



Investindustrial

building *better* companies

Environmental, Social, Governance Policy

February 2020



Introduction

Investindustrial believes that incorporating environmental, social and societal, corporate governance, culture and ethics (“ESG”) impact considerations in its business decisions is essential to creating value for its stakeholders and to developing a more sustainable long-term strategy for its portfolio companies. Investindustrial believes that financial and industrial investors have a moral obligation to minimise negative impacts on the environment and to maximise positive impacts on society through responsible investing, and that doing so creates a more appropriate risk-return profile for its investments.

Investindustrial aims to be the industry leader on all matters concerning ESG. Investindustrial was the first private equity operator with a focus on Southern Europe to become a signatory to the UN Global Compact (www.unglobalcompact.org) in 2008 and strives to implement the Ten Principles in the areas of human rights, labour, environment and anti-corruption through all its business activities. In 2009, Investindustrial became a signatory to the PRI and continues to be committed to applying its six Principles for Responsible Investment (www.unpri.org). Investindustrial also contributes to the UN Sustainable Development Goals, through its portfolio companies, its own operations, Invest for children and the Investindustrial Foundation. Whilst Investindustrial’s investment strategy does not currently target Sustainable Development Initiatives (SDIs), contributing to SDGs is core business for several portfolio companies.

Investindustrial will continue to evolve and improve its sustainability programme by actively participating in the global discourse on sustainability matters, increasing research and development spending in this domain, investing in the education and training of its employees, supporting the implementation of sustainable policies and procedures across its portfolio companies, and achieving carbon neutrality (at an Investindustrial, Sponsor and Fund level) by 2027.

Scope

This policy relates to Investindustrial’s approach to managing its sustainability-related performance. This document should be read in conjunction with Investindustrial’s Responsible Investing Policy, which describes Investindustrial’s commitment to sustainability in general and approach to addressing material sustainability aspects throughout the investment lifecycle.

This policy applies worldwide to all Investindustrial entities and all employees, who are expected to incorporate sustainability objectives in their approach and to continually improve their performance in this area.

Roles and Responsibilities

Investindustrial has dedicated sustainability resources to support the organisation and collaborates closely with the management of its portfolio companies to build businesses with a sustainable future.

The Head of Sustainability, as the ‘Sustainability Officer’, is the owner of this ESG Policy.

Implementation and monitoring of the application of the policy and procedures ultimately rests with the appropriate corporate governance body of each group company subject to it.



Environmental Policy

Investindustrial acknowledges that its activities have an impact on the environment and aims to achieve continuous improvements in limiting this impact as far as possible.

To address key issues of environmental concern and to promote greater environmental responsibility, Investindustrial is committed to:

- Minimising greenhouse gas emissions, including by:
 - Promoting the use of renewable energy;
 - Increasing the use of videoconferencing to minimize air travel;
 - Increasing the use of rail travel as opposed to air travel/use of private cars when appropriate;
 - Improving car fleet efficiency by adopting low carbon transport vehicle options;
- Achieving carbon neutrality by 2027 at an Investindustrial, sponsor and Fund level, including by:
 - Making direct investments of group profits in managed forest/rainforest protection, carbon capture projects, etc.;
- Reducing waste, increasing re-use and recycling, and encouraging circular economy principles; including by:
 - Eliminating, where possible, the use of products made from unsustainable natural resources (e.g. plastic bottles);
 - Procuring products that are made from sustainable sources or recycled materials or that are designed to be easy to reuse or recycle wherever practicable;
 - Efficiently using energy, water, manufactured products (e.g. paper) and natural resources;
- Engaging with employees across the company to promote environmental awareness and improve staff education and involvement.
- Actively working with suppliers and contractors to improve their sustainability performance, in keeping with this policy, including incorporating specific environmental requirements into its contracts with suppliers.



Social Policy

Investindustrial aims to ensure fair labour and working conditions; to create a harmonious working environment; to safeguard the health and safety of all employees; and to promote the social development of the communities in which it operates. Investindustrial encourages a culture that values meritocracy, openness, fairness and transparency. At all times, Investindustrial will:

- Support and respect the protection of internationally proclaimed human rights, including:
 - For operations involving the relocation of employees for extended periods of time, ensuring that such employees have access to adequate housing and basic services;
- Endeavour to ensure the health and safety of employees and all associates by assessing work-related risks and taking appropriate actions to eliminate or reduce such risks;
- Allow consultative work-place structures and associations which provide employees with opportunities to present their views to management;
- Support the elimination of all forms of forced and compulsory labour;
- Support the effective abolition of child labour;
- Support the elimination of discrimination in respect of employment and occupation, including by:
 - Promoting equal opportunities and diversity by recruiting, developing and retaining the best talent from the widest pool; and
 - Recognising, valuing and respecting its people for their skills, experience and potential regardless of gender, sexual, orientation, age, race, colour, ethnic origin, religion or disability;
- Consider requests from any employee for non-standard working arrangements within reason (e.g. maternity/paternity/ parental leave);
- Encourage contributions of its employees to charities; and
- Contribute directly to society and the environment through Invest for children (i4c) and the Investindustrial Foundation's projects and initiatives.

Investindustrial also encourages its portfolio companies to adopt sound social and ethical policies and to promote socially relevant projects through dedicated initiatives.



Governance Policy

Investindustrial is fully committed to:

- Comply with all applicable laws and promote international best practice standards;
- Work against all forms of corruption, including extortion and bribery;
- Exhibit honesty, integrity, fairness and respect in all its business dealings;
- Deal with regulators in an open and co-operative manner;
- Prohibit all employees from making or receiving gifts of substance in the course of business;
- Prohibit contributions to political parties or political candidates, where these could constitute conflicts of interest;
- Prohibit the making of payments as improper inducement to confer preferential treatment;
- Use information received from its principals in the best interests of the business relationship and not for personal financial gain by any employee;
- Clearly define responsibilities, procedures and controls;
- Promote transparency and accountability grounded in sound business ethics;
- Identify conflicts of interest and avoid or report them in line with its agreements with stakeholders and industry best practices;
- Properly record, report and review financial and tax information;
- Use effective systems of internal control and risk management covering all significant issues, including environmental, social and ethical issues;
- Make every effort to meet stakeholders' expectations; facilitate their access to information; and provide them with clear and transparent information based on regular and value-added reporting;
- Implement a robust sustainability approach which enables effective identification, management and monitoring of any related risks and opportunities and provides a framework for action; and
- Adhere to a policy of long-term responsible investing.



Public Reporting

Investindustrial will monitor, review and publicly report its ESG performance via its Annual Review and Sustainability Report. This will be informed by leading practices relevant to the company's industry sector.

Review

This policy reflects Investindustrial's current values and culture. It will be reviewed at least annually and revised as appropriate, with or without notice.

The policy was last updated in February 2020.

We continuously strive to improve our commitment and approach to managing ESGC issues so if you have any comments and suggestions on this policy please do not hesitate to contact us: sustainability@investindustrial.com.

Additionally, please refer to Legal Notice and Terms & Conditions at www.investindustrial.com which are incorporated by reference.

www.investindustrial.com