	0.00 %	N/A	Trends and analysis of performances will be available from the next fiscal year.	<p>Prior to investing, the Manager conducts comprehensive assessments to evaluate companies' policies and practices. The Manager expects companies operating in or near biodiversity-sensitive areas or providing products and services that interact with the environment to implement policies, processes, and mechanisms to manage relevant impacts. The Manager</p>

		biodiversity-sensitive areas where activities of those investee companies negatively affect those areas				<p>also assesses whether companies are involved in any controversies related to biodiversity. If any controversies exist, the Manager ensures that appropriate remedial actions have been implemented before investing.</p> <p><u>Private Equity</u>: if biodiversity impacts are relevant for the portfolio company, based on the ESG due diligence and materiality analysis results, biodiversity preservation and mitigation measures are identified and integrated in the ESG Action Plan of the companies. Progress and results are monitored and reported at Board level.</p> <p><u>Public Equity</u>: the Manager actively engages with portfolio companies to promote the adoption of sustainable practices that contribute to biodiversity preservation. If companies fail to adequately address biodiversity issues in their strategies and disclosures, the Manager may initiate an escalation process. When applicable, the Manager utilizes its voting rights to influence the company's direction and steer it towards more sustainable practices.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1.94 t / EUR (M)	N/A	Trends and analysis of performances will be available from the next fiscal year.	<p>Prior to investing, the Manager conducts comprehensive assessments to evaluate companies' policies and practices. The Manager requires companies to implement policies, processes, and mechanisms to manage relevant impacts. The Manager also assesses whether companies are involved in any controversies related to water pollution or waste management. If any controversies exist, the Manager ensures that appropriate remedial actions have been implemented before investing.</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per	204.46 t / EUR (M)	N/A		<p><u>Private Equity</u>: if water or waste impacts are relevant for the portfolio company, based on the ESG due diligence and materiality analysis results, mitigation measures are identified and integrated in the ESG Action Plan of the companies. Progress and results are monitored and reported at Board level.</p>

		million EUR invested, expressed as a weighted average				<p><u>Public Equity</u>: the Manager actively engages with portfolio companies to promote the adoption of sustainable practices that minimize water pollution and waste generation. During these engagements, the Manager evaluates the effectiveness of mitigation actions and encourages and drives more ambitious measures when required.</p> <p>If companies fail to adequately address water pollution and waste generation issues in their strategies and disclosures, the Manager initiates an escalation process. When applicable, the Manager utilizes its voting rights to influence the company's direction and steer it towards more sustainable practices.</p>
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00 %	N/A	Trends and analysis of performances will be available from the next fiscal year.	<p>The Manager requires investee companies to act in accordance with international standards and guidelines, including those of the United Nations Global Compact (UNGC) and the Organisation for Economic Cooperation and Development (OECD). Prior to investing, the Manager conducts comprehensive assessments to evaluate companies' policies and practices.</p> <p>The Manager also assesses whether companies are involved in any controversies related to the violation of the UNGC principles or OECD Guidelines for Multinational Enterprises. If such controversies exist, they are carefully examined by the Manager and appropriate measures are taken, in line with the asset class in question, including not proceeding with the potential investment or excluding the target from the portfolio.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD	0.57 %	N/A	<p>Trends and analysis of performances will be available from the next fiscal year.</p> <p>On the Public Equity side, a few portfolio companies are still in the process of disclosing their policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational</p>	<p>Prior to investing, the Manager conducts comprehensive social and governance assessments to evaluate company compliance with ESG rules and regulations and companies' existing policies and practices. The Manager requires companies to implement policies, processes, and mechanisms to comply with the UNGC principles or OECD Guidelines for Multinational Enterprises (MNE).</p>

	Guidelines for Multinational Enterprises	Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			Enterprises (MNE) or implementing grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines. The Manager has gained reassurance regarding the absence of violations and has initiated the engagement process to encourage the disclosure of these policies.	<p><u>Private Equity</u>: the Manager requires all its portfolio companies to Board approve three comprehensive, principle-based ESG policies following investment, that cover the aforementioned topics. Any measures identified as necessary in this field are integrated in the ESG Action Plan of the companies. Progress and results are monitored and reported at Board level.</p> <p><u>Public Equity</u>: the Manager actively engages with portfolio companies to promote the implementation of policies, processes, and mechanisms to comply with the UNGC principles or OECD MNE. The Manager encourages the implementation of more rigorous measures when necessary.</p> <p>If portfolio companies fail to disclose compliance policies, the Manager initiates an escalation process. When applicable, the Manager also utilizes its voting rights to influence the company's direction and steer it towards more sustainable practices.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	2.81	N/A	Trends and analysis of performances will be available from the next fiscal year. Notwithstanding the pressure from both the investment community and stakeholders, only a few companies are publishing comprehensive company-wide gender pay-gap data. The Manager is working, through engagement and active ownership, based on the peculiarities of each asset class, towards more transparent disclosures concerning pay gaps.	<p>Prior to investing, the Manager analyzes target companies' policies and practices related to diversity, equity, and inclusion. The Manager requires companies to implement policies, processes, and mechanisms that foster diversity, equity, and inclusion in all aspects of their management and operations. The Manager also assesses whether companies are involved in any controversies related to discrimination. If any controversies exist, the Manager ensures that appropriate remedial actions have been implemented before investing.</p> <p><u>Private Equity</u>: the Manager requires all its portfolio companies to Board approve three comprehensive, principle-based ESG policies following investment. One of these is related to Employment and Labour Standards, including the commitment towards diversity, equity and inclusion. Any measures identified as necessary in this field, based on the ESG due diligence and materiality analysis results, are integrated in the ESG Action Plan of the companies. Progress and results are monitored and reported at Board level.</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	26.60 %	N/A	Trends and analysis of performances will be available from the next fiscal year.	

						<p><u>Public Equity:</u> the Manager actively engages with portfolio companies to promote the adoption of practices that foster diversity, equity, and inclusion in all aspects of their management and operations. The Manager encourages more ambitious measures when necessary. If portfolio companies fail to adequately address diversity, equity, and inclusion issues in their strategies and disclosures, the Manager may initiate an escalation process. When applicable, the Manager utilizes its voting rights to influence the company's direction and steer it towards more sustainable practices.</p>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00 %	N/A	Trends and analysis of performances will be available from the next fiscal year.	As part of its exclusion policy, the Manager is committed to not invest in companies with exposure to controversial weapons. This is applicable for both the Private Equity and the Public Equity asset classes. On the Public Equity side, pre-trade blocking measures are implemented to prevent investments in such companies.
<b>Indicators applicable to investments in sovereigns and supranationals</b>						
<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impact -fiscal year 2022<sup>1</sup></b>	<b>Impact - previous fiscal year<sup>2</sup></b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Environmental	15. GHG intensity	GHG intensity of investee countries	Not applicable. For the reference reporting period Ambienta SGR did not invest in sovereigns and supranationals.			
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions,				



		United Nations principles and, where applicable, national law				
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact -fiscal year 2022¹	Impact - previous fiscal year²	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Not applicable. Ambienta SGR does not carry out activities relating to investments in real estate assets.			
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets				
Other indicators for principal adverse impacts on sustainability factors						
Environmental	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	41.65 t	N/A	Trends and analysis of performances will be available from the next fiscal year.	<p>Prior to investing, the Manager conducts comprehensive assessments to evaluate companies' policies and practices. The Manager requires companies to implement policies, processes, and mechanisms to manage relevant impacts. The Manager also assesses whether companies are involved in any controversies related to waste management. If any controversies exist, the Manager ensures that appropriate remedial actions have been implemented before investing.</p> <p><u>Private Equity</u>: if waste impacts are relevant for the portfolio company, based on the ESG due diligence and materiality analysis results, mitigation measures are identified and integrated in the ESG Action Plan of the companies. Progress and results are monitored and reported at Board level.</p>

						<p><u>Public Equity:</u> the Manager actively engages with portfolio companies to promote the adoption of sustainable practices to reduce the amount of waste that ends up for incineration or in landfills. During these engagements, the Manager evaluates the effectiveness of mitigation actions and encourages and drives more ambitious measures when required.</p> <p>If companies fail to adequately address waste management issues in their strategies and disclosures, the Manager initiates an escalation process. When applicable, the Manager utilizes its voting rights to influence the company's direction and steer it towards more sustainable practices.</p>
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	0.00 %	N/A	Trends and analysis of performances will be available from the next fiscal year. Various portfolio companies, both in the Public Equity and Private Equity divisions, are still in the process of developing and disclosing their due diligence processes and mechanisms to identify, prevent, mitigate and address adverse human rights impacts The Manager has gained reassurance of the absence of violations and has initiated its active ownership processes to drive the development and disclosure of such policies.	Prior to investing, the Manager conducts comprehensive social and governance assessments to evaluate companies' policies and practices. The Manager requires companies to implement policies, processes, and mechanisms to comply with the UNGC principles, the OECD Guidelines for Multinational Enterprises (MNE), and the Corporate Sustainability Due Diligence directive (CSDD).
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	88.25 %	N/A		<p><u>Private Equity:</u> the Manager requires all its portfolio companies to Board approve three comprehensive, principle-based ESG policies following investment, that also cover human rights protection. Any measures identified as necessary in this field are integrated in the ESG Action Plan of the companies. Progress and results are monitored and reported at Board level.</p> <p><u>Public Equity:</u> the Manager actively engages with portfolio companies to promote the implementation of policies, processes, and mechanisms to comply with the UNGC principles, OECD MNE, and CSDD. The Manager encourages the implementation of more rigorous measures when necessary.</p> <p>If portfolio companies fail to disclose compliance policies, the Manager initiates an escalation process. When applicable, the Manager utilizes its voting rights to influence the company's direction and steer it towards more sustainable practices.</p>
Description of policies to identify and prioritise principal adverse impacts on sustainability factors						

Ambienta's Responsible Investment Policy is the cornerstone of all firm-wide and asset-class specific ESG policies, procedures and actions. The policy, latest version approved by the Board of Directors in March 2023, defines the roles and responsibilities for the integration of sustainability factors in Ambienta's operations and investments, starting with the Sustainability & Strategy (S&S) team, which is responsible for the application of the proprietary environmental impact methodology (Environmental Impact Analysis in the Private division and Ambienta Sustainability Index in the Public division) and of the *ESG in Action* programme up to the investment teams which are fully accountable for integration of ESG and execution of the programme along all phases of the investment process.

Ambienta, in implementing its approach to sustainable investments and in pursuing the Principles for Responsible Investment defined by the United Nations, of which it is a signatory, ensures alignment with the internationally recognized fundamental principles regarding business conduct and respect for human rights.

ESG analysis is an integral part of the investment process and contributes to the identification and control of the principal adverse impacts (PAIs) associated with investments. Ambienta considers the main negative impacts of investment decisions on sustainability factors deemed relevant for the companies in which we invest through a combination of proprietary and external market research analysis. Principal adverse impacts are analyzed through a qualitative and quantitative approach that may consider, where relevant and depending on asset class, third party providers sector data.

The above takes place through Ambienta's *ESG in Action* programme (a proprietary approach to the integration of non-financial factors into portfolio management) that is structured pre- and post-investment as described in the "Summary" section of this document:

Prior to investment:

- **Private Equity:** ESG due diligence is performed by a specialized third party and is based on analysis of company documentation, expert sessions with the management team, including where relevant site visits of the company to assess management practices, approaches and performances. Results of the analysis are integrated in the investment memorandum that the Investment Committee receives and that the Board approves.
- **Public Equity:** ESG due diligence is internally performed by the ESG members of the S&S team. The tests integrate minimum safeguards, do no significant harm and good governance considerations and consider multiple sources, from third party provider data, to company disclosures, to direct engagement, if considered necessary based on results. Topics are evaluated based on their materiality in the relevant sector analysing management's approach to the topics, the existence of mitigation strategies with targets and performance against the peer group. Underperforming approaches or performances are evaluated on a case-by-case basis and can result in engagement activities and subsequent monitoring. The findings are integrated in the presentation of the overall investment case and considered in the investment decision.

Post-investment:

- **Private Equity:** through continuous interactions with the companies in its portfolio, operated with the support of the investment teams, the Sustainability & Strategy team aims to mitigate the adverse impacts of the investee company through specific actions, thus improving the corresponding environmental, social and/or governance parameters. The programme (*ESG in Action*) also ensures that investee companies operate in compliance with the best practices of business conduct and integrity, with particular reference to sound management structures, relations with staff, staff remuneration and compliance with tax obligations. This is achieved through formalized and managed steps at the level of the Board of Directors that lead to the definition of an ESG Action Plan, which includes subsequent monitoring and reporting. The most significant risk areas are subject to qualitative and, if necessary, economic assessment for the purpose of defining intervention actions to be integrated into the business plan of the investee companies.
- **Public Equity:** Findings deriving from the ESG due diligence and, subsequently, from the periodic monitoring activities performed by the ESG members of the S&S team are integrated into our engagement and active ownership practices to ensure the mitigation of any risks of negative impacts and minimum safeguards continued compliance.

## Engagement policies

The Manager carries on its active ownership activities with portfolio companies to promote the adoption of sustainable practices that minimize risks and create value for all stakeholders.

### Private Equity

The Manager works with portfolio companies to implement best in class sustainability practices, as described above. This is implemented through the Manager's *ESG in Action* programme, structured in a series of formalized steps that foresee ESG integration in all company activities. It starts from governance, with the appointment of an ESG Officer, a high ranked top manager, as responsible for the company's ESG activities and the Board approval of three principles based ESG Policies. It includes ESG integration in the definition of the strategy and subsequent implementation and monitoring of

progress. This is implemented through the definition of a Board approved ESG Action Plan, set on the most material topics for the company, containing the actions and KPIs that the company shall implement during the holding period. The execution of the ESG Action Plans are monitored to ensure they are implemented and reviewed by the accountable managers and Boards.

#### Public Equity

Each year the Manager enhances its understanding of the material ESG issues of portfolio companies through an engagement questionnaire and through the continuous monitoring activities described above. The questionnaire aims to gain insights into the companies' approach and performance. Such analysis is conducted by the investment team in collaboration with the Sustainability & Strategy team.

In cases where companies do not disclose policies, processes, and mechanisms to manage relevant impacts or demonstrate underperformance compared to peers or global standards, the Manager engages with the companies through one-on-one meetings. The purpose is to discuss areas for improvement, exert influence to incentivize enhancement actions, and advocate for sound governance and long-term sustainable practices. During these engagements, the Manager also assesses the effectiveness of mitigation actions and encourages the implementation of more ambitious measures when necessary.

If engaged companies fail to adequately address ESG issues in their strategies and disclosures, the Manager initiates an escalation process. This process may involve engaging with top management, the board of directors, and shareholders during general meetings. Additionally, the Manager can exercise its voting rights to influence the company's direction and steer it towards more sustainable practices. Depending on the severity of negative impacts caused by an investee company, the escalation process may ultimately result in divestment from the company.

#### References to international standards

In addition to its active ownership activities, Ambianta actively participates in dialogues with regulators and policy makers across different markets. These engagements focus on promoting corporate governance standards, enhancing corporate disclosures, and addressing other topics relevant to our role as a global long-term responsible investor.

Ambianta is committed to upholding the following codes, principles, and internationally recognized standards that pertain to responsible investment, due diligence, and reporting:

- **Principles for Responsible Investment (PRI):** Since 2012 Ambianta is signatory of the United Nations Principles for Responsible Investments (UNPRI) which are deeply rooted in our approach to Responsible Investment and ESG integration. Ambianta has continued to receive top scores in the PRI Assessment Report in recognition of its best-in-class *ESG in Action* programme.
- **B-Corp:** In 2019 Ambianta has been awarded B Corp certification. Certified B Corporations are for-profit companies that use the power of business to build a more inclusive and sustainable economy. As such, Ambianta demonstrated high verified standards in the areas of governance, social as well as environmental performance, transparency, and accountability.
- **TCFD:** Since 2019 Ambianta is a supporter of the TCFD.

Ambianta is dedicated to actively mitigating and reducing climate change impacts beyond its investment strategy, which is centred on companies whose products, services and operations have a positive environmental impact, in terms of resource efficiency and/or pollution control, including therefore climate change. In 2019 we committed to Net Zero by 2030 and formulated a comprehensive Net Zero Strategy at firm level. In 2022 Ambianta obtained, for the third consecutive year, the Climate Neutral certification. The certification is the first step in the achievement of Ambianta's Net Zero Plan, which exceeds certification requirements to create a truly positive contribution to global efforts. We also integrated climate change considerations in our ESG in Action approach across asset classes. In 2022 we decided to take our commitment one step further having internally approved an ambitious Paris-aligned approach, that will be applied at firm level and across asset classes and whose details will be publicly made available at the beginning of Q3 2023.

Also, both in its investment decision-making and in its active ownership and engagement processes, the below principles are followed:

- the OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work;
- the International Bill of Human Rights;
- the UN Global Compact.

**Finally, Ambianta is also an active member of a series of organisations including:**

- **IIGCC:** Since 2020 Ambianta is a member of IIGCC, a leading global investor membership body and the largest one focusing specifically on climate change. As an active member, Ambianta aims to contribute directly and through institutional engagement to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate. In 2022 Ambianta continued its work as one of the co-leads on the group that developed the net zero guidance for the private equity sector.
- **Europe Responsible Investment Roundtable - Invest Europe:** Ambianta is a member of Invest Europe Responsible Investment Roundtable and contributed to the Invest Europe guidance on climate change, developed to provide practical support to actors and stakeholders seeking to integrate and advance climate change considerations in their investment processes and management strategies.

#### **Historical comparison**

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022 and it is the first one produced by Ambianta SGR, in line with regulatory requirements. A historical comparison of the period reported on with the previous reported period will be made as of June 2024.