

# 2022 Impact Report



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**Certified**



This company meets high standards of social and environmental impact.

**Corporation**

# Introduction

Ambienta SGR (hereinafter also "Ambienta", "Company") is a European environmental sustainability investor across private and public markets.

Operating out of Milan, London, Paris and Munich, Ambienta manages over €3 billion in assets with a focus on investing in private and public companies driven by environmental megatrends and whose products or services improve Resource Efficiency or Pollution Control. In private equity Ambienta has completed 66 investments to date (60 as at December 2022); in public equity markets it has pioneered one of the world's largest absolute return funds entirely focused on environmental sustainability and manages a full suite of sustainable products ranging from low-risk multi-asset funds to equity long-only. Ambienta has also recently established a private credit strategy with the same environmental sustainability focus as the other asset classes.

A pioneer in its sector, in 2019, Ambienta became a Benefit Company pursuant to Italian law<sup>1</sup>. As such it incorporated objectives of common benefit in its corporate purpose, already linked to the pursuit of environmental sustainability and ESG (Environmental, Social and Governance) integration.

As an asset manager dedicated exclusively to environmental sustainability, Ambienta included the following three **common benefit objectives** in its Articles of Association:

1. promotion of the development, growth and dissemination of products, services and activities that, inter alia, improve efficiency in the use of natural resources and/or reduce pollution in their respective sectors of activity
2. integration of environmental, social and good governance factors in the management of activities within the collective asset management service
3. promotion, directly or indirectly, of non-profit activities whose purpose is aligned and synergistic with that of the Company, with particular reference to the dissemination of a scientific culture about environmental issues.

To assess its non-financial impact, Ambienta has turned to B Lab, an international non-profit organisation, and evaluated its work through the B Impact Assessment, reaching a score of 112.8 in July 2019. In July 2022, Ambienta updated its B Impact Assessment, in line with the scheduled three-year recertification process, and is currently under review by B Lab. For more details see the "Impact assessment" section.

This document, drawn up pursuant to Art. 382 of Law no. 208 of 28 December 2015, describes the results obtained in 2022 by Ambienta SGR.

## Our objectives and results

### Objective 1

*Promotion of the development, growth and dissemination of products, services and activities that, inter alia, improve efficiency in the use of natural resources and/or reduce pollution in their respective sectors of activity*

### Results

Ambienta SGR, since its establishment, has been committed to a sustainable future. Ambienta pursues this objective by investing, within its various asset classes, in companies with a positive impact on the environment in terms of resource efficiency improvements ("Resource Efficiency") and/or pollution reduction ("Pollution Control"). These investments also contribute to the United Nations Sustainable Development Goals (UN SDG).

Ambienta's investment strategy is formalised, across asset classes, in the fund rules, in agreements with investors, and is also set out in the Responsible Investment Policy, which covers both the investment strategy and the integration of ESG factors in the management approach.

To align the investment strategy consistently with its objectives, Ambienta has created the dedicated Sustainability & Strategy ("S&S") team, currently made up of 9 professionals (6 in 2021). The team's main respon-

sibilities include: studying the impact of Resource Efficiency and Pollution Control trends on different sectors and industries, identifying investment opportunities, verifying whether the investment targets have, through their products and/or services, a positive environmental impact, and implementing ESG strategies by supporting both Ambienta and its various asset classes in their integration.

In Private Equity, the following parameters are assessed to determine whether a target business meets Ambienta's investment strategy and provides a positive environmental impact:

- efficiency in the use of resources and/or reduction of pollution are growth factors for the company
- environmental impact is measurable and measured.























This assessment takes place by applying Ambienta's proprietary methodology, the Environmental Impact Analysis ("EIA"). The methodology is applied by the S&S team both in the due diligence phase, prior to acquisition, and on an annual basis to monitor and report the results achieved in terms of environmental impact. The methodology, composed of 11 UN SDG aligned metrics, includes both quantitative indicators and qualitative descriptions that explain the methodology and assumptions.

<sup>1</sup> Law no. 208 of 28 December 2015

The results, in terms of Resource Efficiency and Pollution Control, achieved by the companies in Ambianta's Fund II and Fund III portfolios in 2022 are summarised below.

Resource Efficiency				Pollution Control			
Metrics	UoM	Ambienta II & III	Equivalent to	Metrics	UoM	Ambienta II & III	Equivalent to
Energy Saved	Toe	57,598	Energy consumption of ~ 1.1 ml refrigerators	CO <sub>2</sub> Emissions Reduced	tons CO <sub>2</sub> equivalent	170,963	Annual emissions of ~ 80,000 passenger cars
Water Saved	m <sup>3</sup>	1,118,099	Annual water consumption of ~ 6,100 households	Air Cleaned	km <sup>3</sup>	2,266	~ 38 km air column over Manhattan
Materials Saved	tons	24,099	Weight of ~ 11,000 SUVs	Pollutants Avoided	tons	41,030	Annual production of hazardous waste of ~ 218,000 EU citizens
Land(fill) Saved	m <sup>3</sup>	15,952	Annual waste production of ~ 107,000 people	Water Cleaned	ml m <sup>3</sup>	6,425	Annual water consumption of ~ 35 million homes
Food Saved	tons	155,779	Food consumption of ~ 298,000 people	Materials Recycled	tons	66,889	~ 15.9% of Milan's recycled waste
				Biodiversity Preserved	hectares	88	~ 125 football fields

An indication of the reference SGDs for each portfolio company is also provided.

Portfolio company <sup>2</sup>		EIA Metrics		2 ZERO HUNGER	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	15 LIFE ON LAND
					6.3				12.4	
							9.4		12.4	
			2.4				9.4		12.2	
			2.4						12.2 12.4	
						7.3	9.4			
							9.4	11.6	12.2	
							9.4		12.5	
			2.4	6.3			9.4			
						7.3	9.4		12.2	
								11.7		15.5
									12.2 12.5	
# of Portfolio companies		3	2	2	7	2	8	1		

<sup>2</sup> Following approval by BoD in March 2023, update to include new Group name and logo. Data and information regarding companies in Ambianta II and III portfolio as at 31.12.2022 including SF-Filter, exited in September 2022.



Also in the context of our Public Market funds, Ambianta invests in products and services that generate Resource Efficiency and/or Pollution Control. Starting from the EIA methodology applied to Private Equity investments, the S&S team has used its expertise to adapt it to the needs of Public funds; this is how the Ambianta Sustainability Index ("ASI") methodology was designed and applied consistently to the investable universe of Ambianta, guaranteeing a complete assessment of the positive or negative environmental impact of its investment targets.

At the end of 2022 Ambianta managed a number of different Public Market strategies, including Ambianta X Alpha, Sustainable Leaders and Environmental Mid Cap; the latter two launched in 2022<sup>3</sup> and built using ASI as a reference methodology. These funds therefore invest in companies that through their products and services contribute to Resource Efficiency and Pollution Control in their reference sectors.

The results achieved during the year are regularly monitored and reported for each asset class. The details of the reporting methods are summarised in the next section of the document.

It should also be noted that Ambianta has aligned itself with the requirements of Art. 9 of the SFDR regulation (EU Regulation 2019/2088) relating to sustainability disclosure in the financial services sector. In this regard, Ambianta has integrated the product requirements, pursuant to Art. 9, into its processes and procedures.

Ambianta will continue, in the future, to pursue its responsible investment objectives by applying these principles to all its future investments. In fact, the newly created Private Credit division, officially launched in 2023, will also apply the EIA methodology to its lending process.

## Objective 2

*Integration of environmental, social and good governance factors in the management of activities within the collective asset management service*

## Results

In addition to an investment strategy based on sustainability and applied to all asset classes, Ambianta also strongly believes in the value created by ESG integration. Since its inception, Ambianta has integrated ESG considerations into its operations.

Starting from 2012, the year when it joined UN PRI (United Nations Principles for Responsible Investments), Ambianta has developed the proprietary *ESG in Action* programme, which now formally encompasses the corporate structure and the various asset classes in which we operate.

## ESG Corporate integration

Ambianta's ESG commitment begins with its Responsible Investment Policy and its governance structure:

- the Board of Directors guides the company's ESG strategy, is committed to responsible investment and has as-

sumed full oversight and responsibility for ESG integration

- the ESG team, part of the Sustainability & Strategy team, supports the Company, the Private Equity and the Public Market investment teams, as well as the portfolio companies in ESG integration activities
- both in Private Equity and Public Markets, and in the newly created Private Credit division, the investment teams are actively involved in ESG integration. With particular reference to Private Equity, the investment teams guide the execution of ESG plans and promote active management within the companies in the portfolio. ESG Nodes, the partners in charge of each portfolio company, are responsible for ensuring the implementation of the *ESG in Action* programme.

In addition to the ESG integration activities in the business, described in the following paragraphs, Ambianta is guided, at the SGR level, by the same ESG principles promoted in its asset classes. The main activities include the Net Zero Policy, through which the Company is committed to achieving Net Zero emissions in its operations by 2030. The Policy contains guidelines for emission reduction and offsetting activities. Since 2019 Ambianta SGR has obtained, annually, the Climate Neutral label with respect to its operations. Furthermore, following a structured analysis, at the end of 2022, Ambianta decided to further strengthen its commitment on the issue through the definition of a decarbonisation programme that will lead to the setting of science-based targets, aligned with the Paris Agreement, both at asset manager and at asset class level. In the coming months the commitments will be formalised in detail.

With the preparation of a formal Diversity and Recruitment Policy in 2020 Ambianta is committed at the highest levels of the organisation to increase its efforts towards diversity and inclusion. This commitment has led, in 2020, to the entry of a female partner in the Private Equity investment team and the hiring of a woman as Chair of the Board of Directors. Starting from 2022, with the establishment of the Diversity Equity and Inclusion Committee (DEI), composed of representatives of each Ambianta division, various activities were defined such as the preparation of a Smart Working Policy and the provision of a course of unconscious bias for all employees. Two other important initiatives to increase the level of diversity include:

- Junior Analyst Programme, launched two years ago, aims to attract, retain and support the development of junior talent. The first candidate of the programme was recently promoted to Associate, demonstrating the success of the programme, which will also be extended to other offices and asset classes.
- Annual internship programme for women launched in 2022 has offered new graduates or students in their final year of study internship positions at Ambianta. The programme was a success with two of the three candidates confirmed for a full-time job and the third who will return to Ambianta after her PhD programme.

<sup>3</sup> Alpha Green and Sustainable Infrastructure Income are additional strategies distributed by Banca Generali

In 2022, almost 40% of Ambienta SGR employees were women.

### ESG integration in Private Equity

Ambienta works together with its portfolio companies to promote responsible management practices by applying our proprietary *ESG in Action* programme. The programme, made up of a series of principles and specific activities, is systematically applied to 100% of the companies in the portfolio with the aim of ensuring that ESG aspects become an integral part of the operations of the companies.

Before the investment, in the due diligence phase, Ambienta requires an ESG due diligence to be carried out by a third-party advisor. Once in the portfolio, the ESG integration activity begins with the assignment of the responsibility for implementing the *ESG in Action* programme to a C-suite officer. It continues with the delivery of an ESG training session to company management to increase awareness and knowledge on these topics.

Following training the next phase of the programme is the Board of Directors ("BoD") approval of three all-encompassing policies on business ethics, environmental protection, health and safety and employment and labour standards.

The most important phase of the programme is the materiality analysis; carried out by management with Ambienta's

support it has the objective of identifying the most significant ESG risks and opportunities that the business faces. Based on these results an ESG Action Plan consisting of actions, timings, responsibilities and monitoring KPIs is drafted and Board approved. In this phase, a third-party advisor will also carry out the carbon footprint analysis to identify areas for reducing and mitigating the carbon footprint. At the end of 2022, it was decided to extend Ambienta's commitment to this area; in fact, the new Fund IV, launched at the beginning of 2023, will provide, in addition to the calculation of Scope 1, 2 and 3 emissions, a structured decarbonisation programme with the aim of progressively bringing companies along a path consistent with science-based objectives and with the Paris Agreement. The detailed commitments will be made official in the coming months. In parallel, gender representation objectives will also be established within the Boards of the portfolio companies.

Once these phases have been completed, management is expected to periodically monitor and inform the BoD and Ambienta on progress. Finally, once the companies reach the monitoring phase of the programme, an external verification activity is carried out: through agreed verification procedures ("Agreed Upon Procedures") a third party checks the correct implementation, by the portfolio companies, of the *ESG in Action* programme.

Some key achievements of some of the companies in the portfolio are summarised below.



**NAMIRIAL**, part of Fund III since May 2020, is a leading company in certified digital trust services and software solutions.

As part of Ambienta's *ESG in Action* programme, some relevant ESG issues were identified, on which Namirial structured an action and monitoring plan.

#### Energy efficiency and CO<sub>2</sub> reduction to mitigate the main impacts of energy and fuel consumption.

Main activities and results:

- a. A car policy to support the switch to hybrid and electric vehicles was introduced
- b. The purchases of energy from renewable sources was implemented. In 2022, around one third of Namirial's total energy consumption was from renewable sources (around 70% considering only the purchase of electricity)
- c. A plan for the decarbonisation of Scope 1 and 2 emissions (in line with best practices in terms of reductions aligned with the Paris Agreement) was defined

#### Attracting, managing and retaining talent to support growth and mitigate the risk of losing people and key expertise.

Main activities and results:

- a. The Employer Value Proposition was defined and an employee selection process and a programme for the placement of new hires were implemented
- b. Training needs were mapped, and a training plan was formalised. In 2022, an online training platform was implemented to expand coverage, increase training efficiency and effectiveness. In 2022, all Namirial employees attended at least one training course
- c. Methods for evaluating personnel were introduced and a remuneration policy was implemented
- d. In terms of diversity and inclusion, Gender Equality certification was obtained in line with the UNI/PDR 125:2022 standard

#### Privacy and data protection to preserve business know-how and to meet existing requirements.

Main activities and results:

- a. Awareness-raising activities on IT security risks were carried out and, in 2022, training courses on the General Data Protection Regulation and privacy were offered
- b. A policy for the protection of intellectual property is under development in 2023
- c. In the process of implementing state-of-the-art certifications for IT Service Management (ISO 20000) and Business Continuity Management (ISO 22301)

**COLLINGWOOD LIGHTING**, present in the portfolio of Fund III, is a leader in the design, manufacturing and distribution of LED luminaires for residential, landscape and commercial & light industrial applications.

As part of Ambienta's *ESG in Action* programme, some relevant ESG issues were identified on which Collingwood has structured an action and monitoring plan.

**Definition of a programme for decarbonisation and promotion of the circular economy, to position itself as a trusted partner in this area.**

Main activities and results:

**a.** Commitment for Carbon Neutrality by 2030 and in the phase of defining a structured action plan. Currently, the following initiatives were launched:

- purchase of 100% of electricity from renewable sources, i.e. about 2/3 of the total energy used in buildings (offices/warehouses)
- definition of a car policy in favour of less impactful cars
- launch of a programme to involve logistics suppliers in decarbonisation. In 2022, a dialogue was initiated with 100% of suppliers

**b.** Actions were implemented to increase both upstream and downstream circularity:

- the packaging is 95% recyclable and is designed to minimise the use of materials and inks
- a service was activated for the collection of used products in collaboration with a waste manager for the dismantling and safe recovery of the parts. In 2022, Collingwood collected around 9,000 units and 20.4 tonnes

**Management of human capital to support company growth by attracting talent and enhancing skills.**

Main activities and results:

- a.** An employee development plan was defined and is currently being finalised. It includes, for example, initiatives related to improving the reward and benefits system and introducing a personal development plan for identified talent
- b.** An employee feedback survey was carried out in order to increase the sense of belonging and to identify areas for improvement. The next will be conducted in 2023

**Strengthening supply chain management, which is of fundamental importance for a business model with outsourced production, to create value and mitigate risks.**

Main activities and results:

- a.** A scouting programme for alternative suppliers to reduce dependence on Chinese suppliers was launched
- b.** ESG integration within the supplier management process was strengthened:
  - 100% of suppliers with an expense exceeding \$ 500,000 (approximately 85% of total expenditure) were assessed, in a structured manner, also on ESG issues
  - certain ESG parameters were added to the assessment process also for remaining suppliers

**Strengthening the monitoring of business ethics and the fight against corruption, in order to mitigate risks.**

Main activities and results:

- a.** A training programme on anti-corruption was defined for all employees of functions considered at risk. In 2022, 100% of employees identified as relevant attended these courses
- b.** In order to strengthen the whistleblowing process, a third-party supplier for the implementation of an independent hotline was identified





**REPAKT**<sup>4</sup>, part of Fund III since August 2019, is a Group that operates in the design and manufacturing of high-end automatic machines for sustainable packaging solutions. Part of a buy and built project, with the acquisition of HolwegWeber the Group has been revolutionised (in fact, it has gone from a company with a € 33 million turnover in 2019 to a Group that, with this recent acquisition, has reached € 127.6 million turnover). The integration project is currently underway.

As part of Ambienta's *ESG in Action* programme, some relevant ESG issues were identified on which the Group has structured an action and monitoring plan<sup>5</sup>.

**Definition of a programme for decarbonisation and promotion of the circular economy, to position itself as a trusted partner in this area.**

Main activities and results:

- a. The ISO 14001 certification for environmental management for Amutec was implemented; it is underway for Mobert
- b. Some solutions to promote energy efficiency were implemented:
  - the Mobert warehouse was moved to a more efficient building that includes a heat pump
  - renewable energy was purchased. In 2022, around 17% of the energy consumed came from renewable sources, up from 8% in 2021. In 2023, this % is expected to increase further with the transition of Mobert to renewable energy

**Improvement of occupational and machinery health and safety standards.**

Main activities and results:

- a. Both Amutec and Mobert have obtained ISO 9001 certification for quality management at the end of 2022
- b. The ISO 45001 certification for health and safety management for Amutec was implemented; it is underway for Mobert
- c. A process to analyse the safety level of machinery, consisting of both external audits and internal activities, to identify gaps, develop user manuals and reference checklists to ensure customer safety, was implemented. The process also includes remediation plans for machines that need to be updated

**Corporate governance was restructured to ensure the sound integration of the various companies into a single Group.**

Main activities and results:

- a. A structured management team was set up, including a CEO, COO, CFO, Sales Director, Purchasing Director, Business Development Director and Quality, Environment and Health and Safety Manager
- b. A clear organisational structure with defined roles and responsibilities was adopted
- c. A succession plan was developed

## ESG integration in the Public Market

In Public Market, Ambienta's activities are divided into two macro-areas.

The first takes place before the investment through the ESG due diligence to ensure alignment with the requirements pursuant to Art. 9 of the SFDR (EU Regulation 2019/2088) and to identify any significant ESG risks. Due diligence takes place through public data analysis integrated with follow-ups, where necessary, with the management of the target company.

Following the investment, Ambienta continues to monitor the companies in the portfolio to ensure alignment with the SFDR requirements. In addition, it undertakes an annual ESG engagement activity with the companies in the Public portfolio.

An engagement questionnaire, consisting of a number of qualitative and quantitative questions on the most significant ESG areas, is updated annually and sent to all companies in the portfolio on a set date. Since the establishment of the Public Market division, two engagement campaigns have been carried out. The responses received were analysed to understand the status quo of ESG integration, identify best practices and areas for improvement. In 2022,

the response rate to the questionnaire increased significantly compared to 2021, reaching over 60%. Based on the analysis carried out, a short list of around 10% of the portfolio companies was directly engaged to learn more about ESG activities and performance, to better understand future prospects and to raise awareness of the benefits of increased ESG commitment and transparency.

This engagement activity will be carried out annually with the companies that are part of the Public investment funds.

## Reporting

The results achieved during the year, both with reference to sustainability impact and in relation to the progress made in ESG integration, are periodically reported to our main stakeholders.

- Private Equity: the fourth quarter (Q4) reports to our investors contain details on the environmental impact achieved during the year by each individual company in the portfolio and an update on the status of the implementation of the *ESG in Action* programme, including key qualitative and quantitative results achieved by each company. The Q1, Q2 and Q3 reports, on the other hand, provide a high-level overview of the main ESG updates

<sup>4</sup> Following approval by BoD in March 2023, update to include new Group name and logo.

<sup>5</sup> The actions describe concern the In.Pack Group as HolwegWeber was acquired in the second half of 2022. The ESG programme of the entire Group is being defined.

of the quarter at SGR, fund and portfolio company level.

- **Public Market:** the Factsheets prepared monthly contain information on the main results achieved also in terms of sustainability. In addition, every six months, we prepare a Sustainability Report for our customers to update the main performances in terms of both sustainable investments and ESG.
- **Corporate:** the ESG & Environmental Impact Report, a document published annually on the Ambianta website, provides an overview of the environmental impact of our

portfolios and an update on the ESG integration activities deriving from the *ESG in Action* programme. The 2022 Report is available on our website.

In line with the requirements of the SFDR Regulation, we have integrated the sustainability information required by the regulations into our regulatory documents.

The ESG integration activity at corporate level and in the various asset classes will continue to be pursued by Ambianta, as a tool for creating value and managing risk.

### Objective 3

*Promotion, directly or indirectly, of non-profit activities whose purpose is aligned and synergistic with that of the Company, with particular reference to the dissemination of a scientific culture about environmental issues*

### Results

In 2010 Ambianta established Fondazione Ambianta, a non-profit organization whose purpose is to promote projects to spread, among the new generations, a culture of

respect for the environment, energy saving, recycling and in general all those behaviours capable of effectively reconciling industrial development and environmental safeguard.

This objective is achieved through two main projects, carried out by Fondazione Ambianta, "Tondo come il mondo" [Round like the earth] and "Futuro" [Future], which have obtained the sponsorship of the Ministry of the Environment.

### Mission

- Providing environmental education for Italian school children – a topic generally not included in national school curricula
- Raising awareness and fostering a culture of environmental protection from a very young age
- Promoting behaviours capable of effectively reconciling industrial development and environmental sustainability

### Objective

- Increasing awareness of environmental sustainability among future generations
- Encouraging institutions to introduce environmental education programmes in schools
- Providing science-based educational material for children

### Projects



"Tondo come il mondo" for grades III, IV, V of Italian primary schools to raise awareness of environmental risks and opportunities



"Futuro", aimed at secondary school children to build a foundation to encourage responsible choices in the future

### Results since inception



Total students involved  
~ 693,000



Total people reached  
~ 2,078,000



Total schools ~ 10,700  
and teachers involved ~ 18,800

Through the two projects supported by Ambianta with the work of the Foundation, about one fourth of pupils aged between 8 and 10 and from Italian primary schools were reached.

Ambianta will continue, through the activities of the Foundation, to promote the spread of a culture of respect for the environment among the new generations.



# Impact assessment

For the evaluation of the social and environmental impact of the Company we have applied the B Impact Assessment methodology, a complete international standard that allows us both to evaluate our non-financial impact and to design paths for future development.

The B Impact Assessment is a tool developed by the non-profit organisation B Lab with the aim of measuring, managing and improving the non-financial impact of a company on all its reference stakeholders.

The Assessment is used by more than 150,000 companies worldwide, of which approximately 6,000 have obtained the B Corp certification. The result of the B Impact Assessment is expressed as an overall score relating for the company, between 0 and 200, with details on the five main impact areas considered:

- **Governance**, includes issues relating to ethics, transparency and corporate mission;

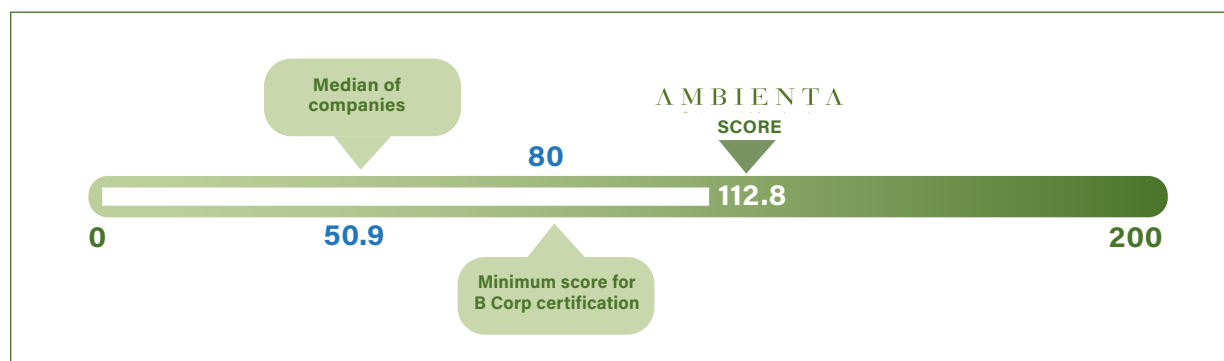
- **Workers**, includes issues relating to health and safety, well-being and the degree of satisfaction of the employees;
- **Community**, issues related to inclusion, supply chain management and civic engagement;
- **Environment**, includes issues related to climate change, water management and management of natural resources;
- **Customers**, includes issues related to customer management.

Our complete B Impact Report certified by B Lab is available at:

<https://www.bcorporation.net/en-us/find-a-b-corp/company/ambienta-sgr-sp-a/>

It should be noted that, in July 2022, Ambienta updated its B Impact Assessment, in line with the implemented three-year recertification process. The questionnaire is currently being reviewed by B Lab.

## The overall vision:



Key: Median for companies (50.9); Ambienta Score (112.8); Minimum score for B Corp certification (80)

## The score by impact area:

