

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 2020 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		🔒	n/a							
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	✓	Public							✓
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	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year's PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year's PRI data	🔒	n/a							✓
CM1 05	External assurance	✓	Public							✓
CM1 06	Assurance or internal audit	✓	Public							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 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 operating out of Milan, Düsseldorf and London.

We invest in industrial growth companies operating in the SME market and whose products or services generate positive environmental impact, specifically in the area of Resource Efficiency and Pollution Control. These companies grow because of the increasing need of their products and services to cope with the pressure on natural resources and the negative effects of pollution.

Ambienta has funds under management of over Euro 1.2 billion, making us the world largest capital pool fully dedicated to private equity investments that capture long-term environmental growth trends.

OO 02	Mandatory	Public	Peering	General
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OO 02.1	Select the location of your organisation's headquarters.
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Italy

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
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- ☐ 1
- ☒ 2-5
- ☐ 6-10
- ☐ >10

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

	FTE
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31

OO 02.4	Additional information. [Optional]
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Ambienta has three offices: Milan (Italy), Düsseldorf (Germany), London (UK)

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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- ☐ Yes
- ☒ No

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2019

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	350	319	089

☐ Not applicable as we are in the fund-raising process

OO 04.4

Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

☒ 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 between five funds: Ambienta I (€217 million), Ambienta II (€323 million) , Ambienta III (€635 million) and two client managed 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

☐ as broad ranges

OO 06.2	Publish asset class mix as per attached image [Optional].
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OO 06.3	Indicate whether your organisation has any off-balance sheet assets [Optional].
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☐ Yes

☒ No

OO 06.5	Indicate whether your organisation uses fiduciary managers.
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☐ 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]
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We are a specialist environmental growth-buyout investor focused on European SMEs and investing out of five funds: Ambianta I (€217 million), Ambianta II (€323 million), Ambianta III (€635 million) and two managed 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.
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	Developed Markets
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100

	Emerging Markets
--	------------------

0

	Frontier Markets
--	------------------

0

	Other Markets
--	---------------

0

	Total 100%
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100%

Asset class implementation gateway indicators				
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OO 11	Mandatory	Public	Gateway	General
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OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
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	Private equity
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- ☒ We address ESG incorporation.
☐ We do not do ESG incorporation.

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.
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	Core modules
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- ☒ Organisational Overview
☒ Strategy and Governance

	RI implementation directly or via service providers
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	Direct - Other asset classes with dedicated modules
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- ☒ Private Equity

	Closing module
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- ☒ 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.
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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.

Control growth buy-outs is our prevailing strategy.

The remaining part is growth capital as all our targets are 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 checked="" 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 Enterprises with a current or planned business focus on products and/or services that generate a resource efficiency and/or the pollution control impact, 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 as well as Portfolio company 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

SG 01.6	Additional information [Optional].
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As part of Ambianta's ESG in Action programme mentioned in section SG 01.4, we require the Board of all our portfolio companies to approve and agree to adhere to three purposefully designed ESG policies which cover the areas of: Business Integrity; Environment, Health and Safety; and Employment and Labour Standards.

Further, in order to ensure we have freedom of action, Ambianta's direct governance of ESG practices within all portfolio companies must be included in the Shareholder Agreement (SHA). The SHA should also states Ambianta's ambition to run the portfolio companies' ESG practice in accordance with applicable best practices.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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☒ Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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Ever since its foundation in 2007, Ambianta aimed to invest in companies which improve resource efficiency and/or pollution control. The idea behind this thesis was that companies which produced a better effect on the environment embraced a long-term sustainability trend. This trend can be directly related to the need for our society to improve resource efficiency and reduce pollution. It follows naturally the mitigation of climate-related risks. After 13 years of investing in this space, Ambianta can finally demonstrate how this thesis also produced superior returns for our investors.

Within this context, climate-related risks and opportunities have always been deeply entrenched into Ambianta's investment philosophy.

We also proactively engage on the issue at industry conferences with a variety of trade bodies such as Invest Europe as well as by leveraging the work of our Sustainability and Strategy function, a centralised team fully dedicated to understanding how resource efficiency and pollution control trends shape industries and create investment opportunities. The team continuously maps and researches investment opportunities, in collaboration with senior industry experts in various sectors, enabling Ambianta to create fruitful discussions with entrepreneurs and C-level executives and originate transactions, forge proprietary relationships and effectively screen investment opportunities.

☐ No

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
------------	--

☒ Yes

Describe the associated timescales linked to these risks and opportunities.

The timescale linked to climate-related risks is related to the typical investment holding period of private equity. It is typically between 3 to 5 years.

☐ No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

☒ Yes

☐ No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

☒ Yes

Describe

Starting from 2019, after raising our third fund Ambienta III (€635 million), Ambienta decided to assess and manage the carbon footprint of its portfolio companies. This process has been implemented in addition to Ambienta's proprietary *ESG in Action* programme and *Environmental Impact Analysis*, which have been operational since 2016.

The idea behind the implementation of this new process is to first assess how our companies are positioned with relations to climate change, and subsequently to implement strategic initiatives to improve our resilience, reduce our environmental impact, and better position us against climate-related risks.

Furthermore, toward the end of 2019 Ambienta, alongside fellow B Corps, joined the most accelerated climate action movement called "Climate Emergency Declaration COP 25" and committed to net zero by 2030 - 20 years ahead of the Paris Agreement which embraces the most ambitious target to limit global temperature rise to 1.5°C. Ambienta's ambition exceeds this commitment and it is working on a detailed workplan which will make us carbon neutral earlier in the decade if not already in 2020. For these reason several action were already implemented in 2018 and 2019, namely: i) improved energy efficiency in the offices; ii) reduced corporate travel by implementing videoconferencing systems; iii) eliminated single-use plastics across all offices by installing water filtration systems; iv) provided reusable water bottles to each employee and; v) introduced a no-printing policy to encourage employees to print less and reduce paper consumption. The detailed workplan will be approved in the next weeks.

☐ No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

☒ Public PRI Climate Transparency Report

☐ Annual financial filings

☒ Regular client reporting

☒ Member communications

☒ Other

specify

Annual publication of our ESG & Environmental Impact Report

☐ We currently do not publish TCFD disclosures

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.
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☒ Policy setting out your overall approach

	URL/Attachment
--	----------------

☒ URL

	URL
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<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-Responsible-Investment-policy.pdf>

☐ Attachment (will be made public)

☒ Formalised guidelines on environmental factors

	URL/Attachment
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☒ URL

	URL
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<https://www.ambientasgr.com/wp-content/uploads/2019/11/2018-Environmental-Impact-Analysis-2.pdf>

☐ Attachment (will be made public)

☒ Formalised guidelines on social factors

	URL/Attachment
--	----------------

☒ URL

	URL
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<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-Responsible-Investment-policy.pdf>

☐ Attachment (will be made public)

☒ Formalised guidelines on corporate governance factors

	URL/Attachment
--	----------------

☒ URL

URL

<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-Responsible-Investment-policy.pdf>

- ☐ Attachment (will be made public)
- ☐ Fiduciary (or equivalent) duties
- ☒ Screening / exclusions policy

URL/Attachment

☒ URL

URL

<https://www.ambientasgr.com/wp-content/uploads/2019/11/2018-Environmental-Impact-Analysis-2.pdf>

- ☐ Attachment (will be made public)
- ☐ 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

<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-Responsible-Investment-policy.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/2019/11/Ambienta-ESG-in-Action-Programme.pdf>

- ☐ Attachment
- ☐ Time horizon of your investment
- ☒ Governance structure of organisational ESG responsibilities

	URL/Attachment
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☒ URL

	URL
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<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-ESG-in-Action-Programme.pdf>

☐ Attachment

☒ ESG incorporation approaches

	URL/Attachment
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☒ URL

	URL
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<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-Responsible-Investment-policy.pdf>

☐ Attachment

☒ Active ownership approaches

	URL/Attachment
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☒ URL

	URL
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<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-ESG-in-Action-Programme.pdf>

☐ Attachment

☒ Reporting

	URL/Attachment
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☒ URL

	URL
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<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-ESG-in-Action-Programme.pdf>

☐ Attachment

☒ Climate change

	URL/Attachment
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☒ URL

URL

<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-ESG-in-Action-Programme.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.
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☒ Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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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 refers 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.
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- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not set/reviewed

SG 05.2

Additional information. [Optional]

In September 2019, an ESG Analyst joined the ESG and more broadly, the Sustainability and Strategy function and is in charge of supporting the investment team in the effective implementation of our *ESG in Action* programme on a daily basis. Thanks to a purposefully-built ESG checklist and tracker, the team is able to review the goals and objectives set throughout the *ESG in Action* programme.

The investment team is responsible for including ad-hoc updates on ESG matters as well as a table summarising progress against the KPIs set in the ESG plan approved at the beginning of the investment, in portfolio quarterly reviews which are discussed internally on a quarterly basis. From 2019, the above is also included in each Board meeting agenda on a monthly basis.

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
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investor relations
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ 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.

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, Partner 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 is responsible for driving the execution of ESG activities at both GP and portfolio level and is in charge of consolidating outcomes into quarterly and annual reports. In January 2020, two additional individuals will join this team.

For each new 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 and is usually a Board Member of the portfolio companies. As such, he is responsible for driving the implementation of the ESG Action Plan which we develop for each company at the beginning of the investment process. 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 and for monitoring and reporting actual progress.

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

	Number
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4

SG 07 CC	Mandatory to Report Voluntary to Disclose	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 heads of departments
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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

	Investment analysts
--	---------------------

- ☐ 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

	Investor relations
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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 management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.
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Our *ESG in Action* programme addressed climate change related issues. The ESG Node and the investment team are responsible for addressing all material issues arising within each portfolio company. The first step for assessing climate change issues is the Materiality analysis, which needs to be completed within six months from the investment date, and through which the team analyses the risk and opportunities linked to the issue. The second step consists of developing strategies and implementing actions to address the issues identified. These form part of an ESG Action Plan which portfolio companies, with support from Ambienta, are encouraged to complete within 12 months from the investment closing date.

As a firm, Ambienta commits to monitoring 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
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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.

Ambienta's Directors are Partners of the firm. As pointed out below (C-level Executive section) they are required to meet specific Responsible Investment KPIs as part of 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 Ambianta's team, including Partners who sits in Ambianta's Board through regular meetings held 2-3 times a year. The ESG team also delivered a mandatory ESG/RI training session to all our investment professionals.

☐ 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

- ☒ 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

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
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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
-----------------	---

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

Investment analysts

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

Dedicated responsible investment staff
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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
-----------------	---

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

Investor relations

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
-----------------	---

- ☒ 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.
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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 the variable remuneration of the year for individual achievements, coherently with seniority and level of responsibility. Every team member is engaged in the *ESG in Action* implementation and regular update meetings provide our employees, even the most junior ones, to increase their knowledge on RI approach and best practice. In addition, a specific ESG/RI training session was delivered to all our investment professionals.

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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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.
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Select all that apply

- ☒ Principles for Responsible Investment

	Your organisation's role in the initiative during the reporting period (see definitions)
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- ☒ Basic
- ☐ Moderate
- ☐ Advanced

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

Since 2012 Ambienta has been a signatory of the United Nations Principles for Responsible Investments (UNPRI). This approach has been rooted in our public Responsible Investment Policy that outlines the inspiring principles of our ESG integration programme.

- ☐ Asian Corporate Governance Association
- ☐ Australian Council of Superannuation Investors
- ☐ AVCA: Sustainability Committee
- ☐ France Invest – La Commission ESG
- ☐ BVCA – Responsible Investment Advisory Board
- ☐ CDP Climate Change
- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Climate Action 100+
- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ 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 a long standing and active member 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
- ☐ HKVCA: ESG Committee
- ☐ 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 Financial Action in the 21st Century
- ☐ 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)
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- ☐ Basic
☐ Moderate
☒ Advanced

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

In July 2019 Ambienta became a certified B-Corporation and officially entered a global community of businesses that meet the highest verified standards of social and environmental performance, transparency, and legal accountability. Ambienta made a legal commitment to conduct business with consideration for the environment and all stakeholders, not just shareholders. There are over 3,000 B Corps in the world, hailing from more than 70 countries and 150 industries, harnessing the power of business to solve major social and environmental challenges facing the world today, including the climate crisis.

Toward the end of 2019 Ambienta, alongside fellow B Corps, joined the most accelerated climate action movement called "Climate Emergency Declaration COP 25" and committed to net zero by 2030 - 20 years ahead of the Paris Agreement which embraces the most ambitious target to limit global temperature rise to 1.5°C. Ambienta's ambition exceeds this commitment and it is working on a detailed workplan which will make us carbon neutral earlier in the decade if not already in 2020. For these reason several action were already implemented in 2018 and 2019, namely: i) improved energy efficiency in the offices; ii) reduced corporate travel by implementing videoconferencing systems.

- ☒ Other collaborative organisation/initiative, specify

Italian Private Equity Venture Capital Association - AIFI

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]
--

Ambienta is an active member of Italian Private Equity Venture Capital Association (AIFI), an association that aims to promote, develop and represent institutionally the venture capital and private equity activity in Italy. In 2019, Ambienta played a key role in developing AIFI's Private Equity ESG guidelines and was invited to present the guidelines to its members at a conference held in November 2019.

- ☐ 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.
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- ☒ 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.)

Description

Internally we conduct training sessions on our ESG approach and values to all our staff. We also deliver presentations and provide key updates to stakeholders and shareholders on our RI activities as part of our Annual General Meeting (AGM).

Externally, we played a key role in developing AIFI's Private Equity ESG guidelines and was invited to present the guidelines to its members at a conference held in November 2019.

Frequency of contribution

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☒ Ad hoc
- ☐ Other
- ☐ 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 on the integration of non-financial reporting and ESG factors management in the PE industry at the University of Padova. As part of the three hour speech and Q & A session, various case studies on our actions and achievements in relation to RI activities were shared with students of the Business Metrics course. This event has been replicated in March 2019.

In 2019, we participated in Politecnico of Milan's Master in Energy Management's "Career Round Table" on how we have been able to integrate sustainability in all business aspects and what skills will be needed in the coming years.

We also share materials and deliver ad-hoc presentations with GPs and LPs on a regular basis.

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 the principles for investing responsibly into operations.

We also promote the UN PRI principles and the Ten Principles of the UN Global Compact across all portfolio companies via for example, the development of tailored ESG policies (i.e. Business Integrity; environment, health & safety; and Employment and Labour Standards), which we require the ESG Officers of each company to approve and filter down through each level of their organisation.

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

Ambienta spoke publicly at numerous conferences and events to promote responsible investment, including:

- University of Padova speech on Business Metric course;
- Fortune Green event in Italy;
- Centro Congressi Unione Industriale Torino in November 2019, where we were invited to present our view on how to embed considerations of circular economy to achieve competitive advantage at portfolio level;
- Orrick Italia event on ESG investing, where our Head of Sustainability & Strategy shared the firm's experience on integrating ESG factors in private equity investments;
- Canova Club Milan, where we provided our view on how sustainability drives business;
- Real Deals Value Creation, where we shared our experience of using our ESG in Action programme to create value;
- Allocate 2019 Private Equity, where we spoke about how we use ESG to create value for our portfolio companies.

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 publicly available 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

Description

Ambienta promotes the UN PRI principles across all portfolio companies, as part of the development and implementation of our proprietary ESG in Action programme.

Frequency of contribution

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

☒ Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description

We have responded to RI related consultation as follows:

- a) Responding to Eurosif research on Sustainability and Responsible Investments industry;
- b) Participating in Climate-KIC's initiative concerning climate risk of investment portfolios and aimed at identifying the main barriers for wide-scale adoption of the TCFD recommendations.

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

Description

Ambienta wrote and published a series of articles and papers on:

- a) what ESG data Ambienta's LPs are looking for (<https://www.ambientasgr.com/pei-how-an-impact-firm-reports-esg-data-to-lps/>);
- b) our view on investing into environmental sustainability-driven businesses (<https://www.forbes.com/sites/fabioranghino/2019/12/05/a-decade-for-sustainable-investors-to-prove->

economic-and-sustainability-returns/#217b638a5a5c);
 c) the business case for sustainability for private equity funds
 (<https://www.raconteur.net/sponsored/sustainability-gives-an-investment-edge>);
 d) our view on sustainability (<https://www.ft.com/content/13b6b0dc-50ae-11e9-8f44-fe4a86c48b33>).

Frequency of contribution

- ☐ Quarterly or more frequently
 - ☐ Biannually
 - ☐ Annually
 - ☐ Less frequently than annually
 - ☒ Ad hoc
 - ☐ Other
- ☒ 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]
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We started to discuss with an Italian university the possibility to provide real-life experience about the integration of non-financial indicators in our operations. Our experience is 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				
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SG 12	Mandatory	Public	Core Assessed	PRI 4
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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 consultants to perform 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 the required UK law. This consultant performs all anti money-laundering checks over those LPs on our behalf.

- ☒ Other, specify (2)

Describe how responsible investment is incorporated

We use third-party providers to perform a Carbon Footprint Analysis and develop specific carbon strategies for all Fund III portfolio companies.

- ☒ Other, specify (3)

Describe how responsible investment is incorporated

External providers support with the deal sourcing process by identifying investment opportunities that are internationally scalable and that can leverage our international footprint to capture growth opportunities in the field of resource efficiency and pollution control.

- ☐ None of the above

- ☐ No, we do not use investment consultants.

ESG issues in asset allocation**SG 13****Mandatory****Public****Descriptive****PRI 1**

SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
----------------	--

☒ Yes, in order to assess future ESG factors

	Describe
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We do not perform formal scenario analysis or modelling regarding ESG trends. However, ESG factors are considered when sourcing deals and while developing strategies with our portfolio companies.

☒ Yes, in order to assess future climate-related risks and opportunities

	Describe
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As above, we do not perform formal scenario analysis or modelling regarding ESG trends. However, climate-related factors are considered when sourcing deals and while developing strategies with our portfolio companies. Ambienta invests in two themes where growth is directly driven by climate-related megatrends: Resource Efficiency and Pollution Control.

☐ No, our organisation does not currently carry out scenario analysis and/or modelling

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

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
-------------------	--

☒ Initial assessment

	Describe
--	----------

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

- ESG Due Diligence reports that third-party providers complete on target opportunities outline potential remediating actions for reducing impact on the environment.
- 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

	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 to shift away from carbon-intensive BAU practices.
- The third step of our *ESG In Action* programme is called Materiality Analysis. This analysis is performed 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 an ESG Action Plan (fourth step of our *ESG In Action* programme) which is implemented during the portfolio company holding period.

☐ Inform active ownership

☐ Other

SG 13.5 CC	Indicate who uses this analysis.
---------------	----------------------------------

- ☒ 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 your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.
---------------	---

☒ Yes

	Describe
--	----------

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 within our portfolio companies according to their business needs. All the above is done in order to create a long-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.
-----------------------	--

- ☐ Analysis based on a 2°C or lower scenario
- ☐ Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- ☐ Analysis based on a 4°C or higher scenario
- ☒ No, a range is not used

SG 13.8 CC	Indicate the climate scenarios your organisation uses.
-----------------------	--

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 checked="" type="checkbox"/> Other (1)	<div>Other (1) please specify:</div> <div>No formal climate scenario analysis</div>
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	225	000	000
Currency	EUR				
Assets in USD		1	350	319	089

Specify the framework or taxonomy used.

Our entire investment strategy is centered around resource efficiency and pollution control investments.

- ☐ 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 performance 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 performance 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 emissions 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. if a company carries a heavy industrial footprint). Moreover, we have developed a proprietary methodology to assess and quantify the environmental impact of company products and services compared to reasonable technological alternatives (i.e. the improved energy efficiency of an electric motor vs the previous generation). This methodology assesses the environmental impact using 11 Metrics, 5 for resources efficiency and 6 for pollution control. One of the pollution control metrics assesses the CO2 emissions reductions determined by company's products or services, while the others allow to capture other pollutants released in air, soil and water or soil and contributing to 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
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SG 14.6 CC	Provide further details on the 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 Ambienta 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 Ambienta 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 Ambienta 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 Ambienta II and Ambienta 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	
--	--	--	--	--

**SG 14.8
CC**

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

- ☒ Processes for climate-related risks are 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 prioritisation 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 Materiality Analysis.

- ☐ Processes for climate-related risks are not integrated into overall risk management

SG 15

Mandatory to Report Voluntary to Disclose

Public

Descriptive

PRI 1

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

	Percentage of AUM (+/-5%) per asset class invested in the area
--	--

30

	Brief description and measures of investment
--	--

Our fund Rules specify that we can only invest in 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 2019) we have industrial filters distributors, for example.

☐ Renewable energy

☒ Green buildings

	Asset class invested
--	----------------------

☒ Private equity

	Percentage of AUM (+/-5%) per asset class invested in the area
--	--

10

	Brief description and measures of investment
--	--

In addition to our previous answer, any products or services that promote 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

	Percentage of AUM (+/-5%) per asset class invested in the area
--	--

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

Percentage of AUM (+/-5%) per asset class invested in the area
--

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

Percentage of AUM (+/-5%) per asset class invested in the area
--

0

Brief description and measures of investment
--

Ambienta III committed an amount at least equal to 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

Percentage of AUM (+/-5%) per asset class invested in the area
--

0

	Brief description and measures of investment
--	--

Coherently with our overarching Fund Rules described here above, Ambienta can invest into products or services that fulfil our resource efficiency and pollution control within Healthcare sectors (e.g. radiation reduction or control systems within nuclear medicine sector).

☒ Water

	Asset class invested
--	----------------------

☒ Private equity

	Percentage of AUM (+/-5%) per asset class invested in the area
--	--

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 optimise 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

	Percentage of AUM (+/-5%) per asset class invested in the area
--	--

50

	Brief description and measures of investment
--	--

Ambienta invests in 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.
---------	--

☒ Yes

SG 18.2

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

We have developed a proprietary methodology to quantify the environmental impact of our target companies both prior to investment and during the ownership period. We call this methodology "*Environmental Impact Analysis*", or "EIA". We only invest if such environmental impact is uncontroverted, measurable, material and relevant in terms of growth. The methodology, the analysis and the outcomes are calculated annually and 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.

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
<div>Disclosure to public and URL</div> <div> <input checked="" type="checkbox"/> ESG information in relationship to our pre-investment activities <input checked="" type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities <input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance <input type="checkbox"/> Other </div>	<div>Disclosure to clients/beneficiaries</div> <div> <input checked="" type="checkbox"/> ESG information in relationship to our pre-investment activities <input checked="" type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities <input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance <input type="checkbox"/> Other </div>
<div>Frequency</div> <div> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested </div>	<div>Frequency</div> <div> <input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested </div>
<div>URL</div> <div> https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-ESG-in-Action-Programme.pdf </div> <div>URL</div> <div> https://www.ambientasgr.com/wp-content/uploads/2019/11/2018-Environmental-Impact-Analysis-2.pdf </div>	

Ambienta SGR SpA

Reported Information

Public version

Direct – Private Equity

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

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.
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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 Ambianta'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 Ambianta and its efforts for the wide promotion of environmental values to young pupil generations.

The integral text of Ambianta's Responsible Investment Policy follows here below

* * *

AMBIENTA SGR S.p.A.

Ambianta Responsible Investment Policy

Ambianta is committed to a sustainable future. Ambianta 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.

Ambianta 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 Ambianta 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

Ambianta'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 Ambianta, 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.
---------	--

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 organisation, described in the ESG Handbook provided to each employee during onboarding, 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. The ESG Analyst, supported by the Sustainability and Strategy team, is responsible for maintaining ESG data up to date and for ensuring that the ESG Action Plan for each company, defining specific ESG-related actions, is effectively implemented: a support and internal audit function.

- ☐ 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 following sub-chapters:

- 10.1 What is the difference between ESG and sustainability?
- 10.2 Describe Ambienta's approach to ESGESG in Action
- GP level
- Portfolio level
- ESG in Action results
- Fondazione Ambienta (charity for non profit initiatives)
-
- 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 in 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
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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 and we reject target opportunities where such environmental impact is not uncontroverted, measurable, material and relevant.
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. The scope of the due diligence process is tailored according to the nature of the company under assessment, providing assurance that all relevant ESG issues are identified and investigated early and appropriately.

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.
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- ☒ 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 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?
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☒ Yes

	If yes
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- ☒ 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, where appropriate, a direct governance right for Ambienta relative to the steering of ESG issues. We use this approach as a first means to drive the implementation of a specific plan aimed at tackling, monitoring and reporting ESG issues.

In terms of post-investment plan, we execute our *ESG in Action* programme on all our portfolio companies. The programme is made of five sequential steps:

13. ESG due diligence by an independent specialist (pre closing);
14. Approval and adoption at company board level of 3 ESG policies: "Business integrity"; "Environment, Health and Safety"; "Employment and Labour standards". In parallel, external consultants perform a Carbon Footprint analysis and strategy (3 months from closing);
15. Execution of a Materiality Analysis for risks and opportunities;
16. Board approval of ESG Action Plan (1 year from closing) with preventative (certifications), remedial (ad hoc) and monitoring actions (KPIs) for each area of identified material risk;
17. KPI Monitoring and Reporting.

Example: Safim completed the 5 steps in 12months (acquired Jul-17) and in Q4-2018 reached ISO 45001 certification which only 5 companies in Italy had 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 made available to our LPs on both a quarterly and annual basis as well as when specifically requested.

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.

- ☐ 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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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 managed and monitored by Management.

Example relative to PE 08.2:

Again in Safim (mechanical component manufacturer), acquired in July 2017, the initial ESG due diligence highlighted the complexity and potential vulnerability of the supply chain in relation to the planned international growth.

To overcome disruptions in the supply chain, in 2018 the company conducted an in-depth analysis of its top 30 suppliers (under "Top 30 Supplier Assessment" initiative). Each supplier's processes of forecasting, ordering, producing, stocking and delivering were investigated in terms of production processes, ability to scale operations, increase volumes and deliver effectively without extra costs.

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).

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
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	Example 1
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We believe ISO certifications are key for upgrading management processes (ISO 50001 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 continue to monitor levels.

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" on a yearly basis.

Example 2 (optional)

Improve occupational safety and security - KPIs in this field are present in almost all our ESG Action Plans.

Example 3 (optional)

Portfolio company Safim was one of the first 5 companies to achieve ISO 45001 - a target that we had set in the ESG Action Plan.

☒ Governance

List up to three example targets of governance issues

Example 1

We implement management incentive plans 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 detailed in shareholder agreements with management and its minorities.

☐ We do not set and/or monitor against targets

☐ No

PE 09.4	Additional information. [Optional]
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In 2019, all portfolio companies were asked to fill out an ESG questionnaire which reported a series of questions in relation to human capital. For example, we collected data on the % of female employees, % of employees who graduated from college, number of new managers added, whether welfare programs have been introduced and whether a Code of Ethics or Code of Conduct have been introduced after the investment was made.

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).
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☒ Yes

PE 10.2	Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).
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- ☒ >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]
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We track the Board-approval and adoption of ESG-related policies and to date, the percentage of implementation is 100% across all portfolio companies.

We enforce the implementation of our *ESG in Action* programme across all portfolio companies and this target is included in the investment team members' yearly performance appraisal. Following a thorough due diligence, the second step of the programme is for each portfolio company's board to implement three new policies:

18. **"Business integrity"**; the company formalises 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 formalises its commitment to achieving 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 formalises 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 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.

Accountability and expertise is what we contribute at single portfolio company level.

Accountability: once a company is acquired, a company senior manager, usually the CEO, is appointed as ESG reference. In parallel, Ambianta's leading partner of 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. In 2019 Ambianta added to its team a dedicated ESG Analyst to audit progress and support the investment team and portfolio's management teams in *ESG in Action* implementation

21. ESG due diligence by an independent specialist (pre-closing) together with the steer and input of Ambianta's investment team as well as members of the ESG and Sustainability & Strategy team;

22. Approval and adoption at company board level of 3 ESG policies within 3 months from closing: "Business integrity"; "Environment, Health and Safety"; "Employment and Labour standards". In parallel, a carbon footprint analysis and carbon strategy is performed by third-party experts within 12 months from closing;
23. Execution of a Materiality Analysis for risks and opportunities within 6 months from closing;
24. Board approval of an ESG Action Plan within 1 year from closing prescribing a mix of preventative (mandatory and optional ISO certifications), remedial (ad hoc) and monitoring actions (KPIs) for each area of identified material risk;
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 definition and 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 formalises 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 formalises 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 formalises 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 ESG policies are in place, the management team, alongside the support from Ambienta and other stakeholders, carries out a Materiality Analysis. Here, 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 define a clear and concrete set of actions 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 organisation 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.
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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. As such, KPIs are reported monthly since 2019.

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]
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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 ESG sustainability team, facilitated by the investment team, to assess progress.

At exit, we perform a gap analysis of ESG status at exit against 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 collected and 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 and implemented actions to improve the pre-acquisition situation. In this respect, our *ESG in Action* programme contributes to enhancing 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 prescribe to increase 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; and 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. The 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, this indicator monitors the development of the workforce and the number of jobs created under our ownership.

All of Ambienta's portfolio companies are required to report performance against these Cross Portfolio KPIs in addition to any company KPIs. This happens yearly during the call of the company's ESG Manager with our internal ESG and sustainability team, facilitated by the investment team.

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

☒ 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; display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: white; margin-right: 10px;"></div> <div>ESG issues</div> </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 positions working around the clock, with the help of a handful of 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 resulted from our inability to develop this company into a global player (by expanding into Japan and US) from a EU-only footprint. But thanks to our ESG management practices, 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 and successfully expanded into the 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 was possible thanks to increased focus and skills, clear accountability and increased employee motivation.</p>
Activities undertaken to influence the investment and its response	<p>The ego and the ambition of the founders have been managed by migrating them to a senior advisory type of engagement, enabling full alignment with Ambianta in terms of economics and success.</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 year end with no system in place.</p> <p>As a result, the new management team was able to debottleneck operations and</p>

	increase growth at no extra capex.
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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	<table border="1"> <tr> <td></td><td>ESG issues</td></tr> </table> <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		ESG issues
	ESG issues		
Sector(s)	Industrial goods manufacturing in the agricultural and construction machinery.		
Impact (or potential impact) on investment	<p>The impact here could have resulted from the inability of single sourced suppliers to keep up with the company's growth and deliver with the adequate accuracy of lead times, especially in international grounds.</p> <p>The analysis led 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% which led to a 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 of its top 30 suppliers.</p> <ul style="list-style-type: none"> • The production process of each supplier, in terms of ability to scale operations, increase volumes and deliver effectively without extra costs, was analysed by the company; • The joint suppliers and company'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>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 performed 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 in terms of filtration equipment, especially some large private-label manufacturer based in Asia. We realised that there was not any audit procedure in place to verify our suppliers' compliance with neither product liability standards nor environmental or labour standards. 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 formalised audit process to review our suppliers' adherence with our standards as set through the 3 ESG 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 came with a formalisation of various internal processes (ISO 9001 re-certification), but also with a step-up in terms of supplier audits - a key point that was identified in the ESG 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.</p> <p>Additionally, the Company 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>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 (i.e. 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 situation that today is instead within legal limits.</p> <p>The result of our actions led to a reduction in the release of dust in case of wind.</p>
Activities undertaken to influence the investment and its response	<p>The ESG Action Plan of the company reported management's decision to invest in a set of sensors to measure 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 can measure and monitor the amount of dust released which can in turn provide us with an understanding of when and under what circumstances this phenomenon takes place as well as how to mitigate it. Mitigation actions include an improvement of the handling of limestone in the plant and the construction 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. The third 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. For this reason, the correct prioritisation of factors and issues is crucial in order to achieve effective results. The Materiality Analysis is a thorough review of all company activities and operations. It draws from the evidences of the initial ESG assessment and due diligence, analyses all previously identified issues alongside new ones and enables to define top priority areas to be addressed first. In order to prioritise ESG factors, the analysis assesses "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 to ESG management and integration emphasises transparency. In light of our Responsible Investment policy, and the policies we require portfolio companies 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 level, GP level (we always hold seats at company's board level) and LP level. Our reporting procedure, which applies to both standard and incident-related ESG issues, is clear and goes from top management teams (the ESG Manager) to the company's Board (where Ambianta representatives always sit), from the company's Board to Ambianta and finally, from Ambianta to LPs. All people involved, management teams at portfolio level and Ambianta 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 Ambianta's representatives get direct access to all the 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 any information being filtered by management and management's judgement before reaching Ambianta's representatives.

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) on a yearly basis.

Ambienta SGR SpA

Reported Information

Public version

Confidence building measures

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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CM1 01.1 Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- ☒ Third party assurance over selected responses from this year's PRI Transparency Report
- ☐ Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- ☐ Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- ☒ Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- ☒ Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - ☒ Whole PRI Transparency Report has been internally verified
 - ☐ Selected data has been internally verified
- ☐ Other, specify
- ☐ None of the above

CM1 01.2 Additional information [OPTIONAL]

The PRI Transparency Report has been verified by Ambienta's ESG Manager, who is a Partner and Director of the firm, and has been subjected to limited assurance by PricewaterhouseCoopers Advisory SpA.

CM1 02	Mandatory	Public	Descriptive	General
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CM1 02.1 We undertook third party assurance on last year's PRI Transparency Report

- ☐ Whole PRI Transparency Report was assured last year
- ☐ Selected data was assured in last year's PRI Transparency Report
- ☒ We did not assure last year's PRI Transparency report
- ☐ None of the above, we were in our preparation year and did not report last year.

CM1 02.3 Additional information [OPTIONAL]

PRI Transparency Report was verified by Ambienta's ESG Manager, who is a Partner and Director of the firm

CM1 03	Mandatory	Public	Descriptive	General
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CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:
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- ☐ We adhere to an RI certification or labelling scheme
- ☐ We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ☐ ESG audit of holdings
- ☒ Other, specify

We conducted an Agreed-Upon Procedures, designed and agreed upon by Ambianta and the entity conducting the activity (PricewaterhouseCoopers Advisory SpA)

- ☐ None of the above

CM1 03.5	Additional information [OPTIONAL]
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The purpose of this activity is to obtain third-party verification and validation of the implementation of our ESG in Action programme on Aromata, our first investment under Fund III (Ambianta III). The output of this activity is a report which outlines a series of factual findings. The activity will be performed on each of the portfolio companies of Ambianta III.

CM1 05	Mandatory	Public	Descriptive	General
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CM1 05.1	Provide details related to the third party assurance over selected responses from this year's PRI Transparency Report and/or over data points from other sources that have subsequently been used in your PRI responses this year
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	What data has been assured
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- ☒ Financial and organisational data
- ☒ Data related to RI activities
- ☒ RI Policies
- ☒ RI Processes (e.g. engagement process)
- ☒ ESG operational data of the portfolio
- ☐ Other

	Relevant modules
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- ☒ Organisational Overview
- ☒ Strategy and Governance
- ☒ Direct – Private Equity

	Who has conducted the assurance
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The assurance was conducted by the Sustainability and Climate Change practice at PricewaterhouseCoopers Advisory SpA

Assurance standard used

- ☒ ISAE/ASEA 3000
- ☐ ISAE 3402
- ☐ ISO standard
- ☐ AAF01/06
- ☐ AA1000AS
- ☐ IFC performance standards
- ☐ ISAE/ASAE 3410 Assurance Engagements on Greenhouse Gas Statements.
- ☐ National standard
- ☐ Other

Level of assurance sought

- ☒ Limited or equivalent
- ☐ Reasonable or equivalent

Please provide:

Link to external assurance provider's report [URL]
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https://www.ambientasgr.com/wp-content/uploads/2020/03/Ambienta-SGR-SpA_Opinion_Assurance-PRI-2019_ENG_DEF.pdf

Link to original data source (if public) [URL]
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<https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-ESG-in-Action-Programme.pdf>

CM1 06	Mandatory	Public	Descriptive	General
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CM1 06.1	Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)
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What RI processes have been assured

- ☒ Data related to RI activities
- ☒ RI policies

Specify

Our Responsible Investment Policy

- ☒ RI related governance
- ☒ Investment selection process in non-listed assets
- ☒ ESG incorporation in selection process for private equity investments
- ☐ Other

	When was the process assurance completed(dd/ mm/yy)
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27/03/2020

	Assurance standard used
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- ☐ IIA's International Standards for the Professional Practice of Internal Auditing
- ☐ ISAE 3402
- ☐ ISO standard
- ☐ AAF 01/06
- ☐ SSE18
- ☐ AT 101 (excluding financial data)
- ☒ Other

	Specify
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ISAE 3000 Revised

CM1 06.2	Additional information [OPTIONAL]
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Additionally, PricewaterhouseCoopers Advisory SpA conducted an Agreed-Upon procedures on Aromata, our first investment under Fund III (Ambienta III), in line with ISRS 4400. The purpose of this activity was to obtain a third-party verification and validation of the correct implementation of our ESG in Action programme at Portfolio level. The output of this activity is a report which outlines a series of factual findings. The activity will be performed on each of the Portfolio companies of Ambienta III.

CM1 07	Mandatory	Public	Descriptive	General
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CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed
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Who has conducted the verification

- ☒ CEO or other Chief-Level staff

	Sign-off or review of responses
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- ☒ Sign-off
- ☒ Review of responses
- ☒ The Board

Sign-off or review of responses

- ☒ Sign-off
- ☒ Review of responses
- ☒ Investment Committee

Sign-off or review of responses

- ☐ Sign-off
- ☒ Review of responses
- ☐ Compliance Function
- ☒ RI/ESG Team
- ☒ Investment Teams
- ☐ Legal Department
- ☐ Other (specify)