



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decision-making in & company selection <input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or different investments <input checked="" type="checkbox"/> To engage internal ESG advisors <input checked="" type="checkbox"/> To engage external ESG advisors <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage internal staff 	<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decision-making in & company selection <input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or different investments <input checked="" type="checkbox"/> To engage internal ESG advisors <input checked="" type="checkbox"/> To engage external ESG advisors <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage internal staff

RI TRANSPARENCY REPORT

2019

Ambienta SGR SpA

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2019 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		✓	-							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	🔒	n/a							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	🔒	n/a							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	✓	Public							✓
OO PE 02	Typical level of ownership in private equity investments	✓	Private							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Private							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Public							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Description of approach to RI	✓	Public	✓					✓	
PE 02	Investment guidelines and RI	✓	Public		✓					
PE 03	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 04	Formal commitments to RI	✓	Public				✓			
PE 05	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 06	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 07	Encouraging improvements in investees	✓	Public	✓	✓					
PE 08	ESG issues impact in selection process	✓	Public	✓						
PE 09	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 10	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 11	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 12	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 13	Disclosure of ESG issues in pre-exit	✓	Public		✓					
PE 14	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 15	Examples of ESG issues that affected your PE investments	✓	Public	✓	✓					
PE 16	Approach to disclosing ESG incidents	✓	Public						✓	
PE End	Module confirmation page	✓	-							

Ambienta SGR SpA

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

Ambienta is a leading European private equity firm with operations in Milan, Dusseldorf and London.

We invest with industrial growth companies operating in the SME market with a strong competitive advantage accruing from an edge in the environmental trends of Resource Efficiency and Pollution Control.

Ambienta has funds under management of over Euro 1.2 billion, making us the world largest capital pool fully dedicated to this strategy.

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Italy

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

31

OO 02.4 Additional information. [Optional]

Ambienta has three offices: Milan (Italy), Dusseldorf (Germany), London (UK)

OO 03 **Mandatory** **Public** **Descriptive** **General**

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04 **Mandatory** **Public** **Gateway/Peering** **General**

OO 04.1 Indicate the year end date for your reporting year.

31/12/2018

OO 04.2 Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		1	225	000	000
Currency	EUR				
Assets in USD		1	397	594	086

Not applicable as we are in the fund-raising process

OO 04.4

Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

 Not applicable as we do not have any assets under execution and/or advisory approach

OO 04.5

Additional information. [Optional]

The overall AUM is split in five funds: Ambienta I (€217 million), Ambienta II (€323 million), Ambienta III (€635 million) and two client owned co-investment vehicles (€50 million)

OO 06

Mandatory

Public

Descriptive

General

OO 06.1

Select how you would like to disclose your asset class mix.

 as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	100	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0

Other (2), specify	0	0
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as broad ranges

OO 06.2 Publish asset class mix as per attached image [Optional].

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

OO 06.6 Provide contextual information on your AUM asset class split. [Optional]

We make growth capital and buy out investments in Small and Medium Enterprises in Europe out of five funds: Ambianta I (€217 million), Ambianta II (€323 million), Ambianta III (€635 million) and two co-investment vehicles (€50 million).

OO 09	Mandatory	Public	Peering	General
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OO 09.1 Indicate the breakdown of your organisation's AUM by market.

	Developed Markets	100
	Emerging Markets	0
	Frontier Markets	0
	Other Markets	0
	Total 100%	100%

Asset class implementation gateway indicators

OO 12	Mandatory	Public	Gateway	General
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OO 12.1

Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

- Private Equity

RI implementation via external managers

Closing module

- Closing module

Peering questions

OO PE 01	Mandatory	Public	Descriptive	General
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OO PE 01.1

Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
(Leveraged) buy-out	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (1)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (2)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total 100%	

OO PE
01.2

Additional information. [Optional]

We invest in Small and Medium Enterprises driven by sustainability trends.

Our typical transaction is growth buyout. For this reason, buyout is the dominant strategy.

The remaining part is growth capital as all our targets must be growth companies and may occasionally require expansion capital.

Ambienta SGR SpA

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Ambienta invests in Small and Medium Enterprise with a current or planned business focus on products and/or services that improve the resource efficiency and/or the pollution control, regardless of the specific sector in which they operate. "Resource efficiency" refers to the better usage of the main natural resources (such as oil, gas, water, metals, minerals, soil, etc.) or of the resources derived from those main natural resources (such as electricity, heat, industrial products and food) and to the shift to renewable resources. "Pollution control" refers to the reduction of the negative impact of human activity on the quality of the air, water, soil, ecosystems or climate generally.

As a mid-market private equity investor specialising in the key environmental themes of resource efficiency and pollution control, active ownership and responsible investment is 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 this context we have developed a full *ESG in Action* programme that prescribes all actions and responsibilities to integrate ESG factors at GP level and Portfolio companies level

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

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 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 to the UN supported Principles for Responsible Investment (PRI).

Ambienta is a member of Invest Europe where it aims at having an active role and harmonising its operations with best in class for its size.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

URL

<http://www.ambientasgr.com/wp-content/uploads/2015/12/Ambienta-Responsible-Investment-Policy-2017.pdf>

Attachment (will be made public)

Formalised guidelines on environmental factors

Formalised guidelines on social factors

Formalised guidelines on corporate governance factors

Screening / exclusions policy

We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

<http://www.ambientasgr.com/wp-content/uploads/2015/12/Ambienta-Responsible-Investment-Policy-2017.pdf>

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

<https://www.ambientasgr.com/wp-content/uploads/2018/04/Ambienta-Report-2017-24-4-18.pdf>

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

<http://www.ambientasgr.com/wp-content/uploads/2015/12/Ambienta-Responsible-Investment-Policy-2017.pdf>

Attachment

Active ownership approaches

URL/Attachment

URL

URL

http://www.ambientasgr.com/wp-content/uploads/2017/05/Ambienta-Report-LR_OK-1.pdf

Attachment

Reporting

URL/Attachment

URL

URL

<https://www.ambientasgr.com/wp-content/uploads/2018/04/Ambienta-Report-2017-24-4-18.pdf>

Attachment

Climate change

URL/Attachment

URL

URL

<https://www.ambientasgr.com/wp-content/uploads/2018/04/Ambienta-Report-2017-24-4-18.pdf>

Attachment

We do not publicly disclose any investment policy components

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

Our policy manages possible conflict of interest arising from 9 different types of situation. 8 refers to investments or divestment situations where: 1) counterparts are directly or indirectly managed by Related Parties and/or Holding Companies and/or Portfolio Companies 2) Related Parties and/or Holding Companies and/or Portfolio Companies holds 10% or more voting rights 3) counterparts have significant business relations with Related Parties and/or Holding Companies and/or Portfolio Companies 4) counterparts have debt towards Related Parties and/or Holding Companies and/or Portfolio Companies 5) investment are made alongside Related Parties and/or Holding Companies and/or Portfolio Companies 6) alongside companies controlled by Related Parties and/or Holding Companies and/or Portfolio Companies 7) target companies have signed contracts above 1mln€ with ourselves or Related Parties and/or Holding Companies and/or Portfolio Companies 8) our regulatory bodies recognise a conflict of interest. The last one refer to any contracts or mandate assigned to Related Parties and/or Holding Companies and/or Portfolio Companies. The whole process has been developed in accordance with Bank of Italy prescriptions and is reflected in all Board of Directors minutes. Bank of Italy inspections, which have been always positive for Ambienta, focus on the policy and its effective implementation.

No

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2

Additional information. [Optional]

Quarterly reports are discussed internally. ESG related issues are an integral part of this discussion.

Governance and human resources

SG 07**Mandatory****Public****Core Assessed****General****SG 07.1**

Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
Head of Sustainability and Strategy

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)
- Other role, specify (2)
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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We have developed an *ESG In Action* Programme that clearly defines oversight/accountability and implementation responsibilities of all investment professionals at General Partner level and of management teams at portfolio companies level.

We have appointed Stefano Bacci, Director of the firm, as ESG Manager and he has oversight/accountability of the whole *ESG in Action* Programme across the firm at GP Level and at portfolio level. He is supported by three internal resources on this task. This team has implementation responsibilities by driving execution of the investment team at portfolio level and consolidate outcomes to report.

For each investment we appoint the most senior resource, usually a Partner of the Firm, as the ESG Node. He/She has oversight/accountability and implementation responsibilities of our *ESG in Action* Programme at portfolio company level. Other members of the investment team (Principals, Managers, Associates, Analysts) working with the company have responsibilities as well. The more junior the role the more the responsibilities are skewed towards pure implementation and less oversight/accountability. The ESG Node is the key figure of our Programme since it usually is a Board Member in the portfolio companies and he is responsible to drive the implementation of the ESG plan we develop for the company. For example he is responsible for the engagement of C-Level staff to drive and delegate execution within the organization, for the approval of ESG policies, for execution of the plan till the monitoring and reporting of actual progress.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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Number

3

I confirm I have read and understood the Accountability tab for SG 07

I confirm I have read and understood the Accountability tab for SG 07

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other Chief-level staff or head of department
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Portfolio managers
--	--------------------

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	External managers or service providers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
-----------------------	--

Our *ESG in Action* programme include climate change related issues as part of the Environmental issues to be addressed. The ESG Node and the investment team are responsible to address all material issues arising within each portfolio company. The first step to assess climate change issues is the Materiality analysis, through which the team analyzes the risk and opportunities linked to the issue. Then, if the ESG plan focuses on addressing climate change related issues, the Team are responsible to implement the action planned.

As a firm Ambienta commits to monitor energy consumption patterns of all portfolio companies through a dedicated indicator, directly connected to greenhouse gases emissions.

SG 08	Voluntary	Public	Additional Assessed	General
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SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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Board members/Board of trustees

SG 08.1b	RI in personal development and/or training plan
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- Responsible investment included in personal development and/or training plan

SG 08.2	Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.
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Ambienta's Directors are Partners of the firm. As pointed out below (C-level Executive section) they have Responsible Investment KPIs objectives in their performance appraisal process and variable pay link. Since they are actively participating in the implementation of the ESG in Action Programme they are constantly exposed to our Responsible Investment best practices. The ESG Manager and the three internal resources participate to conferences and engage external Responsible Investment consultants to maintain best of breed knowledge of industry standards. This knowledge is shared with the whole Ambienta's team, including Partners who sits in Ambienta's Board through regular meetings held 2-3 times a year.

- None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee

SG 08.1a	RI in objectives, appraisal and/or reward
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- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b	RI in personal development and/or training plan
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- Responsible investment included in personal development and/or training plan
- None of the above

Other C-level staff or head of department

Head of Sustainability and Strategy

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Portfolio managers

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Dedicated responsible investment staff

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

SG 08.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Since 2016 we included in the annual performance evaluation an ESG drive indicator which will take into consideration for the variable remuneration of the year the individual achievements, coherently with seniority and level of responsibility. Every team member is engaged in *ESG in Action* implementation and regular update meetings so could benefit from each other experience in its personal development since very junior level.

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

Moderate

Advanced

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

Moderate

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Stefano Bacci, Partner and ESG Manager of the firm is part of EVCA (today rebranded Invest Europe) Responsible Investment RoundTable. It is a permanent forum dedicated to responsible investment practices and environmental, social and governance issues in Europe's private equity industry. A sub-committee of the Invest Europe Professional Standards Committee, the Roundtable aims to promote responsible investment practices and the consideration of ESG issues within the Invest Europe membership and the broader private equity community.

- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We drew inspiration on their knowledge center to develop our ESG in Action Programme and our reporting initiatives and we participated (ESG Manager) in training courses

- Other collaborative organisation/initiative, specify
B- Corp

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

In 2019 Ambienta applied to become a certified B-Corporation. The application is still in progress at the moment of the filling of this report.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2 Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)
- Provided financial support for academic or industry research on responsible investment
- Provided input and/or collaborated with academia on RI related work

Description

In 2017 we gave a broad speech at University of Padova about integration of non financial reporting and ESG factors management in the PE industry. We presented Ambienta case study about our actions, achievements and evidences. Our experience was shared with a panel of students of the Business Metrics course, during a three hours speech and Q &A session. This event has been replicated on March 2019.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

In December 2018 we participated in Fortune Green, the first multi-stakeholders event in Italy dedicated to the integration of sustainability and principle of responsible investment into operations.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Spoke publicly at events and conferences to promote responsible investment

Description

University of Padova speech on Business Metric course.
Participation to Fortune Green event in Italy

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Wrote and published in-house research papers on responsible investment

Description

We regularly publish extensive articles about responsible investing in various industries. These articles can be found in our newsletter section.
<https://www.ambientasgr.com/press-area/?tab=newsletter>

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description

We responded to Eurosif research on Sustainability and Responsible Investments industry.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify

Description

Member of Invest Europe Responsible Investment Round Table.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify
- No

SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

We started to discuss with an Italian university on the possibility to provide real-life experience about the integration of non-financial indicators in our operations. Our experience will be shared with students of the Business Metrics course, during a three hours speech and Q&A at the University of Padova since 2017. We speak about our *ESG in Action* programme and its KPIs and about our Environmental Impact Analysis which focuses on the measurement of the impact related to the specific activities of our portfolio companies.

Outsourcing to fiduciary managers and investment consultants

SG 12

Mandatory

Public

Core Assessed

PRI 4

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1

Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants

SG 12.4

Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.

- Custodial services

Describe how responsible investment is incorporated

We use a custodian bank to verify our actions compliance with fund rules, compliance with governance rights through procedures and all financial movements.

- Investment policy development
 Strategic asset allocation
 Investment research

Describe how responsible investment is incorporated

We use specialist consultant to cover initial ESG due diligence on all our portfolio companies as the first step of our ESG in Action programme

- Other, specify (1)

Describe how responsible investment is incorporated

We an external consulting firm to handle administrative duties of an investment vehicle under UK law required. This consultant performs all anti money-laundering checks over those LPs on our behalf

- Other, specify (2)
 Other, specify (3)
 None of the above
 No, we do not use investment consultants.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1

Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities

Describe

Since 2019 we are implementing carbon footprint analysis and management of all our new portfolio companies. In addition, we publicly disclosed our support for the Task Force on Climate-related Financial Disclosures (TCFD), with the intention to implement a more direct approach towards climate-related risks and opportunities.

- No, not to assess future ESG/climate-related issues

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
We consider ESG issues as a risk and opportunity management tool
- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

As a private equity investor with governance rights, ESG integration represents the opportunity to manage risk and catch opportunity rather than a strategic allocation tool. Nonetheless environmental issues are naturally included in our investment thesis therefore we can state that they are used in strategic asset allocation

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC

Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment

Describe

We analyse climate-related risks and opportunities using two tools:

- Within the carbon footprint analysis and management, we define the position of our portfolio companies with respect to carbon emission. From this starting point we implement a carbon strategy.

- The third step of our *ESG In Action* programme is called Materiality Analysis. This analysis is made to assess, under the point of view of different stakeholders, the main ESG related business risks and opportunities. Some of the risks analysed are directly related to climate change, such as extreme events and their impact on production facilities. The outcome of the Materiality Analysis is the ESG Action Plan which is implemented during the portfolio company holding period.

- Incorporation into investment analysis
- Inform active ownership
- Other

SG 13.5 CC	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
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- Yes

	Describe
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At Ambienta, we consider ESG management as a business risk mitigating tool. We require our portfolio companies to structurally undertake our *ESG In Action* programme, where we develop both carbon footprint analysis and Materiality Analysis. In addition, we implement ISO certifications to our portfolio companies according to their business needs. All the above is done in order to create a lasting legacy beyond our typical private equity investment period. We create solid companies that can withstand regulatory pressure and remain ahead of the pack in their sustainability mission.

- No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
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- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

SG 13.8 CC	Indicate the climate scenarios the organisation uses.
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Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		1	175	000	000
Currency	EUR				
Assets in USD		1	340	549	430

Specify the framework or taxonomy used.

Our whole investment strategy base its foundation on resource efficiency and pollution control.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Developed our own proprietary methodology to assess portfolio companies impact in improving environmental impact in terms of Resource Efficiency and Pollution Control Metrics

- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

Developed our own proprietary methodology to assess portfolio companies impact in improving environmental impact in terms of Resource Efficiency and Pollution Control Metrics

- None of the above

SG 14.4

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

We disclose to clients/beneficiaries more than emission risks. We disclose both company performance on relevant ESG issues through dedicated KPIs (like EFFAS ESG KPIs), including emissions when this is a material aspect for the company (i.e. company operates an heavy industrial operational footprint). Moreover we have developed a proprietary methodology to assess and quantify the environmental impact of company products and services compared to reasonable technological alternative (i.e. the improved energy efficiency of an electric motor vs the previous generation). This methodology assess the environmental impact using 11 Metrics, 5 for resources efficiency and 6 for pollution control. One of the pollution control metrics assess the CO2 reduction determined by company's products or services, but the others allow to capture other pollutants release in air, soil and water or soil and biodiversity deterioration. We quantify this impact in a dedicated report for each portfolio company that we call the Environmental Impact Analysis.

SG 14 CC	Voluntary	Public	General
SG 14.6 CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.		

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Carbon footprint (scope 1 and 2)	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Define GHG emissions for all our portfolio companies acquired by Ambianta III fund.	Tonnes of CO2 equivalent (tCO2e), energy intensity (in gigajoules), and tCO2 per employee.	The GHG reporting is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, co-established by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).
Portfolio carbon footprint	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Define GHG emissions for all our portfolio companies acquired by Ambianta III fund.	Tonnes of CO2 equivalent (tCO2e), energy intensity (in gigajoules), and tCO2 per employee.	The GHG reporting is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, co-established by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).
Total carbon emissions	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Define GHG emissions for all our portfolio companies acquired by Ambianta III fund.	Tonnes of CO2 equivalent (tCO2e), energy intensity (in gigajoules), and tCO2 per employee.	The GHG reporting is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, co-established by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).
Other emissions metrics	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Define the environmental impact of our portfolio companies acquired by Ambianta II and Ambianta III funds.	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:	Developed a proprietary methodology for Environmental Impact Assessment.

			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	
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SG 14.8 CC Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

Process for climate-related risks is integrated into overall risk management

Please describe

Climate-related risks are integrated into two steps of our *ESG In Action* programme. First, the ESG due diligence, executed by a verified third party, aims to identify and evaluate liabilities and opportunities that are also related to climate. Examples are non-conformity of machinery, disruption to production due to extreme weather events, and resiliency of energy sources. The ESG due diligence is executed before committing to the investment. Second, portfolio company management and all relevant stakeholders perform a Risk Materiality analysis. This step is related to the identification and prioritization of all ESG business related risks, in order to mitigate or eliminate them through the ESG Action Plan.

In addition, starting in 2019, we perform a carbon footprint analysis and management of all new companies acquired by Ambienta III fund. The analysis is performed after acquisition and its outcomes are integrated into the decision-making process of the Risk Materiality.

Process for climate-related risks is not integrated into our overall risk management

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 15.2 Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

100

SG 15.3 Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

Private equity

% of AUM

30

Brief description and measures of investment

Our fund Rules specify that we can only invest into companies that currently or prospectively concentrate on products or services that improve resource efficiency or pollution control regardless of the underlying sector. This obviously encompasses any renewable energy related product or services, any sustainable transport business, any storage, any water treatment any waste treatment or any other business/sector conventionally grouped under the "Clean Technology" definition. Within our current portfolio (as of end of december 2016) we have industrial filters distributors and waterbased coating manufacturer, for example

Renewable energy

Green buildings

Asset class invested

Private equity

% of AUM

10

Brief description and measures of investment

Alongside previous answer, any products or services that promotes energy or water efficiency within buildings, or promote reduced impact of building construction, maintenance or usage on the environment or human health

Sustainable forestry

Asset class invested

Private equity

% of AUM

0

Brief description and measures of investment

Any business promoting usage of forestry resources in a sustainable way.

- Sustainable agriculture

Asset class invested

- Private equity

% of AUM

0

Brief description and measures of investment

Any products or services that enable improved yields or reduced environmental impact of agriculture from seeding to harvesting phases.

- Microfinance
- SME financing

Asset class invested

- Private equity

% of AUM

0

Brief description and measures of investment

Ambienta III committed an amount at least equal to the two thirds of the amount drawn down from the Total Commitment of all Investors for the purpose of investments in entities which qualify as micro, small or medium-sized companies as defined in accordance with the Recommendation of the European Commission.

- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested

- Private equity

% of AUM

0

Brief description and measures of investment

Coherently with our overarching Fund Rules described here above, we can invest into products or services that fulfill our resource efficiency and pollution control within the Healthcare sectors like for example radiation reduction or control systems within nuclear medicine sector.

Water

Asset class invested

Private equity

% of AUM

10

Brief description and measures of investment

Water efficiency or Water pollution control are key areas of focus of our mandate since water is a primary resource of this planet. All companies whose product or service aim to optimize water consumption or reduce water pollution fit with our Fund Rules.

Other area, specify

Other Resource Efficiency or Pollution Control

Asset class invested

Private equity

% of AUM

50

Brief description and measures of investment

Ambienta invests into companies that currently or prospectively concentrate on products or services that improve resource efficiency or pollution control regardless of the underlying sector.

No

Innovation

SG 18	Voluntary	Public	Descriptive	General
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SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

SG 18.2

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

We have developed our own proprietary methodology to identify and estimate the environmental impact driven, directly or indirectly, by the activities of our portfolio companies or any target company. We call it *Environmental Impact Analysis* and allow us to review each target precisely against our thematic approach and calculate an actual annual impact for each investment. The methodology, the analysis and the outcomes are shared with our LPs and are based mostly on public data and benchmarks. This impact is measured through 11 Metrics (5 for Resource Efficiency, 6 for Pollution Control).

No

Communication

SG 19

Mandatory

Public

Core Assessed

PRI 2, 6

SG 19.1

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Caution! The order in which asset classes are presented below has been updated in the online tool to match the Reporting Framework overview.

If you are transferring data from an offline document, please check your response carefully.

Private equity

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<p data-bbox="256 304 882 367">Disclosure to public and URL</p> <p data-bbox="256 376 868 432"><input checked="" type="checkbox"/> ESG information in relationship to our pre-investment activities</p> <p data-bbox="256 445 868 501"><input checked="" type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities</p> <p data-bbox="256 515 762 571"><input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance</p> <p data-bbox="256 584 349 618"><input type="checkbox"/> Other</p>	<p data-bbox="908 304 1447 367">Disclosure to clients/beneficiaries</p> <p data-bbox="908 376 1372 432"><input checked="" type="checkbox"/> ESG information in relationship to our pre-investment activities</p> <p data-bbox="908 445 1406 501"><input checked="" type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities</p> <p data-bbox="908 515 1410 571"><input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance</p> <p data-bbox="908 584 1000 618"><input type="checkbox"/> Other</p>
<p data-bbox="256 665 882 728">Frequency</p> <p data-bbox="256 736 588 770"><input type="checkbox"/> Quarterly or more frequently</p> <p data-bbox="256 781 400 815"><input type="checkbox"/> Biannually</p> <p data-bbox="256 826 381 860"><input checked="" type="checkbox"/> Annually</p> <p data-bbox="256 871 601 904"><input type="checkbox"/> Less frequently than annually</p> <p data-bbox="256 916 544 949"><input type="checkbox"/> Ad-hoc/when requested</p>	<p data-bbox="908 665 1447 728">Frequency</p> <p data-bbox="908 736 1240 770"><input checked="" type="checkbox"/> Quarterly or more frequently</p> <p data-bbox="908 781 1051 815"><input type="checkbox"/> Biannually</p> <p data-bbox="908 826 1032 860"><input type="checkbox"/> Annually</p> <p data-bbox="908 871 1252 904"><input type="checkbox"/> Less frequently than annually</p> <p data-bbox="908 916 1195 949"><input type="checkbox"/> Ad-hoc/when requested</p>
<p data-bbox="256 985 882 1048">URL</p> <p data-bbox="256 1057 839 1144">https://www.ambientasgr.com/wp-content/uploads/2018/04/Ambienta-Report-2017-24-4-18.pdf</p>	

Ambienta SGR SpA

Reported Information

Public version

Direct – Private Equity

PRI disclaimer

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Overview

PE 01	Voluntary	Public	Descriptive	PRI 1-6
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PE 01.1 Provide a brief overview of your organisation's approach to responsible investment in private equity.

Ambienta's board reconsiders its Responsible Investment Policy every two years and in the current 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.

The integral text of Ambienta's REsponsible Investment Policy follows here below

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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 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 harmonising its operations with best in class for its size.

This policy will be reviewed every two years.

PE 02	Mandatory	Public	Core Assessed	PRI 2
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PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.
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- Our investment activities are guided by a responsible investment policy

PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.
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Our expectations are represented in several forms:

1. Fund Rules, for LPs. Fund rules and side letters legally frame our active commitment to ESG
2. *Responsible Investment Policy*, for all stakeholders. It frames our ambition and our active commitment to ESG. It is managed directly by Ambienta's board of directors.
3. *ESG in Action* Programme for portfolio companies. Such programme is rigorously applied to all our portfolio companies
4. Organisation chart. Internal organization foresees several ESG related roles. One of the executive directors and partners of Ambienta SGR is the *ESG Manager* of the firm. The lead partner of a portfolio company is *ESG Node* and bears ultimate responsibility for the full implementation of the *ESG in Action* programme on such company. Each member of the investment team has a year end performance appraisal which includes the KPI "*ESG Drive*" and which is linked to their bonus and promotion decision.

- Our investment activities are not guided by a responsible investment policy
- We do not have a responsible investment policy

Fundraising of private equity funds

PE 03	Mandatory	Public	Core Assessed	PRI 1,4,6
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PE 03.1	Indicate if your most recent fund placement documents (private placement memorandums (PPM) or similar) refer to responsible investment.
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- Yes

PE 03.2

Indicate how your most recent fund placement documents (PPM or similar) refer to the following responsible investment:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes
- Approach to ESG reporting

PE 03.3

Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar). [Optional]

Our latest DDQ (our PPM is only legal) has Chapter 10 "ESG AND SUSTAINABILITY", 15 pages long, fully dedicated to ESG. It includes the sub-chapters:

- 10.1 What is the difference between ESG and sustainability?
- 10.2 Describe Ambienta's approach to ESG
- ESG in Action
- GP level
- Portfolio level
- ESG in Action results
- 10.3 Describe Ambienta's approach to sustainability

In the same document the investment strategy of the fund is declared as "Businesses with a current or planned business focus on products, services and operations that improve Resource Efficiency and Pollution Control"

In the DDQ we also explain our proprietary methodology to quantify environmental impact. We use this methodology in due diligence in order to validate that a claimed impact is actually quantifiable and material. Staying away from green washing is for Ambienta part of a true responsible investment practice. The proprietary methodology in question uses 11 Environmental Metrics to analyse and quantify Environmental Impact; not just carbon emissions or any other single one.

- No
- Not applicable as our organisation does not fundraise

PE 04**Voluntary****Public****Additional Assessed****PRI 4****PE 04.1**

Indicate whether your organisation made formal commitments to responsible investment in the, Limited Partnership Agreement (LPA) of your most recent fund(s), or through side letters when requested by investors.

- Yes

If yes

- In LPA, incorporated in the original draft as standard procedure
- In LPA, as requested by investors
- In side letter(s)
- Other

- No

PE 04.2

Additional information. [OPTIONAL]

We have voluntarily introduced a binding commitment to responsible investing in the "Investor Protection Provisions" of our most recent LPA. It 2 different places:

5. "...will exclusively execute Investments in the Environmental Sector". This commits Ambienta to invest only in companies whose product and/or services have a beneficial impact in terms of Resource Efficiency and/or Pollution Control. This approach is the cornerstone of our investment strategy.
6. "The Manager shall commit to investing responsibly which shall include i) recognising the importance of, and following, the UNPRI Six Principles for Responsible Investments; ii) incorporating environmental, social and governance issues ("ESG") into its investment analysis and decision-making processes; and iii) working alongside Portfolio Companies as active owners to ensure that ESG policies and considerations, in a form inspired by the "ten principles" of the UN Global Impact", are appropriately integrated"

We included more specific levels or forms of commitment in side letters whenever requested.

Moreover we committed on 100% investments into Eco Innovative companies (as per the European Commission definition) and full governance. The Eco-Innovative definition spells this way: "Any form of innovation aimed at achieving significant and demonstrable progress towards the goal of sustainable development, by reducing its impact on the environment or by achieving a more efficient and responsible use of natural resources, including energy"

Pre-investment (selection)

PE 05

Mandatory

Public

Gateway

PRI 1

PE 05.1

During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

Yes

PE 05.2

Describe your organisation's approach to incorporating ESG issues in private equity investment selection.

We are here describing the investment selection only.

Our Fund rules, our investment process and the *ESG in Action* programme all combined prescribe the following pre investments steps:

7. We make a first assessment to check if the investment fits our Fund Rules in terms of Environmental Impact very early in due diligence.
8. At a later due diligence stage, we measure through our proprietary methodology (Environmental Impact Analysis) the Environmental Impact of each company's business, describing it along 11 Environmental Metrics. If complex, we use external audits for our calculation.
9. Moving from E to ESG, we internally assess the overall level of incorporation of ESG issues in the daily business operations of the company.
10. At last, our investment process requires a full ESG due diligence by an independent expert consultant prior to the completion of the investment.

Our *ESG in Action* then foresees a number of additional steps after the investment decision is made and the transaction has closed.

No

PE 06	Mandatory	Public	Core Assessed	PRI 1,3
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PE 06.1 Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.

- Raw data from target company
- Benchmarks against other companies
- Sector level data/benchmarks
- Country level data/benchmarks
- Reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. customers and suppliers)
- Advice from external resources
- Other, specify
- We do not track this information

PE 06.2 Describe how this information is reported to, considered and documented by the Investment Committee or similar.

Two types of information are discussed and reported to our Investment Committee:

11. Environmental Impact, in order to verify adherence to our Resource Efficiency and Pollution Control investment strategy
12. ESG performance of the company as assessed in due diligence by the team and by independent expert ESG consultants

Both these points have a dedicated chapter in the final Investment Memorandum that is the basis for the investment decision of both the Investment Committee level and the Board of Directors. Both need to agree in order for a transaction to be closed.

PE 07	Voluntary	Public	Additional Assessed	PRI 1,2
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PE 07.1 During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?.

Yes

If yes

- Formally/through a post-investment action plan or value enhancement plan
- Verbally/through dialogue
- Other, specify

PE 07.2

Describe the nature of these improvements and provide examples (if any) from the reporting year

In terms of deal structuring, we started in 2016 to include in our shareholders agreements, if appropriate, a direct governance right for Ambienta relative to the steering of ESG issues. We use this approach as a first mean to drive and delegate to the management the implementation of a specific plan aimed to tackle, monitor and report ESG issues.

In terms of post investment plan we do have our *ESG in Action* programme that Ambienta executes on all its portfolio companies; it includes five sequential steps:

13. ESG due diligence by an independent specialist (pre closing).
14. Adoption at company board level of 3 Goal Setting policies: "Business integrity"; "Environment, Health and Safety"; "Employment and Labour standards"; carbon footprinting and carbon strategy in place (6 months from closing).
15. Execution of a Materiality Analysis for risks and opportunities.
16. Board approval of an ESG Action Plan (1 year from closing) with actions at both preventative level (ISO certifications) and on single-issue related specific KPIs.
17. KPI Monitoring and Reporting.

Example: Safim did the 5 steps in 12months (acquired Jul-17) and in Q4-2018 reached ISO 45001 certification which only 5 companies in Italy have at the time of the achievement, according to its ESG Action Plan.

We do not set expectations for portfolio companies on ESG-related considerations

PE 07.3

Additional information. [OPTIONAL]

All the five steps of our *ESG in Action* programme are formally documented and available to LP for any information or reporting need.

PE 08

Voluntary

Public

Additional Assessed

PRI 1

PE 08.1

Indicate how ESG issues impacted your private equity investment selection processes during the reporting year.

- ESG issues helped identify risks
- ESG issues helped identify opportunities for value creation.
- ESG issues led to the abandonment of potential investments.
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify
- We do not track this potential impact

PE 08.2	Indicate how ESG issues impacted your private equity investment deals during the reporting year.
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- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues were included in the post-investment action plan/100 day plan
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
- We do not track this potential impact

PE 08.3	Additional information. [OPTIONAL]
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One example relative to PE08.2:

Again in Safim (mechanical component manufacturer), aquired in July 2017, the initial ESG due diligence highlighted the complexity and potential vulnerability of the supply chain in consideration of the high expected international growth.

In 2018 the company deep analysed its top 30 suppliers (under "Top 30 Supplier Assessment" initiative). Each supplier was investigated in its production processes and its ability to scale operations, increase volumes and deliver effectively without extra costs. The joint Safim and its supplier's processes of forecasting, ordering, producing, stocking and delivering have been mapped, analysed and optimised for common benefit.

As a result, Safim in 2018 achieved a proforma cost reduction on purchased goods of approx. -5% (+2% overall EBITDA impact). It qualified and introduced 6 new suppliers. It created and launched a new shared demand forecast model landing a decrease between 50% and 90% in delayed delivery (depending on each supplier).

As for PE 08.1 we do not exclude investments because of insufficient ESG performance. We believe that in our average holding term (5 years) we can fundamentally improve the way ESG is perceived by management and stakeholders, managed and monitored.

Post-investment (monitoring)

PE 09	Mandatory	Public	Gateway/Core Assessed	PRI 2
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PE 09.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.
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- Yes

PE 09.2	Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.
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- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 09.3	Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.
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ESG issues

Environmental

List up to three example targets of environmental issues

Example 1

We believe ISO certifications are a key management process upgrade (ISO50001 for energy and ISO14001 for H &S) and are often targets we set

Example 2 (optional)

In a portfolio company (manufacturing) we set targets for noise and dust emissions and ask to implement new capex to monitor them

Example 3 (optional)

At aggregate portfolio level ("Cross Portfolio KPIs") we monitor Total Water Consumption; Total Energy Consumption; Environmental Capex Expenditure

Social

List up to three example targets of social issues

Example 1

At aggregate portfolio level ("Cross Portfolio KPIs") we monitor "Training Expenditure per Employee" and "Job Creation". Here the target is monitor and improve across portfolio.

Example 2 (optional)

Improve occupational safety; KPIs in this field are present in almost all our ESG Action Plans

Example 3 (optional)

Portfolio company Safim had "achieve Occupational Health & Safety certification ISO 45001" as a target for 2018 in its ESG Action Plan (achieved).

Governance

List up to three example targets of governance issues

Example 1

Implement management incentive plans in order to guarantee alignment and empowerment; in almost all our portfolio companies

Example 2 (optional)

Buy out of large or potentially obstructive/hostile minorities (portfolio company Restiani in 2018; and others)

Example 3 (optional)

In Calucem, Ambienta's direct governance of ESG issues is provided for in its shareholder agreements with management and minorities.

We do not set and/or monitor against targets

No

PE 10	Mandatory	Public	Core Assessed	PRI 2
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PE 10.1

Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

Yes

PE 10.2

Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

(in terms of total number of portfolio companies)

No

PE 10.3

Additional information. [Optional]

We track adoption of ESG related policies and the percentage of implementation is 100% of portfolio companies.

We enforce implementation of our *ESG in Action* programme across all portfolio companies, this target is in the investment team members yearly performance appraisal. The first step of of the programme is for each portfolio company 's board to implement three new policies:

18. "**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.
19. "**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.
20. "**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 in 2018 as part of the latest review of our *ESG In Action* programme.

PE 11	Voluntary	Public	Additional Assessed	PRI 2
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Types of actions taken by portfolio companies

- Allocate responsibility for ESG issues to board/senior management

Implemented by percentage of portfolio companies

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

(in terms of total number of portfolio companies)

- Composition of board ensure ESG expertise

Implemented by percentage of portfolio companies

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

(in terms of total number of portfolio companies)

- Consider ESG issues in risk management processes

Implemented by percentage of portfolio companies

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

(in terms of total number of portfolio companies)

- Define performance targets for applicable ESG issues in operations

Implemented by percentage of portfolio companies

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

(in terms of total number of portfolio companies)

- Identify and engage external parties or stakeholders that could add value or decrease risk through ESG issues

Implemented by percentage of portfolio companies

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

- Developing/implementing an environmental/social management system (ESMS) or similar

Implemented by percentage of portfolio companies

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

- Other actions, specify

Implemented by percentage of portfolio companies

All our portfolio companies must implement Follow our ESG In Action programme, which encompasses a Risk and Opportunity Materiality Analysis and an ESG Action Plan

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

(in terms of total number of portfolio companies)

- None of the above

PE 11.2	Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.
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Accountability and expertise is what we contribute at single portfolio company level.

Accountability: once a company is acquired, a senior company manager, usually the CEO, is appointed as ESG reference. At the same time Ambienta's leading partner in the transaction is appointed as ESG node. The ESG node, and the rest of the management team, have the duty (success is assessed at year end as part of the internal performance evaluation process) of implementing our *ESG in Action* programme, which is where the expertise lies.

Expertise: the *ESG in Action* programme, developed and formalised internally through a handbook which is available to the whole investment team, with its five steps, defines and provides a tested roadmap for integrating, managing and reporting ESG issues.

21. ESG due diligence by an independent specialist (pre closing) together with the Ambienta team.
22. Adoption at company board level of 3 Goal Setting policies: "Business integrity"; "Environment, Health and Safety"; "Employment and Labour standards"; carbon footprinting and carbon strategy in place.(6 months from closing).
23. Execution of a Materiality Analysis for risks and opportunities.

24. Board approval of an ESG Action Plan (1 year from closing) with actions at both preventative level (ISO certifications) and on single-issue related specific KPIs.
25. KPI Monitoring and Reporting phase.

The first step, 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 second step is the adoption of 3 "goal setting" policies in each of the three areas of business integrity, environment, health and safety and employment and labour standards, as outlined below.

26. 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.
27. 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.
28. 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.

The third step. Once the above set of goal setting policies are in place, the management team with Ambienta and other stakeholders 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, corporate citizenship, operations, suppliers, customers, 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.

The fourth step. Once specific KPIs to monitor are selected, we are ready to enter the execution phase through an ad hoc developed 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 is accountable to our investors, we want management of the portfolio companies to be accountable to Ambienta and all company's 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.

PE 12	Voluntary	Public	Descriptive	PRI 2,3
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PE 12.1

Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.

Type of reporting

- Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated

Typical reporting frequency

- Quarterly or more frequently
 Biannually
 Annually
 Less frequently than annually
 Ad-hoc/when requested, specify
- Standalone reports highlighting targets and/or KPIs covering ESG issues

Typical reporting frequency

- Quarterly or more frequently
 Biannually
 Annually
 Less frequently than annually
 Ad-hoc/when requested, specify
- Other, specify
 Management and monitoring of ESG integration is a fixed item on the board's agenda; therefore up to monthly.

Typical reporting frequency

- Quarterly or more frequently
 Biannually
 Annually
 Less frequently than annually
 Ad-hoc/when requested, specify
- No reporting on ESG issues requested and/or provided by portfolio companies

PE 12.2

Describe what level of reporting you require from portfolio companies, and indicate what percentage of your assets are covered by ESG reporting.[OPTIONAL]

100% of portfolio companies report on ESG

We require reporting at company's board level on the execution of the ESG Action Plan (step 4 and 5 of *ESG in Action* programme) The ESG Action Plan is usually developed and Board approved within 12 months from acquisition for 100% of our portfolio companies. The plan includes objectives, milestones and relevant KPIs to be monitored with frequency that go from monthly (like e.g. for H&S matter) to yearly (e.g. on environmental capex matter). Management team reports against this topic as prescribed and at board level.

In addition, we have a dedicated ESG yearly call between the ESG manager of the company and our sustainability team, facilitated by the investment team, to assess progress.

At exit, we perform a gap analysis between ESG status at exit and ESG Action Plan targets and we ask the board of the company to review and approve it.

On top of company specific KPIs and actions deriving from the implementation of ESG Action Plans, we also collect and monitor 6 additional KPIs that are the same for all our portfolio companies. These KPIs are called "Cross Portfolio KPIs". These KPIs are collected/monitored at GP level yearly.

PE 13	Voluntary	Public	Additional Assessed	PRI 2
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PE 13.1	Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments.
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- We included ESG issues in pre-exit information
- We did not include ESG issues in pre-exit information
- N/A, we did not have any exits in the reporting year

PE 13.2	Apart from disclosure, describe how your organisation considers ESG issues at exit.
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We consider ESG issues at exit as we do at entry.

ESG issues in general represent both a risk and an opportunity. Under our ownership companies have addressed both and implemented actions to improve the pre-acquisition situation. In this respect our *ESG in Action* programme contributes to enhance company value and long term opportunities and should represent a lasting legacy on which new shareholders can build upon. In particular, ESG Action Plans always emphasise increasing the level of ISO certifications of the key management processes: best practicing. There are two reasons for this: i) it is a good preventative action that addresses the quality foundation of management processes ii) is often a legacy action that survives ownership transitions (seldom a buyer would give up an already attained certification).

During the exit process we analyse the gap between the current status and the goals which were set out at the time the ESG Action Plan (step 4 of our *ESG in Action* programme) was approved by the company being sold. Such gap analysis is discussed at board level, approved by the company's board and made available to the buyer.

Very often progress with ESG implementation goes hand in hand with the overall quality of the management team.

PE 13.3	Additional information.
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On top of company specific KPIs and actions deriving from the implementation of ESG Action Plans, we also collect and monitor 6 additional KPIs that are the same for all our portfolio companies. These KPIs are called "Cross Portfolio KPIs". These KPIs are collected/monitored at GP level yearly.

"Cross Portfolio KPIs" are inspired by our environmental investment strategy and ambition. "Cross Portfolio KPIs" are collected, aggregated and monitored at GP level, homogeneously across portfolio companies. They 6 "Cross Portfolio KPIs" are:

29. **Total Energy Consumption:** to monitor where in our portfolio the largest energy consumption takes place;
30. **Total Water Consumption:** to monitor where in our portfolio the largest water consumption takes place;
31. **Training Expenditure per Employee:** to monitor the level of activity in building professional skills;
32. **Environmental Capex Expenditure:** to monitor the investment on ESG relevant aspects of business as defined by the company;
33. **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;
34. **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. This happens yearly during the call of the company's ESG Manager with our sustainability internal team, facilitated by the investment team.

Outputs and outcomes

PE 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1,2
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PE 15.1	Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year.
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Add Example 1

Investment Stage	<input type="checkbox"/> Initial screening <input type="checkbox"/> Due diligence <input checked="" type="checkbox"/> Investment decision <input type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 5px;">ESG issues</div> <input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social Succession planning, human capital management and expansion <input type="checkbox"/> Governance
Sector(s)	Industrial goods manufacturing in the agricultural and construction machinery.
Impact (or potential impact) on the investment	<p>During the initial assessment, at the time of the investment decision, it became very clear to us that we needed to consider and handle carefully the transition from the management of the founding family to a more professional management style. At entry, the founding family (father and two son) occupied all critical position working around the clock with the help of a handful very limited managerial resources. This management narrowband represented a risk in terms of imminent growth, internationalisation of operations and eventually succession into the next stage of management bandwidth.</p> <p>A possible impact could have been the failure of our plan to bring this company to be a global player (expansion into Japan and US) from a EU only footprint and a cut on its growth potential. But this did not happen.</p> <p>What happened is that the company managed to deliver the investment case in 18 months instead of 4 years; it successfully expanded into US at the time of writing. Daily deliveries in 2 years grew from 120,000 Euro a day to 240,000 Euro a day worth of sales at no additional capex. This, thanks to increased focus and skills, clear accountability and increased motivation.</p>
Activities undertaken to influence the investment and its response	<p>The ego and the ambition of the founder family has been managed by migrating them to a senior advisory type of engagement with full alignment on economics and success with Ambienta.</p> <p>At the same time, after having created clear functions, we selected and recruited a CEO and a CFO. With them, more managers were recruited or promoted to fill the entire C-level. Inside functions, operations, R&D and the commercial department were reinforced. Eventually 84 resources were added in 2 years.</p> <p>A new comprehensive incentive scheme was introduced:</p> <ul style="list-style-type: none"> • Level I = annual cash bonus based on individual and group KPIs (>30 employees) • Level II = mid-term cash bonus based on stay-on and group value (c. 10 employees) • Level III = co-investment (c. 5 employees) <p>As a result of the exceptional performance recorded in 2018, all employees were awarded with an extra bonus which was linked to financial and operational metrics. This long term foundation was totally missing before and performance was only rewarded at</p>

	<p>year end with no system in place</p> <p>As a result the new management team fast de-bottlenecked operations and allowed to new growth at no capex.</p>
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Add Example 2

Investment Stage	<input type="checkbox"/> Initial screening <input type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input checked="" type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 5px; display: flex; align-items: center;"> ESG issues </div> <input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <p>Unclear whether the supply chain was sufficiently well structured to be able to support the planned growth and its internationalisation</p> <input type="checkbox"/> Governance
Sector(s)	Industrial goods manufacturing in the agricultural and construction machinery.
Impact (or potential impact) on investment	<p>The impact could have been disruptive where some existing component suppliers were single source and not capable to scale up at the same speed as our company and neither able to deliver with the adequate accuracy of lead times, especially internationally.</p> <p>In reality the analysis lead to several benefits in terms of certainty of supply:</p> <ul style="list-style-type: none"> • Creation of a new shared demand forecast model delivered 50% to 90% decrease in delivery delays (depending on each supplier). • 6 new suppliers qualified and introduced • Eventually, a cost reduction on purchased goods of approx. -5% (+2% overall EBITDA impact)
Activities undertaken to influence the investment and its response	<p>This issue was framed in the Materiality Analysis and then framed with targets in the ESG Action plan of the company (step 3 and 4 of our <i>ESG in Action</i> programme).</p> <p>Management decided to conduct a joint analysis with the top 30 suppliers.</p> <ul style="list-style-type: none"> • Each supplier has been investigated in its production processes and ability to scale operations and increase volumes and deliver them effectively without extra costs • The joint supplier's and Safim's processes of forecasting, ordering, producing, stocking and delivering have been mapped, analysed and optimised for reciprocal benefit.

Add Example 3

Investment Stage	<input type="checkbox"/> Initial screening <input type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input checked="" type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">ESG issues</div> <input checked="" type="checkbox"/> Environmental Supply chain management <input checked="" type="checkbox"/> Social Supply chain management <input checked="" type="checkbox"/> Governance Supply chain management
Sector(s)	Filtration equipment
Impact (or potential impact) on investment	<p>In the first phases of our ownership we run a Materiality Analysis to understand which ESG issues have the highest priority among all issues. As mentioned before, our approach always prefers effectiveness over breadth of approach. One of the main issues for the company was related to the review of our suppliers of filtration equipment, especially some large private-label manufacturer based in Asia. We realized that there was not any audit procedure in place to verify our supplier compliance with neither any product liability standards or in terms of environmental or labour practice. This represented a significant risk in terms of reputation for our company.</p>
Activities undertaken to influence the investment and its response	<p>We decided to implement a formalized audit process to review our suppliers' adherence with our standards as set through the 3 Goal Setting policies in step 2 of <i>ESG in Action</i> programme.</p> <p>The Company introduced a new quality management process in its key subsidiaries in Switzerland and Germany. The new quality management process not only comes with a formalization of various internal processes (ISO 9001 re-certification), but also with a step-up in terms of supplier audits, a key point that has been identified in the ESG Risk Materiality Analysis and addressed in the ESG Action Plan. The supplier audits focuses on new private label suppliers, and ensure a consistent process with uniform and comparable KPIs. In the course of 2018, management conducted several audits at private label suppliers (amongst others, the largest private label supplier based in Indonesia, as well as a major supplier from Turkey), all of which have been positive. Additionally, the Company also introduced a supplier check-lists for OEM manufacturers.</p>

Add Example 4

Investment Stage	<input type="checkbox"/> Initial screening <input type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input checked="" type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">ESG issues</div> <input checked="" type="checkbox"/> Environmental Dust released in the atmosphere <input type="checkbox"/> Social <input type="checkbox"/> Governance
Sector(s)	Manufacturer of cement performance additives
Impact (or potential impact) on investment	<p>In case of wind the raw materials amassed in the plant, tens of thousands of tonnes of limestone (a natural raw material), could release dust which does not break any environmental law but may annoy neighbourhood.</p> <p>The risk is that pressure from neighbours could eventually lead to a round of tightening on the environmental limits and make an outlaw of a a situation that today is instead within legal limits.</p> <p>The result of our actions made such that less dust is released in case of wind</p>
Activities undertaken to influence the investment and its response	<p>In the ESG Action Plan of the company has been decided to invest in a set of sensors to mesure the quantity of dust that is realised into the air in case of wind.</p> <p>The sensors have been purchased and installed.</p> <p>As a result we now have measurement of the amount of dust released and we could understand under what circumstances this phenonmenon takes place and how to mitigate it. Matigation is through different and better handling of limestone in the plant and the costruction of some new dust barriers.</p>

Add Example 5

PE 15.2

Describe how you define and evaluate the materiality of ESG factors.

The materiality of ESG factors is a crucial concept at Ambienta. Our *ESG in Action* programme is a five step approach to ESG integration from initial assessment to monitoring and reporting. One step, the Materiality Analysis, is fully dedicated to materiality. We consider this particularly important to us, but also to all mid market investment firms, since we and our portfolio companies work with small teams and therefore have limited managerial bandwidth. Prioritization of factors and issues is crucial in order to achieve real effectiveness. The Materiality Analysis is a throughout review of all company activities and operations. Its impact on all stakeholders run jointly by the company top management and Ambienta investment team. It draws from the evidences of the intial ESG assessment and due diligence, analyzes all identified issues and possibly new ones, defines top priority areas to be addressed first. In order to prioritize ESG factors the analysis assess materiality from the perspective of all stakeholders.

Communication

PE 16	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 6
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PE 16.1	Describe your organisation's approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).
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Our approach emphasise transparency. In light of our Responsible Investment policy, and the policies we require portfolio to adopt (particularly the Business Integrity policy), we consider that all possible incidents will be managed properly and will be reported at company's board, GP level (we always hold seats at company's board level) and LP level. Our reporting procedure, which works for both standard and incident related ESG issues, is clear and goes from top management teams (the ESG Manager) to the company's Board (where Ambienta representatives always sit; 100% of cases) and from the company's Board to Ambienta and from Ambienta to LPs. All people involved, management teams at portfolio level and Ambienta representatives, are formally accountable and responsible for process implementation. Their annual bonuses take into account ESG integration besides all other standard factors. Incident related reporting works on an urgency based reporting procedure.

Another measure that we recently implemented is that Ambienta's representative on a portfolio company's board gets direct access to all press clips the management gets access to; simultaneously. We implemented this in order to gain access to the same raw stream of information at local level and to avoid being filtered by management and management's judgement.

We also disclose the environmental impact of our companies through our *Environmental Impact Analysis* (containing all assumptions and detail calculations) and its 11 Environmental Metrics (5 for Resource Efficiency and 6 for Pollution Control).