2020 ANNUAL REVIEW & SUSTAINABILITY REPORT

Building Better Companies

Strategy

Sustainability

Financial Performance
ABOUT THIS REPORT

Reporting Scope and Boundary
This report presents Investindustrial’s business and what it means to the Firm to build better companies. It details Investindustrial’s portfolio, main achievement and performance during the calendar year 2020, both financially and in relation to the material sustainability issues and impacts of the Firm’s activities. Investindustrial has been operating since 1990.

Key Audiences
Investindustrial’s Annual Review and Sustainability Report is one of a number of ways in which information is shared with stakeholders, including investors, portfolio companies, employees, as well as the broader financial community, government and regulatory authorities, and civil society.

Reporting Frameworks
Investindustrial has used the Global Reporting Initiative (GRI) Standards to help define sustainability reporting content and to ensure quality and consistency. In addition to GRI, Investindustrial has chosen to link its disclosures to the Principles for Responsible Investment (PRI). Links can be found in the PRI Index on page 110. Investindustrial is a signatory of the Task Force on Climate-Related Financial Disclosure. A TCFD Index can be found on page 109.

UN Global Compact Communication on Progress
This report serves as Investindustrial’s Communication on Progress, an annual disclosure to stakeholders on progress made in implementing the Ten Principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption. As a signatory of the UN Global Compact, Investindustrial strives to embrace its core values and promote these values within Investindustrial’s sphere of influence. An index is included corresponding to Investindustrial’s progress in implementing the Ten Principles on page 106 and 107.
INVESTINDUSTRIAL AT A GLANCE

A LEADING EUROPEAN INVESTMENT FIRM WITH

€11bn of raised fund capital from a long-term investor base

30 + YEARS of investments in leading brands and companies

4 main sectors of specialisation

An investment approach focused on two main business strategies and a series of areas of expertise.

PRIVATE EQUITY

CORE MID-MARKET

GROWTH

IMPACT INVESTING

REAL EQUITY

SUSTAINABLE INFRASTRUCTURE

ENDOWMENT

REAL ESTATE

IN 2020

Investindustrial portfolio companies employed

42,300 PEOPLE

across

23 COMPANIES

with

€8.2 bn REVENUES

and

€1.0 bn EBITDA

SUSTAINABILITY LEADERSHIP

20+ YEARS

of foundations’ work

13 YEARS

as carbon neutral firm

100% renewable energy across offices

B Corp™ certified company since 2020

FIRM VALUES TO ENSURE LONG TERM SUSTAINABILITY

Team

The most important asset is our people and the experiences we accumulate as a team.

Relationships

Strong and supportive relationships, whether with our managers, investors, team or our broader community, form the bedrock for our success.

Entrepreneurial mindset

Ambitious targets coupled with our hands-on, industrially-driven approach reflect our innate entrepreneurial spirit.

Respect

Respecting the environment in which we operate and the people who we impact is more than just being a good corporate citizen; it is central to running best-in-class businesses.
ACTIVE OWNERSHIP WITH SUSTAINABILITY AT THE CORE

Investindustrial has been built over more than 30 years to be a steadfast and transformational owner to predominantly European mid-market private companies. During 2020, our culture and investment approach was put to the test more than it has been in the last 30 years, and performed very well in light of the pandemic.

The portfolio showed great resiliency given the decisions in recent years to emphasise investments in sectors underpinned by strong and stable demand, such as healthcare services and food & beverage-related industrial manufacturing. Equally important, Investindustrial’s people and processes delivered. We moved quickly to put the safety of our colleagues and portfolio company employees first, and to provide financial support to local hospitals and healthcare systems. Communication internally and with all stakeholders was intensified to monitor and share experiences across the portfolio.

Our commitment to sustainability leadership continued during 2020, with Investindustrial becoming a certified B-Corp, carbon positive across the portfolio, and continuing to build its dedicated team to work actively with its portfolio companies on ESG matters.

The experience of our team guided us to stay focused on new investment activity, and in 2020 we made seven new investments and a further fifteen add-on acquisitions. This new generation of quality companies that has been added to the portfolio should set the foundation for attractive value creation in the coming years.

“Building better companies” is what drives and defines our organisation and investment strategy. As long-term owners, we partner with companies and managers that are leaders in their local markets and have the potential to lead their industries while making a positive impact. This approach has enabled our organisation of more than 140 professionals to support 15 mid-market companies and a further 8 companies in the lower mid-market, as at the end of 2020, with aggregate sales of €8.2 billion, EBITDA of €1.0 billion and approximately 42,300 employees. Industrially-driven plans and product-led growth are central to the investment thesis for our portfolio companies. In aggregate, our current portfolio companies have invested approximately €3 billion (including expansion capex) in their businesses since Investindustrial’s entry.

A resilient portfolio

As COVID-19 began to create widespread disruption to the global economy at the end of Q1 2020, our portfolio was well-positioned to respond to the challenges ahead due to the late-cycle preparation that Investindustrial had pro-actively undertaken in 2018-19, which included i) a purposeful repositioning towards less cyclical, more resilient companies in sectors underpinned by steady long-term growth trends; ii) diversifying revenue bases and streamlining cost bases through significant add-on acquisition activity; and iii) completing debt refinancing/refinancing of substantially all of the portfolio with attractive no covenants or covenant-lite terms.

Investindustrial’s principal focus during the pandemic was the safety and wellbeing of its professionals, management teams and portfolio company employees. Together, as expected, our people proved to be well-equipped to successfully manage the numerous COVID-19 related risks that arose during the year. Investindustrial’s immediate response was to work closely with portfolio company management teams to ensure our

2020 KEY FACTS

7 NEW INVESTMENTS

15 ADD-ONS

Carbon Positive Portfolio and B Corp™

Investindustrial achieved B Corp™ certification in recognition of its commitment to sustainability and its approach to building better businesses.

€0.9 bn

ESG-LINKED CREDIT LINE
portfolio companies had access to the appropriate levels of liquidity. Over the long-term Investindustrial has taken a conservative approach to the level of leverage employed in portfolio companies, and it is during moments of economic distress, such as 2020, where this approach is most rewarded.

As a result of these efforts, no portfolio company was left behind and conversely the majority thrived. By year end the majority of the portfolio companies are reporting performance above levels prior to COVID-19, with especially strong performance within our healthcare, food ingredients, specialty chemicals and other industrial manufacturing businesses. Several of our consumer goods businesses accelerated their digitisation plans during the pandemic and as a result have reported strong results.

New investments

In parallel with the careful management of our portfolio, COVID-19 created significant dislocation in financial markets resulting in acquisition opportunities for supportive industrially-driven investors such as ourselves. In 2020, Investindustrial made seven new investments in quality mid-market companies in the core and upper mid-market: CSM Ingredients (European manufacturer and distributor of bakery ingredients), Guala Closures (production of manufacturer and distributor of bakery ingredients); three in the lower mid-market: CSM Ingredients (European manufacturer and distributor of bakery ingredients), Della Toffola (design and manufacturing of precision fluid control solutions, announced the transformational acquisition of ODE, allowing it to enhance its product range and consolidate its international commercial and industrial leadership. Within the lower mid-market programme Benvic, the French specialty chemicals player, strengthened its European presence by completing a further acquisition, the eighth since Investindustrial’s entry in 2018. Generalife, which Investindustrial has built into a European leader in fertility clinics, completed a further three acquisitions, including one post year end, the fifth since our investment in 2019. The vitamins and nutritional supplements manufacturer Procapma expanded its product offering through the acquisition of skincare and supplements manufacturer OFI.

Invest in people

In 2020, Investindustrial continued to invest in talent, taking our team to more than 140 professionals. Collectively our professionals embraced the different working environment imposed by COVID-19 and, supported by technology, thrived due to a shared sense of urgency and the powerful combination of alignment, ambition and discipline. The key areas that were strengthened, including hires made post-year end, include sourcing, investment advisory, investor relations, sustainability and U.S. and Asian business development, complementing our already broad and comprehensive teams of functional specialists and investment advisory teams.

Investindustrial’s teams have local presence in the three dominant economic regions – Europe, North America and Asia – in order to bring a truly global perspective to portfolio companies. The Asia hiring we reported on last year has continued, giving us transactional capability to complement our existing business development team in Shanghai. Alongside this hiring in 2020, Investindustrial signed a co-operation agreement with China Investment Corporation (CIC), China’s sovereign wealth fund. The combination of our increased local presence and partnership with CIC allows us to fully address the significant growth opportunity in the region.

Several internal resources were reallocated and external hires made to address the vastly accelerated digitisation plans of both our existing and potential future portfolio companies, and further hiring is ongoing in this part of our business.

Sustainability leadership

Investindustrial believes that incorporating sustainability considerations in its business decisions is essential to creating value for its stakeholders and that commerce can and should be used as a force for good as well as profit. For Investindustrial, “building better companies” has always entailed positioning the portfolio companies to achieve long-term value creation. To do so, Investindustrial works to ensure that portfolio companies can measure and manage their carbon emissions and other significant environmental and social impacts, and that they actively work to reduce their footprint while making a positive contribution to society and their nearby community.

With this in mind, Investindustrial has been carbon neutral as an organisation since 2009 and for its shareholding in the portfolio companies since 2015. Furthermore, we have been collecting actual, not estimated, GHG emissions data dating back to 2015, thus providing us with the data needed to take the pioneering step of becoming carbon positive across the portfolio for the year ending 2020. Other activities and portfolio engagement throughout the year included the fifth annual Sustainability Summit, which was held virtually, as well as a number of materiality and strategy virtual workshops. In terms of industry engagement and leadership in 2020, Investindustrial became a certified B Corporation, a signatory to The Task Force on Climate-Related Financial Disclosures (TCFD) and a member of the Climate Action 100+. Post-year end Investindustrial continues its drive to help shape the industry on sustainability matters by joining the Initiative Climat International (IC), a G20-led climate initiative with 90 members, where it is chairing the working group on Net Zero and Science-based targets.

Throughout this annual review you will be able to read more about how Investindustrial actively works with portfolio companies to improve sustainability performance through a methodological sustainability approach including reporting/disclosure, benchmarking best practices, developing sustainability strategy and objectives, including carbon emissions reduction targets aligned with science-based targets, and executing against impactful initiatives.

The Investindustrial Foundation amplifies the Firm’s efforts in sustainability by focusing on environmental protection and conservation, as well as the promotion of education and diversity, including financial support to children (www.investforchildren.org), an initiative with 90 members, where it is chairing the working group on Net Zero and Science-based targets.

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Over the lifetime of this report, we have been able to measure and report our progress on our commitments and initiatives. For more information, please visit our website at www.investindustrial.com.

Conclusion

Today Investindustrial has a leadership position as an Asian mid-market investment group. This has been achieved through a long-term dedication to building better companies through the design and implementation of industrially-focused business plans. A key contributor to Investindustrial’s long-term growth since inception in 1990 has been the significant upfront and ongoing investment in best-in-class advisory and functional specialist teams. As the world emerges from COVID-19 and the economy recovers, the collective and diverse experience of Investindustrial’s professionals remains of critical importance as we steer our existing portfolio companies through market uncertainties, whilst continuing to make new investments. More than ever, our investment activities need to combine attractive returns for our institutional investors with a strong sense of social responsibility. The Investindustrial team and its portfolio companies are working tirelessly to continue delivering strong results and drive positive change. We wish everyone good health and look forward to reporting back on further progress next year.

Investindustrial is strongly engaged with its stakeholders in building better companies and developing sustainable and long-term growth opportunities for its business. Above: Andrea C. Bonomi, Founder and Chairman of the Investindustrial Advisory Board.
RESPONSIBLE BUSINESS DURING COVID-19

The COVID-19 pandemic dominated all aspects of life and business in 2020. Investindustrial and its portfolio companies were no exception with impacts felt both operationally and amongst employees.

Investindustrial successfully responded to new and complex challenges arising from the pandemic and is proud of the financial and human support that we provided by helping local communities and wider stakeholders.

Overall, due to our timely preparation for a weaker operating environment and our appropriate use of leverage, our portfolio companies were able to weather the operating difficulties and lower levels of global economic activity. Across the board, operational efficiency actions were accelerated, and we worked tirelessly together with management teams to ensure that financial liquidity was safeguarded and that companies and their employees were able to operate safely. Investindustrial’s Sustainability Team supported companies to source necessary personal protective equipment, update health and safety policies and review safe working procedures based on the latest government and WHO advice and guidelines. Investindustrial arranged regular webinars with external experts, with a focus on advising on health and safety best practices.

In several cases, portfolio companies pursued government sponsored furlough programmes and delayed non-critical capex payments to minimise negative impacts. In other cases such as Lifebrain and HTG, as summarised on page 60 and 62, companies identified opportunities to respond directly to the crisis and support local communities through their business activities. Financial support was also provided and Investindustrial and its portfolio companies donated over €8 million to numerous hospitals and COVID-19 relief initiatives across Europe.

Post year end, as the pandemic continues, Investindustrial is working closely with its portfolio companies to ensure that employee health and wellbeing remains a priority. While it is an unprecedented time for everyone, we are proud of the contributions made by our companies and their employees. We would like to express our most sincere gratitude to all employees that have continued to contribute to their companies during this difficult time.

For Investindustrial, the health, safety and wellbeing of our team and family members has been paramount throughout the crisis. From the outset, we acted quickly to minimise any disruption to operations and to ensure our employees could remain productive from the safety of their own homes. A pandemic response committee developed a 5-stage process and policies to manage the Firm’s response to the pandemic, which follows government guidelines. Technology was provided and remote working practices developed, including regular online TownHall meetings to connect with employees globally during lockdown periods. Best practice COVID-19 safety measures were implemented to safeguard employees. PPE was provided, social distancing measures reinforced, and regular testing and track trace provided for all employees globally. Online courses, such as yoga and mindfulness, were run to promote employee wellbeing, and internal newsletters were published to support employee health and safety.

Lifebrain helped businesses to protect their employees

Lifebrain, our laboratory testing business in Italy, received approval to run COVID-19 tests and rolled out medical testing for individuals as well as virus testing for surfaces and workstations to enable businesses to return to work. Companies supported at a critical time, early on in the pandemic, include Ferrari, TIM, Luxottica, SNAM, Netea Gas, Siram Veolia, Enel, Italcantieri, Valantino, CEME and Polyclinth-Rechhold. Lifebrain continues to support the Italian Ministry of Healthcare and local communities by carrying out fast and molecular swabs as part of the national screening campaign for COVID-19 detection.

MTD helped to accelerate the COVID-19 global vaccination campaign

MTD, leveraging its Research Hub located in Como (Italy), with its decades of experience in needles and syringes, participated in the global effort to accelerate the roll-out of the COVID-19 vaccination campaign. By supplying syringes with reduced total dead space below 35 microlitres, it is possible to maximise the number, doses that can be extracted from each vial and minimise vaccine waste.

MTD also developed a suite of devices involved in healthcare professionals safely administering vaccines to patients. The World Health Organization estimates that there are over 35 million healthcare workers worldwide, who face an increased risk of infection with blood-borne pathogens simply because of their exposure to blood and other bodily fluids. For this reason, MTD develops and supplies safety products specifically designed to help healthcare professionals and care givers in preventing the risk of infection. Their safety sharps also prevent the possibility to re-use the devices by final end users.
A LEADING INDEPENDENT EUROPEAN INVESTMENT GROUP WITH AN INDUSTRIAL ORIGIN

Providing industrial expertise, operational focus and global platforms to accelerate value creation and international expansion of middle-market companies.

Investindustrial was born out of an industrial conglomerate founded in Milan by Carlo Bonomi at the end of the 19th century. Under his leadership, the Group became one of the leading Italian real estate developers. In the 1940s, Anna Bonomi Bolchini transformed the Group into a diversified industrial and financial conglomerate, with ownership of companies in sectors such as paper and cardboard production (Garini, Saffia), insurance (Fondazione, Milano Assicurazioni), banking (Credito Varesino), manufacturing of household products (Mila Lancia), food & beverage (Sella & Mosca), hospitality (Hotel Splendido Portofino) and chemicals. In addition, the Group created Postal Market, the largest mail order company in Italy.

At the beginning of the 1970s, Carlo Campanini Bonomi took leadership of the Group and started a period of internationalisation and rationalisation and by 2000 the Group’s industrial investments had been exited transforming the Group into a purely financial investor. In 1990 Investindustrial was founded as an independent investment group with financial backing from the family, with a view that the market lacked an investor with a long-term horizon coherent with the timing of industrial plans, to help build leaders with an active, industrially-driven approach. Building on the long-standing industrial heritage and networks, coupled with an intimate understanding of family-owned businesses, today Investindustrial has a dominant leadership position in Southern Europe with the longest history, the deepest track record (71 portfolio companies), the largest team (more than 140 professionals across three continents), and the largest private equity investor of institutional capital (€11 billion of raised fund capital) in the region. Investindustrial uses proprietary networks developed over several cycles to identify high-quality, often complex investment opportunities in sectors well-known to it and pursues a consistent, industrially driven investment approach to build better companies. Active ownership and operational improvement remain at the core of Investindustrial’s value-creation strategies, which typically focus on accelerating growth and profitability through globalisation, operational improvements and/or transformative build-ups. Investindustrial advocates the use of only moderate leverage, commensurate with each company’s growth and capex ambitions, to build sustainable businesses. This approach resonates well with industrial trade buyers, often a preferred exit route for portfolio companies.

THE BONOMI FAMILY, WITH MORE THAN A CENTURY OF INDUSTRIAL HERITAGE, BACKED INVESTINDUSTRIAL TO PROVIDE DIFFERENTIATED, INDEPENDENT, VALUE ADDED, FINANCIAL AND OPERATIONAL SUPPORT TO COMPANIES WITH A LONG-TERM APPROACH

From 1890 until 1940 the Bonomi family was one of the leading Milanese construction and real estate developers.

Under the leadership of Anna Bonomi Bolchini (1940-1971), the Bonomi Group became one of the most significant industrial and financial groups in Italy.

From 1971 until 1980 Carlo Campanini Bonomi executed a rationalisation of portfolio companies. From 1980 to 2000 he sold the industrial businesses. In 1990 the private equity business started with the establishment of Investindustrial.

Since 1990 Investindustrial continues a successful industrially-driven investment strategy.

Investindustrial's multi-layered approach to governance aims at a stringent segregation and allocation of roles and responsibilities among advisory teams, general partners and investment managers of the funds, investment and holding companies and, ultimately, the management of each portfolio company.

The general partners and investment managers manage each of the funds in the interest of the respective limited partners and therefore in an autonomous and independent manner from other funds and portfolio companies. The investment managers of the funds are entities regulated and supervised by the Financial Conduct Authority in the United Kingdom and by the CSSF in Luxembourg pursuant to the EU Alternative Investment Fund Manager Directive and have arrangements in place to manage conflicts of interest, risk, compliance, and responsible investing. Investments and divestments are made (and shares in portfolio companies are held) by the applicable investment or holding company of each fund. Decisions over investments and divestments, including the exercise of the voting rights over the shares of the portfolio companies, are made by the applicable investment or holding company board of directors in an autonomous and independent manner, consistent with the applicable corporate governance rules and by-laws. It is the responsibility of the management of each portfolio company to operate the company on a day-to-day basis and implement rigorous compliance systems and procedures.

Investindustrial expects that portfolio companies apply a rigorous and conservative approach to Corporate Governance based on clear roles and with full accountability.

CORPORATE GOVERNANCE MODEL

Limited Partners Possible Co-investors

• General Partner / Fund
• Investment / Holding Company

• Day-to-day management
• Responsibility to comply with laws and regulations
• ESG, risk and compliance management

• Fund management
• Funding of the applicable investment / holding company
• Risk, compliance and responsible investing

• Industry expert views and opinions on strategy and business plans

Industrial Advisory Board and Industrial Advisors

Advisory Companies and Teams

• Business development, investor relations, investment sourcing, monitoring and operational advice, due diligence support
INVESTINDUSTRIAL’S KEY STRATEGIC DEVELOPMENT PILLARS

Strategy
- Invest in leading mid-market quality companies.
- Implement an active industrially-driven investment approach.
- Professionalise the management teams of portfolio companies.
- Develop world-class investment professionals.
- Unlock transformational M&A opportunities.
- Capture global growth opportunities through markets and geographies.
- Develop strategic industrial, commercial and financial partnerships.
- Innovate through best practice R&D, technology and digitisation.
- Consider UN Sustainable Development Goals (SDGs) when sourcing investment opportunities.

Sustainability
- Lead with action by delivering on global climate commitments including net-zero portfolios.
- Enrich the culture and collective thinking and drive performance across the Firm and portfolio.
- Enable portfolio companies to be leaders and innovative in managing sustainability for value creation.
- Demonstrate impact through Return on Sustainable Investment (ROSI).
- Drive industry standards on sustainability issues.

Financial Performance
- Deliver long-term attractive and consistent returns across geographies, sectors, and strategies.
- Achieve operational improvement and excellence.
- Use appropriate leverage to develop and grow the portfolio companies.
- Identify and capture value creation opportunities as well as mitigate risks.
- Deliver significant shareholder value through long-term and sustainable strategies.
AN INVESTMENT STRATEGY REFINED THROUGH MORE THAN 30 YEARS OF INVESTING IN 71 COMPANIES

Select prior investments include:

- AEB
- Applis
- AVINCIS
- BANCA POPOLARE DI MILANO
- CARE
- Castaldi Illuminazione
- Aston Martin
- Contenur
- David Brown Group PLC
- Devro
- Eutelsat
- Goldcar
- GruppoCoin
- Halmatch Chemicals
- Johnson
dalld Ltd
- Karrimor
- Logic Control
- Mountain Warehouse
- Pernastrelia Group
- Service Point
- Sirti
- Stroili

COLLECTIVE EXPERIENCE APPLIED TO THE 2020 PORTFOLIO OF LEADING COMPANIES AND BRANDS

CEME is a leading supplier of solenoid pumps to the coffee and beverage industry.
LEADING EUROPEAN FOOTPRINT WITH A STRONG INTERNATIONAL PRESENCE

Investindustrial has considerable international reach and combines capital with local insight to drive growth initiatives in its portfolio companies and to support its global vision. Since inception, non-European markets have contributed 59% of the growth of portfolio company sales, half of which has come from North American markets.

### SALES(1) (%)
**By region**

- **REST OF EUROPE**: 33%
- **ITALY**: 24%
- **NORTH AMERICA**: 21%
- **REST OF THE WORLD**: 12%
- **SPAIN**: 9%

### SALES GROWTH(1) (%)
**By region since Investindustrial entry**

- **SPAIN**: 30%
- **REST OF EUROPE**: 29%
- **ITALY**: 29%
- **REST OF THE WORLD**: 20%
- **NORTH AMERICA**: 100%

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*(1) Sales weighted by shareholding of the companies present in the portfolio at the end of 2020.*
INVESTINDUSTRIAL IS A GLOBAL AND EQUAL PROVIDER OF EMPLOYMENT

Investindustrial’s portfolio companies have more than 42,300 employees, based mostly in Europe, and across a wide range of sectors and countries.

Investindustrial considers the skills of its portfolio companies’ employees an asset to be developed and improved while respecting and safeguarding individuals. Furthermore, we are committed to supporting equal opportunities in employment and in career development, avoiding every form of discrimination, including discrimination based on race, sex, sexual orientation, age, nationality, religion and personal beliefs. As at year end across the portfolio, women accounted for 16% of the Board seats (with at least one woman) whilst 52% of the workforce and 26% of the senior management were women.

The companies in which Investindustrial invests endeavour to maintain and improve training and further develop the know-how of their employees. These proprietary relationships, which have been developed over many cycles, are inherently interlinked and underline Investindustrial’s reputation as the preferred partner for high-quality mid-market businesses predominately in Europe. Manufacturing and commercial activities are present across 42 countries and five continents. ☞

Investindustrial portfolio companies have a direct presence through manufacturing facilities or subsidiaries in 42 countries.

Total Investindustrial Portfolio Company Employees (%)
Investindustrial operates through a series of investment funds, holding companies and financial advisory firms, each managed independently and established in the United Kingdom, Spain, Switzerland, Luxembourg, the Netherlands, the United States and China. Talent management is a key strategic goal of Investindustrial, which has a team of more than 140 professionals combining local insight with global perspective. Having the right people in the right place at the right time is critical to building better companies. To recruit and retain talented people with the highest ethical standards, and to create an attractive workplace in which to develop them is vital for Investindustrial. Investindustrial professionals, who typically remain with the Firm for many years, have demonstrated major achievements in their professional and academic past and are therefore best placed to nurture and integrate the high calibre incremental personnel improvements that are regularly made to the Firm. Investment professionals speak a combined 15 languages and represent 11 nationalities (with 35% of employees speaking three languages or more), reflecting the importance Investindustrial places on being a diverse and dynamic organisation with global views and capabilities. Investindustrial has invested in a broad team of functional specialists who support the Firm’s investment activity: globalisation, digitisation, operational and change management, sustainability, legal and compliance, investor relations and syndication, debt as well as a finance, risk and operations team. Ten Managing Principals and Senior Principals lead the team of investment professionals. More than 20% of these professionals are women with an increasing trend considering that 28% of investment professionals hired in the last five years were women. During 2020, Michael Guan joined Investindustrial as Senior Principal and Chairman of Asia to support Investindustrial’s portfolio companies to capture the business development opportunities in that region. Investment and divestment activity is decided and undertaken by the applicable holding and investment companies pursuant to their respective board of directors’ decisions. See “Governance section” for more details.

Investindustrial’s leadership team from left to right: Roberto Ardagna (Managing Principal), Carl Nauckhoff (Senior Principal), Dante Razzano (Vice Chairman), Roberto Maestroni (Senior Principal), Salvatore Catapano (Senior Principal), Michael Guan (Senior Principal), Carlo Umberto C. Bonomi (Managing Principal), Antonio Gatti (Managing Principal), Andrea C. Bonomi (Chairman of the Industrial Advisory Board) and Michael Karangelen (Senior Principal).
AN ORGANISATION BUILT FOR ACTIVE OWNERSHIP THROUGHOUT THE INVESTMENT HORIZON

Investindustrial leverages proprietary networks to source attractive investment opportunities typically unavailable to the broader market. Since inception, the vast majority of portfolio investments have been sourced through proprietary channels, including family and corporate vendors, and both public-to-private and public situations.

Investindustrial allocates significant resources to a concentrated group of portfolio companies but actively seeks to mitigate risk, and control returns, by building portfolios of assets that exhibit natural diversification.

Target companies are typically in growth or mature phases of their life cycle with the level of support required categorised in the following ways: consolidate position as local leader, achieve strategic repositioning, drive international expansion, accelerate growth through acquisition and/or new products and markets.

Investindustrial provides hands-on advisory support to portfolio companies through the team’s breadth and depth of expertise. The advice from our teams enables management teams and boards to make better informed decisions about the direction in which to take their companies. The ability to deliver complex operational and organisational plans is underpinned by the broad and deep internal sector expertise developed across many business cycles and is actively supported by the internal business development team, which includes offices in New York and Shanghai.

The team’s advisory experience combines strong local investment insight with a global perspective which is leveraged to ensure the successful execution of the industrially driven approach.

As active investors, Investindustrial works closely with management teams throughout the ownership phase to drive product growth and/or market expansion. This includes actively advising on how best to identify industrial, branding and financial partners from inside, or selectively outside, our network. These proprietary relationships, which have been developed over many cycles, are inherently interlinked and underpin Investindustrial’s reputation as the preferred partner for high-quality mid-market businesses.

Investindustrial supports its portfolio companies also through dedicated Operating Principals, professionals with significant sector expertise that helps the companies in the definition and execution of their value creation plans.

The industrially driven, responsible and active ownership approach of Investindustrial creates a natural allegiance with corporate players who are looking to acquire high quality strategic assets. As part of the value creation process Investindustrial identifies potential trade buyers with whom there could be valuable synergies, and actively engages in dialogue to build the relationship during the holding period. Strategic buyers have accounted for approximately two thirds of Investindustrial’s exits to date.

The broad network of Industrial Advisors is coordinated by the Industrial Advisory Board; advisors have specific industrial expertise across sectors and a history of strong relationships with Investindustrial.

The Industrial Advisory Board provides industry expertise, views, opinions and strategic advice on business plans to Investindustrial and portfolio companies. Its members act as consultants and do not take, nor participate in, investment or divestment decisions. They are an integral part of Investindustrial’s business model and industrial approach, providing insights on operational and strategic issues within their fields of expertise.
AN INTERNATIONALLY RECOGNISED SUSTAINABLE INVESTMENT APPROACH

Investindustrial was recognised as “Best ESG Private Equity Initiatives” and Andrea C. Bonomi won “Best Private Equity Personality of the Year” during the Private Equity Awards 2020.

RECENT RECOGNITIONS OF INVESTINDUSTRIAL EXCELLENCE

- “Best Private Equity Personality of the Year” to Andrea C. Bonomi at the Private Equity Exchange Award 2020
- “Best ESG Private Equity Initiatives” at the Private Equity Exchange Award 2020
- B Corp™ certification for the Firm’s relentless focus on sustainability and its approach to building better companies

INVESTINDUSTRIAL’S ESG EVOLUTION

Investindustrial has a long history in addressing ESG issues starting in 2000 with the establishment of its first corporate foundation, Invest for children, and then more actively from 2008 onwards.

- 2021**
  - Becomes a member of the Initiative Climat International (ICI)

- 2020
  - Investment portfolio becomes carbon positive
  - Investindustrial achieves B Corp™ Certification
  - Investindustrial becomes a TCFD supporter and a signatory to Climate Action 100+
  - Portfolio companies set science-based targets

- 2019
  - 1st Annual CFO Summit
  - Launch of quarterly webinars

- 2018
  - Development of Culture, Ethics and Reputation Due Diligence Framework
  - Updated Responsible Investment Policy
  - Updated Environmental, Social, Governance, Culture and Ethics Policy

- 2017
  - Portfolio company ESG objectives and targets
  - Winner of Real Deals Private Equity Award for ESG

- 2016
  - Establishment of Investindustrial Foundation
  - 1st Annual Sustainability Summit

- 2015
  - Majority of portfolio companies produce stand-alone sustainability reports

- 2014
  - Incorporation of systematic ESG due diligence in the investment process

- 2011
  - Investindustrial subscribes to the Principles for Responsible Investment (PRI)
  - Investindustrial becomes a carbon neutral company

- 2009
  - Risk Policy
  - ESG Policy

- 2008
  - Investindustrial signs the UN Global Compact
  - 1st Annual Review and Sustainability Report

- 2007
  - Introduction of the CSR Toolkit and first portfolio company with a dedicated ESG section

- 2006
  - B Corp™ certification for the Firm’s relentless focus on sustainability and its approach to building better companies

- 2002
  - Investment portfolio becomes carbon positive

- 2001
  - Investindustrial becomes a TCFD supporter and a signatory to Climate Action 100+
  - Portfolio companies set science-based targets

- 2000
  - Establishes Investindustrial Foundation
  - 1st Annual Review and Sustainability Report

* This list of historic ESG and Sustainability activities is non-exhaustive
** Post year end
OUR INVESTORS

Investindustrial is committed to being strongly aligned with its investors; as such it continues to be the single largest investor across its funds. We are proud to have the support of more than 100 high-quality institutional investors across all active funds. We are the investment partner of choice for blue-chip investors – including pension funds, government and financial institutions, endowments, insurance companies and family offices – from around the world.

Today, almost half of our capital comes from the U.S., the Middle East and Asia, with the remainder from Europe.

Our objective is to build leading companies by applying industrial expertise, with a strong focus on long-term value creation, an approach that has delivered consistent returns through the cycle to our investors.

Note:
1 As of 31st December 2020. Reflects capital raised from all active funds.
2 Excluding Sponsor.
PORTFOLIO DEVELOPMENTS

Investindustrial’s business focus and global growth drivers.

PORTFOLIO COMPANIES

At the end of 2020, Investindustrial’s portfolio in the private equity strategy comprised a diversified grouping of 22 quality companies.

Industrial Manufacturing
Global leaders in the design and manufacturing of specialty products. The underlying markets are mature and often consolidated with high barriers to entry for new competition. New markets are key to future growth of the companies and there are possibilities for operational improvement.

Consumer
These leading companies and brands operate in markets with long-term growth, underpinned by positive trends in consumption patterns. The underlying industries are mature but are often still fragmented, giving the companies attractive opportunities to consolidate their markets. Growth here tends to be scalable on an international level.

Healthcare & Services
Leading providers of critical or high value-added services or medical services, these companies are typically beneficiaries of a growing global trend towards outsourcing. Their asset-light capital structures give them a high cash conversion rate and an ability to expand internationally without undertaking major capital investments.

Technology
With a dedicated sector team in place, Investindustrial is selectively investing in scaled technology leaders that are transforming traditional business models and driving the ongoing digital transformation across the entire economy. These are businesses which are typically asset light and focused on serving changing consumer behaviours across industries.
GLOBAL GROWTH DRIVERS AND INDUSTRIAL OPPORTUNITIES

Each of the industry platforms have different growth drivers and opportunity sets, summarised below:

<table>
<thead>
<tr>
<th>Industrial Manufacturing</th>
<th>Consumer</th>
<th>Healthcare &amp; Services</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globalisation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth in new markets</td>
<td>Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost efficiency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource constraints</td>
<td>Globalisation of consumer trends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity value</td>
<td>Aging population</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Changing consumer purchasing behaviour</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Economies of scale</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outsourcing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased need for information and communication technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Global need for infrastructure investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Digitally native consumers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Everything in the cloud</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industrial process automation and digitalisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Compliance, transparency, and regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Data protection and cybersecurity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SALES (%) EBITDA (%)

<table>
<thead>
<tr>
<th>By sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>EBITDA</td>
</tr>
</tbody>
</table>

In this section, sales and EBITDA are weighted by Investindustrial’s shareholding and reflect the portfolio companies owned as of December 2020 in the private capital strategy.

12.8% overall EBITDA Margin

EMPLOYEES (nr.)

<table>
<thead>
<tr>
<th>By sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

At the end of 2020, the Private Equity portfolio was mainly focused on industrial manufacturing and consumer with the aim to further internationalise the companies.
INDUSTRIAL MANUFACTURING

The Industrial Manufacturing sector comprises the following eight companies:

- Benvic, developer and producer of innovative PVC-based thermoplastic solutions
- CEME, global manufacturer of highly engineered, precision fluid control solutions
- Della Toffola, designer and manufacturer of machines for the beverage sector
- Guala Closures, global producer of specialty closures for the beverage industry
- Italcanditi, supplier of fruit-based ingredients
- Natra, manufacturer of cocoa derivatives and chocolate products
- Neolith, manufacturer of stone performance surfaces
- Polynt-Reichhold, producer of specific polymer intermediates and derivatives

SALES (%) by segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty Chemicals</td>
<td>53.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverage Production</td>
<td>20.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beverage Machineries and Closures</td>
<td>13.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fluid Control Solutions</td>
<td>8.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialty Building Materials</td>
<td>4.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In 2020, sales decreased by 5% while EBITDA increased by 6% reaching an overall EBITDA margin of 15%. The number of employees increased by 1% at approximately 11,900 people.

SALES (£m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Specialty Chemicals</th>
<th>Food &amp; Beverage Production</th>
<th>Beverage Machineries and Closures</th>
<th>Fluid Control Solutions</th>
<th>Specialty Building Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,972</td>
<td>2,001</td>
<td>1,906</td>
<td>51</td>
<td>234</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td>13%</td>
<td>268</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td>0%</td>
<td>282</td>
</tr>
</tbody>
</table>

EBITDA (£m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Specialty Chemicals</th>
<th>Food &amp; Beverage Production</th>
<th>Beverage Machineries and Closures</th>
<th>Fluid Control Solutions</th>
<th>Specialty Building Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>356</td>
<td>368</td>
<td>368</td>
<td>12%</td>
<td>368</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td>0%</td>
<td>282</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td>0%</td>
<td>282</td>
</tr>
</tbody>
</table>

EBITDA MARGIN (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Specialty Chemicals</th>
<th>Food &amp; Beverage Production</th>
<th>Beverage Machineries and Closures</th>
<th>Fluid Control Solutions</th>
<th>Specialty Building Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>12.0%</td>
<td>13.4%</td>
<td>14.8%</td>
<td>12%</td>
<td>14.8%</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td>0%</td>
<td>282</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td>0%</td>
<td>282</td>
</tr>
</tbody>
</table>

EMPLOYEES (nr.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Specialty Chemicals</th>
<th>Food &amp; Beverage Production</th>
<th>Beverage Machineries and Closures</th>
<th>Fluid Control Solutions</th>
<th>Specialty Building Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>11,534</td>
<td>11,749</td>
<td>11,870</td>
<td>11,078</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

In 2020, Investindustrial made investments in two platform companies in the sector: Guala Closures, a global producer of innovative and high-tech specialty closures, and Della Toffola, a leading designer and manufacturer of machines for the beverage industry.

Guala Closures

Founded in 1954, Guala Closures is the global leader in the production of specialty closures for spirits, wine, water and other beverages thanks to the innovation, technology and intellectual property rights embedded in its solutions. Guala Closures has an international footprint with sales across five continents that account for more than 90% of total revenues in over 100 countries. The Company’s strong leadership positioning has enabled it to consolidate market shares worldwide and become the leading solution provider and partner to global and local clients. Investindustrial expects the Company to continue in its role as natural consolidator in a fragmented market space. The Company’s end beverage markets are of resilient nature through the cycle and with global demand driven by food and beverage safety, traceability and premiumisation where the closures market represents a small cost but an important feature of the overall packaging. Attractive M&A growth options exist both inside and outside the core business, such as providing additional products to the existing customer base (e.g. cork closures, capsules and labels) and through product diversification across the broader packaging space (e.g. pharma, cosmetics, food & beverage). Guala Closures is headquartered near Alessandria (between Genoa and Milan) and, has 29 manufacturing sites globally and over 4,700 employees.

2020 MAIN EVENTS IN INDUSTRIAL MANUFACTURING

During 2020, Investindustrial made investments in two platform companies in the sector: Guala Closures, a global producer of innovative and high-tech specialty closures, and Della Toffola, a leading designer and manufacturer of machines for the beverage industry.

Guala Closures

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www.gualaclosures.com
Acquired in 2018, Benvic is playing a central role as leading consolidator in the PVC compounding market in Europe. Founded in 1963, Benvic develops, produces and markets highly customised, innovative thermoplastic solutions based on PVC, TPE, HFFR and bio-polymers that are utilised across a wide range of rigid and flexible end-applications including building and construction, medical, automotive, aerospace, cabling, packaging and fluid transport. The Company has a broad portfolio of formulations to ensure it meets clients’ requirements in terms of both technology conversion (i.e., extrusion, injection moulding, blow moulding, etc.) and the features of the final product including aspect and colour. Benvic’s production facilities in France (Chevigny and Porcieu-Amblagnieu), Italy (Ferrara, Modena and Carpi), Spain (Montornes), Poland (Raciąż) and the UK (Doverby Bridge) are strategically located in or near the main end-markets enabling the Company to supply rapidly its customers at competitive prices. With approximately 500 employees, the Company is Europe’s leading PVC compounding company in terms of volume (#1 in France, Spain, Portugal and Belgium, and #2 in Italy and the UK).

A truly international build-up strategy
Following the post year end acquisition from Celanese (NYSE:CE) of the compounding activities of the Ferrara Marconi plant, the management team of Benvic completed its eighth add-on transaction in just more than two years across Europe: one in Poland (Alfa PVC), four in Italy (Vinyloop, Plantura, Modenplast and Luci Bel), one in the UK (Dugdale) and one in France (Doverby Bridge). In particular, Benvic entered the high-margin medical sector through the acquisition of Modenplast Medical, an independent manufacturer of PVC compounds and tubes for different applications in the medical space.

A strong ESG approach
Benvic is pursuing significant efforts towards a more sustainable development through several initiatives including the expansion in the recycling of plastic industrial waste and in the development of bio polymers derived from renewable resources. In recognition of its strong ESG efforts, Benvic successfully completed an ESG-linked refinancing during 2020 to further support its growth and international development.

A fast and successful implementation of the business plan identified at entry
Since Investindustrial’s entry at the end of 2018, Benvic has been successfully implementing the value creation plan identified at entry by diversifying its geographical exposure (Eastern Europe, Italy, UK), by differentiating its polymers offering (bio-polymers, TPE, PBT, PBS and PLA compounding) and by entering the medical and recycling sectors.

LUC MERTENS
BENVIC CEO
“Thanks to the support and strategic vision of Investindustrial, I am excited to continue to strengthen Benvic’s European leadership position in the compounding industry while expanding the product offering to our customers through ongoing R&D and expansion into solutions for new applications”.

2020 SALES BREAKDOWN BY COUNTRY (%) 1

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>20%</td>
</tr>
<tr>
<td>Spain</td>
<td>14%</td>
</tr>
<tr>
<td>UK</td>
<td>21%</td>
</tr>
<tr>
<td>Italy</td>
<td>14%</td>
</tr>
<tr>
<td>Poland</td>
<td>5%</td>
</tr>
<tr>
<td>Belgium</td>
<td>4%</td>
</tr>
<tr>
<td>Germany</td>
<td>7%</td>
</tr>
<tr>
<td>Ireland</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
</tr>
</tbody>
</table>

1 Based on sales by end market.
CEME

A global leader in precision fluid control solutions

CEME Group S.p.A. ("CEME"), founded in Italy in 1974, is a leading global manufacturer of highly engineered precision fluid control solutions (high/low pressure pumps, brass and plastic valves, pressure switches and flow meters) in a diverse range of niche consumer and industrial applications. Investindustrial acquired the Company in December 2017.

CEME is recognised as the worldwide leader for solenoid pumps and a top global player for solenoid valves. Volumes and know-how allow the Company to offer high quality European products, with unmatched reliability and competitive pricing.

The Company is a vertically integrated manufacturer renowned for its technical engineering know-how, quality, flexibility and for the distinctive ability to develop innovative solutions for customers in Italian and international markets. The Company supplies the majority of its components to either OEMs (who assemble final products for brand owners) or directly to brand owners themselves.

CEME serves 70 countries worldwide through three manufacturing facilities (two in Italy and one in China) as well as two trading companies (in Hong Kong and the U.S.). Headquartered in Trivolzio, Pavia, CEME employs approximately 900 people worldwide.

Strengthening its customer base in core and high growth segments

In the coming years CEME is expected to further expand its customer base in core segments (coffee and steam) and to take advantage of the attractive growth rate forecasted for new high-growth segments, in particular the water treatment market (including water filtration, purification and dispensing systems, infrared faucets and showers), expected to grow at high single-digit rates over the next five years.

Drivers of growth include the increased focus on hygiene, the environmental concerns around bottled water, excessive water consumption and an increasing demand for cheap purified water.

Entering into new and attractive market niches through R&D

CEME’s current strategy is to continue strengthening its consolidated position in the coffee market — which represents the backbone of the business. The Company will continue to invest in the development of a number of new and attractive market niches such as medical and automotive — where the Company can gain market share by leveraging its know-how and value proposition.

R&D is pivotal to successfully develop new components in the niche markets identified, with co-development initiatives potentially securing long-lasting relationships with clients.

Post year end, CEME acquired ODE, an Italian company active in the design and manufacturing of solenoid valves and pumps applied in a variety of applications. This acquisition allows the Company to further expand i) its commercial and industrial leadership following a record 2020 with a double-digit revenue growth and significant global momentum; and ii) its product offering, both due to ODE’s exposure to the professional coffee machines and for its strong presence in a number of highly attractive niches such as automation, beverage, vending machines, water management and railway transport.

ROBERTO ZECCHI
CEME CEO

"With Investindustrial’s support I am excited to further develop CEME’s world-leading position, and also to enter new sub-sectors and geographies to support the growth of the Company both organically and through a programme of acquisitions."

CEME APPLICATIONS

- Coffee
- Beverages
- Refrigeration & Air Conditioning
- Steam
- Medical
- Welding
- Water Management
- Other Industrial
Investindustrial identified Natra in 2018 as a public to private investment opportunity, with the Company ideally positioned to benefit from the ongoing, favourable chocolate trends and increased private label and co-manufacturing penetration.

Founded in 1943 and headquartered in Spain, Natra is a global manufacturer specialising in cocoa ingredients and chocolate products for private labels and co-manufacturing for other brands. The Company is vertically integrated across the chocolate value chain through its ingredients division (focused on cocoa processing and industrial chocolate manufacturing) and its consumer division (producing chocolate spreads, count lines, tablets and gifting products). Natra employs approximately 1,800 people and has a global manufacturing footprint with 6 facilities of which 2 in Spain, 1 in France, 2 in Belgium and 1 in Canada, totalling approximately 200,000 metric tons of production capacity. The Company produces over 400 chocolate varieties and its products are sold in over 90 countries in five continents supplying over 80% of the main distribution chains worldwide. During 2020, Natra became a carbon neutral organisation in part supported by sourcing over 75% of its electricity consumption via green energy.

Expanding top line growth in the consumer division
In the coming years, Natra is expected to further expand, leveraging its established positioning in the spreads segment by boosting cross-selling opportunities in the tablets, gifting and snacks categories as well as by executing against its five-year sustainability strategy. Innovation (including an increase of sustainably sourced products and sustainable packaging), premiumisation of products and customers and geographical focus remain key drivers for growth as well as co-manufacturing to capture incremental growth in B2B following the growing manufacturing outsourcing trend from leading brands who leverage Natra’s best in class manufacturing capabilities.

Implementing further efficiencies in operations, logistics & manufacturing
Natra is committed to implementing additional efficiency and excellence policies and deploying significant investment towards upgrading its manufacturing footprint. The Company is also dedicated to developing state-of-the-art S&OP and IT systems to ensure best in class service levels for its customers.

“...with the support of Investindustrial’s industrially-driven approach, we can further benefit from our vertically integrated model and we will further expand our international presence while consolidating our leadership position as the preferred independent European chocolatier.”

Natra produces 440 chocolate varieties which are sold in over 90 countries worldwide.
Della Toffola
Founded in 1958, Della Toffola is an Italian company and world leader in the design and manufacturing of machines and automated lines across a range of beverage sectors. The company is active in bottling, water treatment, and packaging systems, as well as in the alcoholic and non-alcoholic beverage markets. Having built more than 500 complete wineries in its history, Della Toffola is the global leader in this vertical with an excellent reputation developed through its proven machinery performance and ability to be a solutions provider for its customers. The beverage machinery industry value chain is highly fragmented, and Della Toffola is one of the few players with a fully integrated offering across the whole value chain. Della Toffola operates through eight production plants (of which seven in Italy) and nine commercial branches in the most renowned global wine regions such as France, Spain, UK, Romania, USA, Australia, Argentina, Chile and Mexico. Della Toffola is headquartered in Trevignano (Treviso) and has more than 600 employees and its products are distributed throughout the world, with approximately 75% of sales outside Italy. Investindustrial invested in the Company at the end of 2020 with the aim of supporting the growth both organically and through acquisitions.

www.dellatoffola.it

Italiancanditi
Founded in 1963, Italiancanditi is a leading Italian supplier of fruit-based ingredients and creams for the food and dairy industries. The Company is the undisputed leader in the food B2B industrial channel in Italy and France, which are among the most sophisticated and advanced food markets worldwide, serving leading international food groups. In particular, Italiancanditi is one of the top fruit ingredient suppliers in several categories, including fruit preparations for yogurt, jam, candied and semi-candied fruits and water-based creams, in Italy and France, with a growing presence in other European countries as well as a clear leadership in high margin niches. Over time, the Company has been able to preserve its leadership position as a result of its focus on products and recipes, innovation and state-of-the-art manufacturing and R&D capabilities, which have allowed the Company to be at the forefront of new market trends and become a trusted and long-lasting solutions provider for global food players. The Company is pursuing a strategy of geographical expansion, strengthening the international sales force and acquiring production facilities to enter new markets. Since Investindustrial’s entry, Italiancanditi completed four acquisitions as part of an ongoing build-up strategy: the yoghurt preparation division from Menz & Gasser, Prodotti Rubicone, an Italian producer of ice-cream ingredients, flavouring pastes, toppings and other semi-finished products for the artisanal ice-cream and frozen yoghurt markets, Ortofrutticola del Mugello, among the leaders in the production of marrons glacés and in the production of natural chestnut-based products, and Comprital Group, a family-owned producer of ice-cream ingredients with strong brand recognition, allowing Italiancanditi to strengthen its presence in the attractive artisanal ice-cream ingredients market.

www.italiancanditi.com
Neolith
Neolith is a pioneer and leader in the technical sintered stone sector, which is the fastest growing segment of performance stone surfaces. The Company, headquartered in the industrial ceramic heartland of Spain (Castellón), was founded in 2009 with the aim of designing and producing large format sintered surfaces created from 100% natural raw materials and with unique characteristics serving multiple end-markets, including bathrooms, wall claddings, furniture, floors, facades and with a particular focus on high-end kitchens. The Company’s success and rapid development can be attributed to 40 years of experience of the founders, the Esteve brothers, in the natural stone sector. Neolith has a state-of-the-art plant for the design and manufacturing of its products, and an international commercial footprint distributing its products in more than 80 countries. Investindustrial invested in the Company in 2019 and the market is expected to continue to grow strongly supported by the substitution trend of sintered stone compared to other materials due to its superior technical, environmental and aesthetical features. Despite the pandemic, in 2020, Neolith has been able to slightly improve both sales and profitability.

www.neolith.com

Polynt-Reichhold
Polynt-Reichhold is a vertically integrated specialty chemicals manufacturer with a strong global presence and market positioning both in Europe and North America. Polynt-Reichhold’s top holding company is headquartered in the UK with operations managed through three regional headquarters located in Italy (Polynt’s historical headquarters), in the U.S. (Carpentersville, Illinois) and in China (Changzhou). The Company operates 36 manufacturing facilities worldwide with a total workforce of more than 3,000 employees. The Company is committed to operational excellence and continual improvement in health and safety, security and environmental performance of technologies, processes and products over their life cycles so as to avoid harm to people and the environment, as a Responsible Care® member company since pre-2016. Polynt-Reichhold has experienced a major transformation in the last decade. The Company is a result from the successful implementation of a growth strategy, initiated by Polynt with the acquisition and integration of PCCR and CCP, in 2011 and 2014, respectively. In 2017 the build-up was further reinforced through a combination with Reichhold, a global player in the composites and coating business with an extensive product portfolio and renowned R&D competencies. Through organic growth and add-on acquisitions, the Company has transitioned from a local to a global leader; significantly decreasing exposure to commodity like products and growing turnover by more than three times while improving profitability. In particular, the most recent combination of Polynt and Reichhold has generated significant synergies from workforce efficiencies, logistical costs and manufacturing. The value creation plan continues with further actualisation of synergies from the merger of Polynt and Reichhold and further organic and inorganic growth. The Company’s strong market position and vertically integrated business model allows for multiple growth opportunities, including to further support the expansion in the higher value-added specialties businesses with new UPR capacity in the EU and Asia and greenfield MA and PA plants in the U.S. to replicate vertical integration in the region. During 2020, Polynt-Reichhold successfully priced a refinancing transaction to replace its existing debt in an oversubscribed issue.

www.polynt.com
www.reichhold.com
CONSUMER

The Consumer sector comprises the following eight companies:

- Artsana, international infant and baby care company
- Design Holding, high-end design furniture and lighting brand
- Dispensa Emilia, Italian casual restaurant
- Jacuzzi Brands, global manufacturer of premium wellness products
- Knoll, high-end design furniture brand
- Morgan Motor Company, premium sports cars manufacturer
- OKA, high-end interiors lifestyle brand
- Sergio Rossi, international luxury shoe brand

SALES (%)

By segment

At year end 2020, seven segments represent Investindustrial’s Consumer sector.

SALES (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Care</td>
<td>1,851</td>
<td>1,922</td>
<td>1,768</td>
</tr>
<tr>
<td>Premium Furniture</td>
<td>164</td>
<td>164</td>
<td>143</td>
</tr>
<tr>
<td>Casual Restaurants</td>
<td>17,097</td>
<td>17,045</td>
<td>18,905</td>
</tr>
</tbody>
</table>

EBITDA (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Care</td>
<td>8.9%</td>
<td>8.5%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Premium Furniture</td>
<td>9%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Casual Restaurants</td>
<td>9%</td>
<td>9%</td>
<td>13%</td>
</tr>
</tbody>
</table>

In 2020, the companies in the Consumer sector, with the exception of Jacuzzi Brands, have been significantly impacted by the pandemic, nevertheless they have been able to maintain an overall EBITDA margin above 8%. The number of employees increased by 11% reaching almost 19,000 mainly due to the growth of Jacuzzi.

EBITDA MARGIN (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Care</td>
<td>8.9%</td>
<td>8.5%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Premium Furniture</td>
<td>9%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Casual Restaurants</td>
<td>9%</td>
<td>9%</td>
<td>13%</td>
</tr>
</tbody>
</table>

2020 MAIN EVENTS IN CONSUMER

During 2020, Investindustrial completed a new investment in the platform company Knoll, the high-end design furniture brand, and exited its residual shareholding in Aston Martin.

Artsana

Artsana is a leading international company with well-established consumer brands in infant care and cosmetic products and solutions through a number of consumer brands, most importantly Chicco (infant care) and Prenatal Retail Group (Toys). Investindustrial invested in Artsana in 2016 with the aim of leveraging its strong product portfolio to further consolidate the international leadership of the Company by developing an expansion plan based both on organic growth and add-on acquisitions. As part of an overall strategic assessment of the Artsana investment, a series of actions have been developed during the ownership period: the Lycia brand has been sold; PIC Solution was spun off as a separate and independent business from the Group leading to the creation of Medical and Technology Devices (MTD); the remaining 50% stake in Prenatal Retail Group was acquired and shortly thereafter the Company completed the acquisition of the car seat and stroller division of Recaro. While continuing to focus on innovation, Artsana is looking to further strengthen its international presence, especially in China and the US, and to expand its product/brand offering. The Company is progressing on the execution of their sustainability programme, which includes activities such as sustainable sourcing, traceability, resource efficiency among other topics.

Artsana’s baby care products are enjoyed around the world.

www.artsana.com
Jacuzzi Brands is a leading global manufacturer of premium spas and related wellness products, founded in 1956 by an Italian family and with its main European manufacturing plant in Italy near Pordenone. Jacuzzi Brands LLC (“Jacuzzi”) is a global manufacturer of wellness products, including spas, swim spas, saunas, bathtubs, showers and related bathroom products and accessories. The Company operates under multiple brands, including Jacuzzi®, Sundance®, Dimension One Spas®, Hydropool® and ThermoSpas®. The Company’s flagship brand, Jacuzzi®, is the most recognised in the world for spa and hydrotherapy bathing.

Investindustrial identified Jacuzzi as an opportunity to relaunch a global design brand in the spas segment. The management is currently working to implement the long-term business plan. The current business plan is focusing on the following main pillars: i) establishing industry-leading excellence in product quality across the manufacturing organisation; ii) defining a new brand architecture to differentiate Jacuzzi Brands’ products and new marketing strategies that drive consumer awareness and generate leads for dealers; iii) creating a distinct, direct to consumer, e-commerce platform serviced from within the Company; iv) developing innovative and consumer-driven products also through marketing and product design partnerships; v) investing in the dealer program to optimise the in-store experience while growing the dealer network to fully meet demand in well-covered and under-penetrated markets; and vi) consolidating operations into a regional and product focused manufacturing footprint. This strategic support in developing and executing the growth strategy of the Company has been crucial since its entry in Jacuzzi. In particular during the pandemic, the responsible investment approach of Investindustrial has allowed us to emerge from this period as a stronger and leaner organisation.

Jacuzzi Brands showed strong resilience, and consumer demand throughout the pandemic.
Dispensa Emilia
Fredounded in 2004, Dispensa Emilia is a high-quality, Italian, casual restaurant group, with a food offering mainly focused on the "tigella", a thin round bread of the Emilian tradition. Dispensa Emilia directly manages 19 restaurants in Northern Italy, of which nine are in the Emilia-Romagna region, eight in Lombardy, one in Tuscany and one in Veneto. Twelve restaurants are located inside shopping malls, four are high street locations, one is a free-standing building in a retail park and two are travel retail locations. The Company provides a healthy extensive menu including tigella (33% of sales), salads (26%), pasta (19%), beverages (16%) and other, such as fruit and coffee (6%). Additionally, customers can purchase its products through "La Bottega", a corner grocery store located inside the restaurants. Restaurants offer breakfast, lunch, dinner and all-day snacking (lunch accounts for approximately 60% of sales). Notwithstanding the COVID-19 crisis, Dispensa Emilia remained committed to its expansion plan. After two new openings in Q3 2020, Investindustrial became the largest shareholder in Knoll

Knoll
Founded in 1938 in New York City and listed on the New York Stock Exchange, Knoll (NYSE:KNL) is an iconic brand and one of the market leaders in high-end commercial and residential furniture market in North America. Knoll has a long heritage of iconic design: it is well known for furniture pieces such as the TULIP Chair by Eero Saarinen, Barcelona Chair by Ludwig Mies van der Rohe, or the WASSILI Chair by Marcel Breuer. Many of the company’s products are on permanent display at the Museum of Modern Art in NYC. Knoll has over 3,000 employees, is headquartered in East Greenville, Pennsylvania, and has manufacturing sites in North America (East Greenville, Grand Rapids, Muskegon and Toronto) and Italy (Foligno and Graffignana). After an initial equity investment at the beginning of 2020, Investindustrial became the largest shareholder in Knoll through a convertible, perpetual preferred investment. Knoll has the opportunity to capitalize on the increasing importance of design in the way we live and work and to play an important role in a consolidating industry.

Morgan Motor Company
Founded in 1909 by Peter Morgan, Morgan Motor Company is an independent premium British sports cars manufacturer that hand-builds to order sports cars with an iconic, “classic” look and a chassis partially comprising the Company’s traditional ash-wood structure. Morgan has a loyal and active owners’ community of “Moggies” with more than 5,000 members and 50 clubs globally. Its products, also comprising a 3-wheeler, are positioned in a niche segment of the automotive sector with limited competition, given Morgan is the only manufacturer of modern cars with a classic look to have a strong brand heritage and a global distribution network. In 2020, Morgan Motor produced 652 vehicles which were sold through a global network of approximately 65 dealers across the UK (24% of vehicle sales), Europe (52%), USA (5%) and the rest of the world including Japan and Australia (9%). On March 2020, Morgan Motor launched its all-new Plus Four model car based on the new CX architecture following the launch of the Plus Six in 2019. This new model is expected to form the bedrock of Morgan Motor’s new product range, replacing the previous Plus Four and Roadster models which are being discontinued in 2020. One new car model is expected to be launched in 2021. In addition, Morgan Motor is replacing its 3-wheeler with a new model to be unveiled later in 2021. The Company is headquartered in Malvern, UK, where it continues to manufacture cars at its historical facility opened in 1914, which attracts approximately 30,000 visitors each year.

OKA
The Company is renowned for creating interior designed homes featuring curated collections of British designed furniture and home accessories. OKA’s philosophy centres on the entire finished article, the ‘room set’, which combines not only the larger furniture pieces but also a rapidly growing home accessories collection that brings a room to life. OKA has a strong omnichannel direct to consumer offering. The destination retail portfolio of 14 strategically placed showrooms is supported by a successful interior design service, a well-established online platform representing, after the 2018 acquisition of Wisteria, a Dallas (TX, USA) based traditional furniture and home décor brand, more than 50% of sales, a strong mail order catalogue offering and a complementary trade division. The strength and resilience of the Company’s business model is underpinned by its established brand and design-led reputation for developing and curating a range of high-quality lifestyle interiors. OKA is investing to further increase its digital presence, to improve the customer experience, and to successfully grow sales on both its own website as well as on select third-party platforms. The online channel has performed strongly and supported the group’s performance during the COVID-19 outbreak. In 2020, OKA successfully ramped up its plan to roll-out its business model in the attractive U.S. market. The e-commerce channel will continue to be the key pillar of the 100% direct to consumer omnichannel strategy and will be supported by a select number of experiential showrooms in the major U.S. cities. The first U.S. retail store opened post year end in Houston.
**Sergio Rossi**

Sergio Rossi is a prominent Italian luxury footwear brand, long known for its high-quality production. The Company has built its credibility on its unique craftsmanship and on the creativity that characterises its designs. Sergio Rossi has a significant international presence across EMEA, South East Asia and Japan with 68 stores (a mix of directly operated stores and franchised stores). Sergio Rossi has a modern and best-in-class factory located near Rimini on the north-eastern coast of Italy (within an industrial region with a very strong shoemaking heritage). After the acquisition by Investindustrial at the end of 2015, a new management team was recruited as part of the brand re-launch and repositioning strategy. The Company is now focused on successfully implementing this strategy of international brand repositioning and sales growth. By opening new flagship stores globally including Mount Street in London, Madison Avenue in New York and prior to that in Rome, the Dubai Mall, a concession at Bloomingdale’s in NYC and three new franchised stores with LuxBa in China as well as several in-store activities and events including pop-up shops in Shanghai, Beijing and Los Angeles, it continues to strengthen its commercial network.

**Design Holding**

Design Holding is the largest design group in Europe and one of the largest in the world. Investindustrial led the consolidation of the high-end design market bringing together a collection of powerful and complementary brands to create Design Holding. The initial Investindustrial investments in Flos (2014), B&B Italia (2015) and Louis Poulsen (2018) resulted in the creation of the group. Investindustrial has supported each of these companies in driving growth through strategic acquisitions, such as Arclinea (a high-end Italian kitchen brand), Lukas Lighting (a New York-based customised lighting company), KXDC (sole distributor in France for high-quality linear LED products and solutions) and Arco (a premium Italian outdoor lighting company). Design Holding as a platform is well-positioned to further consolidate the design space through additional acquisitions, generating meaningful synergies between the companies and attracting talent to all of the companies. Today, Design Holding benefits from strong relationships with more than 100 renowned product designers, fostering continuous design innovation across the product portfolio. Through this network, Design Holding can access the hospitality and residential contract business by creating a one-stop-shop for complementary, high-end luxury design products and by addressing the sector’s emerging sustainability trends. Investindustrial also sees a significant growth acceleration opportunity for Design Holding through digitisation and international e-commerce roll-out for each of the companies. Specifically, Investindustrial sees Louis Poulsen’s direct online offering rolling out globally and Flos rolling out its platform across Europe. Post-year end Design Holding entered into an agreement to acquire YDesign Group, LLC a US-based leading online retailer of high-end, modern lighting and home furnishings.

**Design Holding**

B&B Italia | Maxalto | Azucena | Arclinea | Flos | Louis Poulsen | YDesign Group

www.designholding.com
www.flos.com
www.louispoulsen.com
www.bbeitalia.com
www.maxalto.it
www.azucena.it
www.arclinea.com
www.ydesigngroup.com

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Catalina chairs, designed by Luigi Caccia Dominioni one of the most iconic Italian designers and a prominent ambassador of the Italian architectural heritage, are produced and marketed by Design Holding.
HEALTHCARE & SERVICES

The Healthcare & Services sector comprises the following six companies:

- **Campus Training**, a leading Spanish vocational education provider
- **GeneraLife**, European operator in fertility treatments
- **HTG**, European ambulance services business
- **Lifebrain**, medical and specialty laboratory testing operator
- **MTD**, manufacturer of self-medication products and medical devices
- **Procemsa**, Italian producer of nutritional supplements

**SALES (%)**

By segment
At year end 2020, six segments represent Investindustrial’s Healthcare & Services sector.

- **Medical Laboratories** 32.3%
- **Self-Medication and Medical Devices** 29.4%
- **Emergency Transport Services** 22.6%
- **Fertility Treatments** 6.3%
- **Vitamins and Food Supplements** 6.0%
- **Vocational Education and Training** 3.3%

**SALES (€m)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Laboratories</td>
<td>468</td>
<td>517</td>
<td>637</td>
</tr>
<tr>
<td>Self-Medication and Medical Devices</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Emergency Transport Services</td>
<td>10,429</td>
<td>10,673</td>
<td>11,085</td>
</tr>
<tr>
<td>Fertility Treatments</td>
<td>10,429</td>
<td>10,673</td>
<td>11,085</td>
</tr>
<tr>
<td>Vitamins and Food Supplements</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Vocational Education and Training</td>
<td>32.2%</td>
<td>21.2%</td>
<td>19.2%</td>
</tr>
</tbody>
</table>

**EBITDA (€m)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Laboratories</td>
<td>93</td>
<td>110</td>
<td>122</td>
</tr>
<tr>
<td>Self-Medication and Medical Devices</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Emergency Transport Services</td>
<td>6%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Fertility Treatments</td>
<td>2.5%</td>
<td>1.6%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Vitamins and Food Supplements</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Vocational Education and Training</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
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</table>

**EBITDA MARGIN (%)**

<table>
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<tr>
<th>Segment</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Laboratories</td>
<td>20.2%</td>
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<td>19.2%</td>
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<tr>
<td>Self-Medication and Medical Devices</td>
<td>2018</td>
<td>2019</td>
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<td>2.5%</td>
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<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Vocational Education and Training</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
</tbody>
</table>

**EMPLOYEES (nr.)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Laboratories</td>
<td>10,429</td>
<td>10,673</td>
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<td>Emergency Transport Services</td>
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<td>3%</td>
</tr>
<tr>
<td>Vocational Education and Training</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
</tbody>
</table>

**2020 MAIN EVENTS IN HEALTHCARE & SERVICES**

During 2020, Investindustrial completed a new investment in the platform company Campus Training, a leading Spanish vocational education provider, and 11 add-ons were executed across most of the existing platform companies.

**Campus Training**

Founded in 2010, Campus Training is a leading Spanish vocational education provider. The Company offers more than 200 courses in general professional training, preparation of public services admission tests and vocational education certifications, including internships and other secondary education. Campus Training provides professional training services in sectors such as healthcare and public administrations, and also through dedicated brands: new technologies (Tokio brand: www.tokioschool.com), audiovisuals (35mm brand: www.35mm.es), and animal care (Nubika brand: www.nubika.es) or health and sports (CEMP brand: www.cemp.es). Campus Training is a high-quality company and one of the largest players in Spain in the online segment with more than 14,000 students every year, which is complemented by 30 training centres across 20 provinces in Spain. The Company is headquartered in La Coruña (Spain) and employs approximately 400 people. Investindustrial invested in the Company at the end of 2020.

**GeneraLife**

GeneraLife, the reference name for the investment platform in the fertility treatments industry that Investindustrial is currently developing, is one of the largest groups of fertility clinics in Europe, with twelve clinics (and multiple satellite and consultation centres) across four countries: Spain (Madrid and Barcelona), Italy (Rome, Turin, Florence, Naples, Vicenza and Perugia), Czech Republic (Prague, Karlovy Vary and Znojmo) and Sweden (Uppsala). The group carries out more than 15,000 fertility and non-fertility treatments per year and employs more than 350 doctors and other healthcare professionals. GeneraLife is led by CEO Marcos Bueso and Medical and Scientific Directors Laura Renal and Filippo Ubaldi, two of the most internationally recognised doctors in the assisted reproduction industry. Following the initial acquisition of Ginefiv (Spain) in April 2019 and FertiCare (Czech Republic) in August 2019, the Group has been particularly active during 2020 in the execution of its pan-European build-up strategy with the entry in Italy (Europe’s fastest growing market; with the acquisition of Genera has established the largest Group of private fertility clinics in the country) and Sweden (with the acquisition of Carl von LinneClinics).
Case Study

LIFEBRAIN

A well-established Italian laboratory diagnostics operator

Lifbrain, founded in 2013 by Prof. Michael Havel and Bernhard Auer, is the largest Italian player in clinical laboratory testing by number of locations, having acquired and integrated over 200 companies since its inception.

Lifbrain is a leader in the routine and specialty medical laboratory testing business in Italy. The Company comprises two main areas of business: the laboratory diagnostics business and the food & environmental testing business. The product portfolio of Lifbrain includes seven main segments in the field of laboratory diagnostics services: clinical chemistry, hematology, immunochrometry, microbiology, molecular biology, cytology and pathology. Lifbrain owns and operates approximately 350 laboratories in Italy, performing more than 28 million tests annually. Furthermore, at its core, Lifbrain is predisposed to contribute positively to the global challenges posed by the Sustainable Development Goals (SDGs) by providing health and environmental services designed to meet the needs of individuals and the collective public. In doing so, the Company actively supports SDG 3, Good Health and Well-Being, SDG 6, Clean Water and Sanitation, and SDG 9, Industry, Innovation and Infrastructure and is considered a Sustainable Development Investment (SDI) by Investindustrial (see page 77 for further details on SDIs).

The Company offers a wide spectrum of core laboratory diagnostics services, from routine to specialised tests, performing tests for the private and the public sectors with B2B (e.g. hospitals or other laboratories) and B2C end clients (i.e. individual patients). The strong focus on laboratory diagnostic services as the core business, allows the Company to simplify the organisational structure ensuring operational efficiency and maximising the synergy potential.

Buy-and-build: a strategy deeply rooted within Lifbrain’s DNA

Since its establishment, Lifbrain’s focus has been on implementing a successful buy-and-build strategy in the highly fragmented Italian market, driving industry consolidation. The Company has been able to become the number one player by number of laboratories over the last four years, with approximately 5% market share.

Investindustrial’s expertise is increasing Lifbrain’s operational scale & scope

Investindustrial’s investment allows Lifbrain to further accelerate the rapid pace of consolidation in the Italian laboratory diagnostic market, to serve a growing customer base with its cutting-edge services. At the same time, Lifbrain will continue to focus on optimising its services and increasing its operational efficiency to strengthen its current position as a preferred partner in laboratory services – providing an effective solution to budget constraints in the national healthcare system. During the pandemic, Lifbrain confirmed its market leadership by being among the first private players to provide COVID-19 screening tests to hospitals as well as its serological tests.

Lifbrain’s acquisition pipeline continues to expand into the fast-growing environmental and food testing sector. Lifbrain has completed 57 small-sized acquisitions from the entry of Investindustrial in 2018. They total an enterprise value of approximately €219 million and cumulative EBITDA post synergies of approximately €30 million. Furthermore, management is currently carrying out due diligence activities on more than 15 additional targets, most of which are in an advanced stage of negotiations and are expected to be completed in the coming months. In the strongly fragmented Italian market, the overall acquisition pipeline continues to be strong for Lifbrain.

Having spotted significant consolidation opportunities in the European laboratory testing business, Investindustrial invested in Lifbrain in 2018.

Investindustrial is the ideal investor for Lifbrain. The Firm’s experience and support will be crucial to consolidate our presence in the Italian market in addition to expanding our business model internationally through a programme of acquisitions while continuing to improve the quality of services offered to our customers.”

Lifbrain 2020 EBITDA Margin

Sales growth 160%

EBITDA growth 206%

DEVELOPMENTS SINCE ENTRY 1 - 2 - 3

1 EBITDA figures are presented on a run-rate basis including the full impact of synergies to be realised on all the targets signed until the end of the relevant period.
2 2017 figures are presented on a pro forma basis including the contribution of 2017 results of the targets signed in H1 2018.
3 2016 and 2019 EBITDA include IFRS 16 adjustments.
MTD
Medical Technology and Devices (“MTD”) is the Company resulting from the combination of HTL Strefa and PIC, the self-medication business spun-off from Artsana in 2018. PIC is a leading manufacturer of self-medication products including diabetes pen needles, venepuncture and dressing products, blood pressure monitors and thermometers based in Italy. HTL is a leading global provider of proprietary capillary blood sampling and hypodermic injection devices, with a core expertise in safety devices. The combination of HTL’s long-standing med-tech heritage with PIC’s well-known consumer health DNA allowed Investindustrial to build a recognised international leader in the diabetes management and self-care devices markets. The Company, headquartered in Switzerland, offers a wide spectrum of highly specialised diabetes management devices across consumer and professional healthcare channels, distributed globally and as such, is in direct support of SDG 3, Good Health and Well Being, and is considered a Sustainable Development Investment (SDI) by Investindustrial (see page 77 for further details on SDIs). The Company also benefits from complementary R&D, commercial and manufacturing capabilities. HTL’s relationships with pharma companies and strong presence in the OEM market, combined with PIC’s knowledge of the retail market and presence in the Italian pharmacy channel allow the Company to further consolidate its market leadership.

www.mtdglobal.com

Procemsa
Founded in Turin in 1939, Farmaceutici Procemsa (“Procemsa”) specialises in contract development, manufacturing and packaging (“CDMO” or Contract Development and Manufacturing Organisation) of vitamins, food supplements, proprietary formulations classified as medical devices and cosmeceuticals for third parties. At the end of 2020, Procemsa strengthened its leadership in the Italian CDMO market through the acquisition of Officina Farmaceutica Italiana (“OFI”), a leading developer and manufacturer of cosmetics, medical devices and nutritional supplements based in Bergamo. In addition to the CDMO activity, OFI operates three own brands, accounting for approximately 10% of its total sales. Procemsa and OFI (or the “Group”) offer their clients best in class R&D capabilities to develop tailored made products and a broad innovative proprietary offering. The Group’s products are distributed worldwide (~50 countries) with most of the sales generated outside Italy. The Group’s client portfolio includes leading multisnationals active in the pharma, personal care and well-being industries with whom the Group enjoys excellent relationships. The Group employs approximately 185 people, of whom 106 are in industrial operations and maintenance departments, distributed across four manufacturing plants, and 34 in the R&D and quality control departments.

www.procemsa.it

HTG
HTG, the combined Company following the merger between Emeru and Ambulibérica, is the largest provider of outsourced mission-critical ambulance services in Spain now rebranded as the number two in Europe also with an operational presence in Portugal and the UK and with a total fleet of approximately 2,800 vehicles and 6,200 employees. The Company provides emergency and scheduled patient transportation services for Spanish regional governments and the British National Health Service under a portfolio of more than 50 long-term contracts ranging from four to 10 years that represent over 90% of the Company’s total sales as well as for private customers predominantly in Spain and the UK. HTG is the leader in patient transportation, with the fleet equipped with the latest dispatching, communications and tracking technology. The Company handles all stages of the process: call handling, resource planning, staff training, scheduling and delivery of emergency, urgent and non-emergency patient transport services. Working in partnership with a wide range of public entities, trusts, hospitals and private clinics, the Company has considerable experience of developing patient centric frameworks that deliver service excellence. Following the merger, the new Company has a more diversified contract portfolio, and additionally, this has enhanced the Company’s position as a leading provider of mission-critical ambulance services in Europe.

www.htgroup.es

Health Transportation Group

Procemsa has recently strengthened its leadership in the Italian CDMO market through the acquisition of Officina Farmaceutica Italiana, a leading developer and manufacturer of dermo-cosmetic and nutritional supplements.

MTD was born out of the merger between PIC and HTL-Strefa. MTD is a global leader in the self-medication sector.

HTG is a leader in patient transportation and is equipped with the latest technology.

Procemsa has a broad innovative proprietary offering.
TECHNOLOGY

Accelerating technological and digital change

Scalable technology is and will continue to be a powerful tool for portfolio companies to accelerate internationalisation, and a disruptive force for those not adapting. Investindustrial is taking a proactive approach to capturing the benefits of technological innovation to drive value across new and existing portfolio companies through dedicated investment and business development teams.

Particularly post COVID-19, consumer behaviour is fundamentally changing and driving a “new normal” across sectors, and technology will be at the core of this shift as an accelerator or enabler of businesses. This digital transition has been a key value driver across Investindustrial’s portfolio companies in recent years, with an even more concerted effort being made today to drive revenues through online channels, particularly in the consumer facing businesses (see pages 66 and 67 for further details). In the long-run, technology will power and transform all industries, and therefore continues to be a critical value creation lever.

Investindustrial is seeking new investment opportunities as well as benchmarking of digital strategies and add-on acquisitions. The technology investment strategy is in line with the core DNA of Investindustrial: identify high-quality business models with robust downside protection, invest in high-quality management teams with a growth mindset, and implement targeted value creation initiatives to create sustainable value. The focus is on scaled, high-quality, and market leading companies with durable compounding growth potential operating in the internet, software, data & tech-enabled services sectors.

The technology sector team further strengthens the pool of resources which Investindustrial can provide to portfolio companies to support sustainable industrial and international growth and is fully integrated into investment processes and post-acquisition plans of all portfolio companies.

For OKA, the leading British interior design brand, the online channel today represents the majority of sales.

Post-year end Design Holding acquired US online retailer YDesign

Campus Training is a fast-growing provider of on-line education and vocational training.
DIGITISATION

Digitisation is often referred to as the Fourth Industrial Revolution and is certainly a mega-trend in its own right given its capacity to revolutionize the way companies operate and connect with their customers as noted in the preceding pages. At Investindustrial, digitisation is also seen as a driver in achieving desired value creation and sustainability outcomes as it is not only a necessity for the transition to a decarbonizing economy (Internet of things, clean technologies, etc.) but also in helping to advance on the UN SDGs in the form of e-health services, robotics, educational devices and much more. Additionally, it is a vital tool for business transformation, not only in terms of customer alignment as mentioned, but also in delivering on sustainability objectives through improved operational efficiencies (reduced energy consumption, waste, emissions, etc.). These qualities are best exemplified through the following portfolio company initiatives.

During the COVID-19 pandemic, Della Toffola accelerated their digital transformation by designing a virtual showroom aimed at showcasing their products to customers and prospective new leads. This initiative, which was pioneered in Italy and then scaled up across other geographies, allowed the Company to overcome its limitation in reaching customers through traditional means (e.g. fairs, meetings, ...), whilst enhancing the overall customer engagement experience. As part of the virtual showroom, selected Della Toffola machineries were digitalized and embedded into a 1000 sqm virtual environment. Through pixel streaming technologies, not only were Della Toffola Customers able to enjoy the experience via their web browser but also the Company was able to provide a more dynamic product presentation by featuring specific mechanical and functional details whilst allowing the customer to customize their viewing according to their needs. The experience was also augmented with live discussions with company sales representatives providing detailed expert information to customers.

At Jacuzzi, the energy efficiency of their products is largely dependent on how consumers use them. As such, the Company is continually developing educational materials for consumers to help them understand the most effective ways to reduce energy consumption associated with their Jacuzzi products, including through their SmartTub™ app. Using a patented, cellular-based communication functionality, this product upgrade provides consumers with daily, weekly, and monthly snapshots of energy use and enables them to remotely adjust the temperature of their spa, avoiding unnecessary heating. Jacuzzi also provides consumers with a monthly diagnostic email outlining their past and projected energy use and includes links to resources for reducing energy consumption if a consumer’s projected energy consumption is above average. In addition to these proactive features, a section of the app is dedicated to educational materials about energy consumption for consumers to explore. In 2021, we will add a feature to show SmartTub™ app users their energy consumption converted into greenhouse gas emissions, to help consumers further understand their product use footprint.

As noted, digitisation is occurring across the portfolio and includes portfolio company initiatives such as OKA’s Digitisation Plan launched in 2020. This Plan aims to create a technology platform to accelerate the brand elevation from a marketing and product perspective, by enhancing the customer experience through a single platform that allows OKA to better capture customer insights to deliver a more tailored service and bespoke messaging. Additionally, Artesia has created an International open innovation platform dedicated to the world of design, involving a wide range of users to reach different profiles with very different experiences, cultures and professional skills, including designers, architects, engineers and creatives from all over the world. Finally, similar to other companies in 2020, Neolith launched virtual showroom visits as well as exhibitions with the Six-S collection and created an augmented reality app.
REAL ASSETS

Investindustrial has been active in real assets through its multi-strategy Endowment Fund, established in 2003. Real Assets is further divided into Real Estate and Sustainable Infrastructure.

Sustainable Infrastructure

There is a large opportunity set of asset-based investment opportunities benefitting from operational improvement. Within that, Investindustrial is focused on selectively investing in European mid-market targets with a distinct sustainability feature. Some key features of these investments include resilient cashflows, strong asset backing and a partnership with proven operators. Sectors of focus are renewable energy, logistics, communications & data storage, resource-efficient agriculture, and healthcare infrastructure, all providing long-term societal benefits.

An example of Investindustrial’s ownership of a significant sustainable infrastructure asset is PortAventura, Europe’s second largest destination resort.

Endowment

The BI-Invest Endowment Fund was established in 2003 and pursues a multi-strategy investment approach, including opportunistic longer-term real assets investments. The BI-Invest Endowment Fund acts as the sponsor and cornerstone investor to all Investindustrial programmes.

Real Estate

Investindustrial is a part owner and investor in BauMont, an independent real estate investment firm. BauMont’s partners have successfully managed investments through several cycles and have together over 100 years of industry experience. BauMont’s investment strategy covers Western Europe with a focus on France and the UK. It seeks to generate attractive returns by acquiring real estate assets where value can be created through intensive asset management and unlocking arbitrage opportunities. BauMont’s experienced investment team has an extensive network of relationships, providing access to a wide range of investment opportunities in the office, retail, industrial and residential real estate sectors.

Sustainable infrastructure

The investment thesis of PortAventura is classified as sustainable infrastructure given its significant asset-backing, revenue visibility and sustainability leadership.

The investment in PortAventura World is classified as sustainable infrastructure given its significant asset-backing, revenue visibility and sustainability leadership.

PortAventura World, with approximately 5 million visits per year is located in the heart of the largest single tourism destination in Southern Europe spanning 816 hectares and catering to the whole family. It covers the full spectrum of entertainment and hospitality comprising six themed hotels, two theme parks, a water park, and a convention centre with 5,500 seats. PortAventura World is Europe’s second largest resort and theme park by number of hotel rooms (2,230 rooms). Its location by the beach, an hour south of Barcelona, benefits from privileged connectivity, well-developed infrastructure and attractive weather conditions. PortAventura has achieved approximately 90 million visits since its opening in 1995. In recent years the

Company has implemented a development strategy based on product innovation (the sole Ferris wheel theme park in Europe, a new aquatic park, Costa Caribe, a new kids’ area, Sesamo Adventure, the tallest rollercoaster in Europe, Shambhala, and the longest boat ride circuit in Europe, Arabian), a new marketing strategy focused on traditional values, entertainment and family, and improvement of operational efficiency driven by a strong command and understanding of sustainability factors and well thought through executable strategy.

In PortAventura World’s Sustainability Strategy, one of the focal points under the environmental pillar is the low-carbon energy transition of the Company. This transition seeks to establish a renewable, clean and decentralised energy model that reflects the decarbonisation of the energy sector and is aligned with the Spanish and European energy strategies (i.e. the Europe 2020 strategy includes a target of reaching 20% of gross final energy consumption from renewable sources by 2020, and at least 27% by 2030).

When considering how best to approach their energy transition, PortAventura World recognised that the resort is ideally positioned to pursue a solar photovoltaic solution. This was in part due to an excess of unused land, up to 60 hectares, as well as an abundance of sunshine during the resort’s operating months. The photovoltaic plant will cover 89,000 square metres, or roughly the size of 14 football fields. The 7.5 MW plant, which will be the biggest in a European resort, will contain 22,000 solar panels and will provide up to a third of the resort’s electricity consumption needs per year. The annual energy savings of the project is expected to be significant with a ROCE of 20%. In terms of avoided tonnes of carbon emissions, this is estimated to be 4,000 annually or the equivalent of planting 930,000 trees throughout the life of solar plant.

More recently, PortAventura World has installed 36 electric vehicle charging points with plans to expand.

As a leader in Sustainability amongst European resorts, PortAventura is proud to reach yet another milestone for both our company and community. Solar power not only makes sense given our location, but it is value accretive both in the short term, and longer term in terms of energy security and environmental stewardship.

ESG Director
RESPONSIBLE INVESTMENT APPROACH

Responsible investing is integrated throughout Investindustrial’s investment process from pre-investment, post-investment to exit.

Investindustrial follows a systematic approach to incorporating sustainability throughout the full deal cycle, from pre-investment activities through the post-investment holding period and exit. The driving factor behind this approach is to maximize stakeholder value by identifying material risks and opportunities associated with sustainability issues and to allocate the appropriate attention and resources needed to resolve any risks or capitalise on potential opportunities. This approach is underpinned by our Responsible Investment Policy and Environmental, Social, Governance Policy, first issued in 2009. Both policies were reviewed and updated in 2020, to reflect emerging ESG topics and trends and our increased maturity in managing ESG issues and responsible investment.

Investindustrial’s Sustainability Team works closely with the Advisory Teams to support them in pre-investment and exit activities. The combined impact of sustainability, climate, governance and corporate culture initiatives on the value of each portfolio company is assessed against revenue, cost, risk and reputation. During the post-investment holding period, Investindustrial’s Sustainability Team continues to work closely with the Advisory Team on sustainability matters and provide support to portfolio companies as they adopt Investindustrial’s sustainability approach and integrate it into their own (see Investindustrial Sustainability Framework opposite).

Growth and Profitability

Most sustainability initiatives undertaken by portfolio companies can be tied to quantitative metrics, such as direct and indirect costs reduction. These initiatives will have a defined business plan with ROI projections and the savings from these projects can be tracked quarterly. As for new products and services that are derived from a sustainability initiative, their impact can be tracked traditionally by monitoring revenue improvement.

Risk

Other initiatives’ impact can be measured based on de-risking the organisation from liabilities and potential fines or making the business more resilient.

Reputation

Many initiatives can be tracked by assessing intangible outcomes, such as influencing the company culture and business practices through indirect business metrics like improved staff retention or reduction in accidents and injuries.

Vision, Mission, Strategy

- Publish a CEO statement and commitment.
- Complete a materiality assessment.
- Develop a sustainability strategy focused on the company’s material issues.

Memberships and Certifications

- Become a signatory to the UN Global Compact and local chapters.
- Support the UN Sustainable Development Goals (SDGs).
- Pursue the relevant certification programs (i.e. Fairtrade, Cradle to Cradle, UTZ).
- Become a B-Corporation.

Financial & Operational Monitoring

- Monthly financial monitoring.
- Balance sheet optimisation.
- Cash flow advisory services.
- Procurement and supply chain management support.
- Cost rationalisation.
- Sustainable value creation.

Portfolio Companies

Active Participation

- Representatives attend and participate in annual sustainability summits.
- Representatives participate in quarterly sustainability calls.
- Representatives participate in the relevant industry initiatives (i.e. Bangladesh Accord, Made in Italy).

Establish Committees / Key Roles

- HSE / Environmental Manager(s).
- Sustainability C-suite Executive.
- Sustainability Committee.
- Board responsibility on sustainability.

Reporting

- Publish an Annual Sustainability / Progress Report.
- Publish an Annual Financial Report.
- Develop company-specific sustainability objectives and targets (including science-based carbon emissions targets and sourcing 100% renewable electricity).
- Annual ESG reporting.
- Quarterly ESG reporting including GHG emissions.

Governance

- Code of Conduct / Ethics.
- HSE and Environmental Policies.
- Corporate Governance.
- Diversity and Equal Opportunity Policy.
- Whistle-blower Policy.
- Anti-corruption Policy.
- Supplier Code of Conduct.
- Supplier Audits.

1. www.investindustrial.com/social-responsibility/responsible-investing/Principles-for-Responsible-Investments.html
Investindustrial promotes a culture of working together to share experiences and best practices across the Firm, and the portfolio companies in order to learn from each other as well as from subject matter experts.

One of the key ways that knowledge is exchanged is through Investindustrial’s established Portfolio Company Sustainability Summit series. Annual summits include forums on sustainability, legal and compliance, financial and cyber security and are attended by the relevant professionals from each of the portfolio companies (i.e. CFOs, Legal Counsel, Sustainability Representatives, CIO/CTO).

**Sustainability Summit**

In 2020, Investindustrial held its fifth Sustainability Summit. Due to COVID-19 restrictions, the event took place online for the first time, involving 300+ representatives from portfolio companies, investors, and our employees including the entire senior management team.

The event began with an introduction from Investindustrial’s Chairman, who presented the Firm’s views on climate, sustainability strategy and objectives, and diversity. This was followed by a panel discussion between Investindustrial’s Senior Leadership sharing their insights on how sustainability issues have become a key value driver at Investindustrial from pre-investment through to exit and what this means more tangibly in their home markets. The panels also addressed the evolving impact sustainability has on access to capital and talent and how Investindustrial has positioned itself to capitalise on both.

NYU Stern’s Centre for Sustainable Business (CSB) presented their research on the correlation between ESG and financial performance. They introduced their sustainability monetisation framework (RSM), and shared examples of sustainability-driven value creation. The agenda then moved on to sharing best practices with presentations given by Nana, DNA and Design Holding’s Louis Poulsen.

**Quarterly Webinars**

Throughout the year, Investindustrial ran a series of webinars focused on key sustainability topics. This year the sessions, which are facilitated by external experts and aimed at portfolio company representatives, covered health and safety at work during the COVID-19 pandemic.

Previous topics have included climate change and setting science-based targets, human rights in the supply chain, and health & safety. We plan to continue this webinar series in 2021.

**Sustainability Training**

Investindustrial’s employees and portfolio company ESG representatives have been given the opportunity to take an online, certified Sustainability Course from NYU Stern’s Center for Sustainable Business. This is a 15-week sustainability course which includes a mix of readings, videos, lectures, and exercises organised around various sustainability topics with student networking and interaction available via an online forum and lectures. The first intake of Investindustrial’s employees and portfolio company representatives, 25 people in total, completed this course in May 2021, with a second intake scheduled for the autumn of 2021.

1 www.stern.nyu.edu/experience-stern/about/departments/centers-initiatives/centers-of-research/center-sustainable-business

Investindustrial has an established track record of responsible investing. We are proud of the milestones achieved over two decades and continue to prioritise ESG and sustainability throughout the investment cycle. Incorporating ESG and sustainability considerations into business decisions is essential to create long-term value and to develop a sustainable strategy for our portfolio companies.

In 2008, Investindustrial was the first private equity firm with a focus on Southern Europe to become a signatory to the UN’s Global Compact (UNGC), thus making a commitment to doing business responsibly and aligning company strategies and operations with ten Principles on human rights, labour, environment and anti-corruption. Each one of Investindustrial’s portfolio companies are advised to become signatories to or participants of the UNGC within the first three years post acquisition.

In 2009, Investindustrial became a signatory to the Principles for Responsible Investment (PRI) and continues to fully support the PRI’s agenda and implement its six Principles. Once again in 2020, Investindustrial scored a top rating of AA/ A+ in the annual PRI assessment.

Investindustrial adheres to independent, universally recognised frameworks in its approach to responsible investment decisions, and takes a collaborative approach to addressing emerging sustainability issues.

Investindustrial became a certified B Corp™ for the first time in 2020, achieving the highest certification score of any private equity buy-out firm. This is recognition of our relentless focus on sustainability and our approach to building better companies. Post-year end, Investindustrial is working with selected portfolio companies to explore B Corp™ certification.

In 2020, Investindustrial became supporters of the Taskforce for Climate-Related Financial Disclosure (TCFD) initiative. TCFD aims to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. Refer to page 109 for more information.

In 2020, Investindustrial became a signatory of the PRI endorsed Initiative Climat International (IC) and is actively working with peers on climate action. The IC’s call to action is for the private equity industry to play its part in tackling climate change by leveraging tried-and-tested methodologies to analyse and mitigate carbon emissions and exposure to climate-related financial risks in their portfolios.

Investindustrial also became a signatory of the Climate Action 100+ initiative, which aims to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change. Investindustrial is proud to actively engage with these bodies and believes that public participation and collaboration is essential to drive collective change.

**INDUSTRY ENGAGEMENT**

Investindustrial's UN PRI ANNUAL ASSESSMENT REPORT RESULTS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>STRATEGY &amp; GOVERNANCE</th>
<th>PRIVATE EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>A+</td>
<td>A+</td>
</tr>
<tr>
<td>2019</td>
<td>A+</td>
<td>A+</td>
</tr>
<tr>
<td>2018</td>
<td>A+</td>
<td>A+</td>
</tr>
<tr>
<td>2017</td>
<td>A+</td>
<td>A+</td>
</tr>
<tr>
<td>2016</td>
<td>A+</td>
<td>A+</td>
</tr>
</tbody>
</table>

1 www.bcorpension.net
2 www.fsb-tcfd.org
3 www.climateaction100.org

Participants at the 2019 Sustainability Summit in Copenhagen, Denmark. In 2020, the event took place online.
CONTRIBUTING TO SUSTAINABLE DEVELOPMENT

Sustainable Development Goals (SDGs)
The United Nations adopted the Sustainable Development Goals (SDGs) in 2015, designed to end poverty, fight inequality and injustice, and tackle climate change by 2030. Reaching these 17 goals and 169 targets will take everyone’s contribution – including government, civil society and business. It is indeed recognised that the SDGs can offer companies a significant growth strategy and valuable new market opportunities.

Investindustrial contributes to the SDGs in three ways, through:
- Portfolio companies – many of which report on their contribution to the SDGs can offer companies a significant growth strategy and valuable new market opportunities.
- Investindustrial’s direct operations – we strive to operate in a sustainable manner and our own sustainability objectives directly contribute to the goals; and
- Invest for children and the Investindustrial Foundation – both foundations are committed to making a meaningful contribution to the SDGs.

Sustainable Development Investments (SDIs)
In support of the SDGs, a group of investors turned their attention to define how business can specifically contribute to the Global Goals. In doing so they created the taxonomy of Sustainable Development Investments (SDIs) which relate to investments that meet a set return requirement and support the generation of positive social and/or environmental impact through their products and services, or at times through acknowledged transformational leadership.

Whilst Investindustrial’s investment strategy does not currently target SDIs, contributing to SDGs is core business for several portfolio companies, including those in health and childcare products and services, as well as lighting and infrastructure products, primarily relating to SDGs 2, 3, 4, 6, 7, 9 and 11. Overall, capital invested in an SDI in Investindustrial Group I LP is 28% and 36% of capital invested, respectively, relates to an SDI. In Investindustrial IV Build-Up LP and Investindustrial V LP, 28% and 36% of capital invested, respectively, relates to an SDI. A further overview of SDIs across the portfolio is presented in the table opposite.

INVESTINDUSTRIAL’S CONTRIBUTION TO THE SDGs

INVESTINDUSTRIAL’S SUSTAINABLE DEVELOPMENT INVESTMENTS

<table>
<thead>
<tr>
<th>COMPANY NAME</th>
<th>BUSINESS DESCRIPTION</th>
<th>PRIMARY SDGs</th>
<th>SDG TARGETS SUPPORTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investindustrial IV Build-Up LP</td>
<td>Health Transportation Group</td>
<td>Provider of ambulance services</td>
<td>3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.</td>
</tr>
<tr>
<td></td>
<td>Investindustrial Fund V LP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Artensa</td>
<td>Maternity and childcare products</td>
<td>3.2 End preventable death of newborns &amp; children under 5 years.</td>
<td>4.2 Access to early education.</td>
</tr>
<tr>
<td>Medical Technology &amp; Devices</td>
<td>Provider of blood sampling, injection devices and personal health &amp; diagnostics equipment</td>
<td>3.6 Achieve universal health coverage.</td>
<td></td>
</tr>
<tr>
<td>Design Holding</td>
<td>LED lighting solutions and other luxury interior design furnishings</td>
<td>7.3 Double the global rate of improvement in energy efficiency.</td>
<td></td>
</tr>
<tr>
<td>Investindustrial Fund VI LP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Artensa</td>
<td>Maternity and childcare products</td>
<td>3.2 End preventable death of newborns &amp; children under 5 years.</td>
<td>4.2 Access to early education.</td>
</tr>
<tr>
<td>Medical Technology &amp; Devices</td>
<td>Provider of blood sampling, injection devices and personal health &amp; diagnostics equipment</td>
<td>3.6 Achieve universal health coverage.</td>
<td></td>
</tr>
<tr>
<td>Lifebrain</td>
<td>Laboratory diagnostics service operator &amp; environmental testing sector</td>
<td>3.3 End the epidemics of AIDS, tuberculosis, malaria &amp; other communicable diseases.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>3.5 Prevention and treatment of substance abuse.</td>
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<tr>
<td></td>
<td></td>
<td>3.9 Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution.</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>3.0 Strengthen the capacity for early warning and risk reduction.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.3 Improve water quality.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>9.4 Water infrastructure.</td>
<td></td>
</tr>
<tr>
<td>CEME</td>
<td>Water treatment components</td>
<td>6.3 Improve water quality.</td>
<td></td>
</tr>
<tr>
<td>Design Holding</td>
<td>LED lighting solutions and other luxury interior design furnishings</td>
<td>7.3 Double the global rate of improvement in energy efficiency.</td>
<td></td>
</tr>
<tr>
<td>Jacuzzi</td>
<td>Manufacturer of hydrotherapy products</td>
<td>3.4 By 2030, reduce premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</td>
<td></td>
</tr>
<tr>
<td>Neolith</td>
<td>Manufacturer of sintered stone surfaces and facades</td>
<td>11.6 Reverse the adverse environmental impact of cities.</td>
<td></td>
</tr>
<tr>
<td>Investindustrial Growth LP</td>
<td>GeneralLife</td>
<td>Provider of fertility treatment and reproductive care</td>
<td>3.7 Ensure universal access to sexual and reproductive healthcare services.</td>
</tr>
<tr>
<td></td>
<td>Procemsa</td>
<td>Manufacturer of probiotics, vitamins and food supplements</td>
<td>2.2 End all forms of malnutrition.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.8 Access to safe, quality and affordable medicines.</td>
<td></td>
</tr>
<tr>
<td>Investindustrial Fund VII LP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campus Training</td>
<td>Vocational education provider</td>
<td>4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.5 Eliminate gender disparities in educational and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</td>
<td></td>
</tr>
</tbody>
</table>

1 Investindustrial defines an SDI as an investment in a portfolio company whose main business is contributing to one or more SDGs.
Each year, the materiality matrix is reviewed and updated to ensure that sustainability issues continue to be given appropriate prioritisation based on their relative importance to Investindustrial and to our stakeholders in an ever-changing world.

The materiality assessment is based on the Global Reporting Initiative (GRI) Materiality principle, and continual dialogue with investors. It involves research and benchmarking, a review of each of the portfolio companies own sustainability reports and their identified material issues, and consideration of issues facing the industry, including those relating to the Task Force on Climate-related Financial Disclosures (TCFD), Principles for Responsible Investment (PRI), the UN Global Compact, OECD Guidelines for Multinational Enterprises, and Sustainable Development Goals (SDGs). Assessment findings are subject to internal validation.

Updates have been made to our materiality matrix this year in response to Covid-19 and changing macro-economic issues. A number of social issues have increased in relative importance on the matrix, for example ‘Occupational health & safety’, ‘Employee health & wellbeing’ and ‘Economic contribution’. Portfolio specific topics such as ‘Supply chain management’, ‘Sustainable resource consumption’, ‘Product quality and safety/customer welfare’, ‘Waste and hazardous materials management’, and ‘Water and wastewater management’ have been consolidated under ‘ESG stewardship by portfolio companies’. These topics feature individually in several of the portfolio companies own materiality matrices, many of which are published in their own sustainability reports online. ‘Industry Collaboration on ESG’ has been added as a new material topic this year, as Investindustrial plays a key role within the industry to share best practices, and to help shape a sustainable future.

Investindustrial will continue to review and update its material sustainability issues at least annually as the portfolio and nature of issues are subject to change.

When considering sustainability issues at a macro level, certain megatrends become apparent such as climate change. As viewed by Investindustrial, the significance pertaining to megatrends is to understand the scope, pace and materiality of them on current and future portfolios in order to assess the risks and opportunities at hand. For the Investindustrial portfolio, the megatrends that are most relevant given the Firm’s sector focus are climate change, resource pressure and societal wellbeing. Our response to these megatrends are featured below with examples of how portfolio companies are managing these issues on the following pages. There are a number of additional megatrends which will not be discussed extensively in this report and have featured in previous reports such as Ethics, Corporate Culture, Diversity & Inclusion, Supply Chain and Human Rights. While not discussed here, Investindustrial’s portfolio companies are actively managing these other ESG aspects.
ANNUAL REVIEW & SUSTAINABILITY REPORT 2020

COMBATING CLIMATE CHANGE

Climate change is one of the highest priority ESG issues facing investors, as it poses risks and opportunities in addressing climate-related impacts on business, and in shifting to a low carbon global economy.

Climate change will result in changes to weather, consumer demands and societal expectations, as well as the development of new regulation and technology. To build resilience to climate change and prepare for a low-carbon future, Investindustrial’s Sustainability Team works with portfolio companies to understand the potential impacts of climate change on their entire value chain. The Sustainability Team provides support to reduce or prevent the emission of greenhouse gases, in line with Investindustrial’s climate mitigation strategy detailed below. Responsibility for implementing climate initiatives lies solely with the portfolio company board and management teams.

Climate Change Mitigation
Investindustrial’s comprehensive carbon and climate change mitigation strategy considers both technological and nature-based solutions and follows a three-pronged approach:

1. Reducing carbon emissions at source.
   Since 2016, all portfolio companies have embarked on energy efficiency projects to both reduce operating costs as well as their carbon footprints. All portfolio companies have started work to set science-based carbon targets in line with a global commitment to curb greenhouse gas emissions sufficiently to limit global warming to two degrees or below by 2050.

2. Sourcing renewable and low carbon energy solutions.
   Portfolio companies are encouraged to source low carbon and renewable energy sources via either on-site (e.g. photovoltaic panels) or off-site solutions (e.g. power purchase agreements or green energy supply contracts). The target for 75% of electricity consumption to be sourced from renewable energy across the portfolio by 2020 has not been met (see Sustainability Strategy and Objectives on page 94 and 95) however the goal of reaching 100% by 2025 remains.

3. Offsetting remaining carbon emissions via nature-based climate solutions.
   Investindustrial has been carbon neutral as an organisation for the last 13 years, and its share as an investor in the portfolio companies for the past 5 years. In 2020, Investindustrial became carbon positive across all investments in active funds. See Proprietary Approach to Decarbonisation on pages 84 and 85 for more details.

CARBON INTENSITY

Investindustrial benchmarks portfolio companies’ carbon intensity against industry and market/location-based benchmarks as provided in the graph below. In comparison to MSCI Europe Low Carbon Leaders index most of the portfolio companies outperform these indices as the graph shows. In total, Investindustrial’s portfolio has a weighted average carbon intensity of 45.8 versus the MSCI Europe Low Carbon Leaders index of 67.3. Ultimately, the portfolio companies are driven by their value creation strategy and with this, routine energy and carbon audits are carried out to identify areas of improvement and where possible, low carbon technologies implemented and raw materials replaced resulting in reduced energy and raw material consumption.

Examples overleaf show how companies are putting climate change mitigation into practice.

1 Source of the data: www.msci.com/index-carbon-footprint-metrics. Data used for comparison is taken from April 30, 2020.
2 Weighted average carbon intensity is defined as: TCO2e/$M sales.

SUSTAINABILITY REPORT
CLIMATE CHANGE MITIGATION IN PRACTICE

Portfolio companies across the portfolio are saving energy and costs, increasing resilience and decarbonising their operations.

In 2020, CEME installed twilight sensored LED lights and new skylights in its production plant in order to increase natural lighting and consequently reduce energy usage.

Jacuzzi is working to make their products more energy efficient, as product use accounts for more than 60% of the company’s GHG emissions. In 2020, they began using an EPS foam insulation in their products, which has increased product energy efficiency by 5% and reduced scope 3 GHG emissions. This switch also decreased overall energy consumption at their MOC facility in Mexico, as they were able to reduce the number of machines in operation.

Moving forward, Jacuzzi will transition to using a new insulation, which will further improve the energy efficiency of their products. Jacuzzi has a target to increase this to 50% of spas in the CEC database exceeding those standards by at least 20% by 2025.

Logistics and the transportation of products has a significant environmental footprint and contributes to Louis Poulsen’s climate impact. Design Holding is seeking to reduce the impact of their logistics by optimising transportation. This entails optimising packaging sizes and the number of products transported per cubic metre. They are also striving to select forms of transportation that deliver the lowest carbon output while still considering other business aspects such as service concepts, lead times for customers and cost.

In line with B&B Italia’s commitment to reduce its operational footprint, in 2020, B&B Italia replaced its old air-conditioning system in the Novedrate headquarters with a new generation system that includes a heat pump for the winter season. In addition, old fluorescent lamps were replaced with new LED lamps in the receiving warehouse. Arclinea replaced some production machinery with new cutting-edge technologies characterized by high energy efficiency and digital remote control.

OKA

In pursuit of a low carbon supply chain, OKA replaced its fleet of vans in 2020, selecting new vehicles which have a greater capacity and advanced route mapping to optimise efficiency and will deliver 35% lower fuel consumption.

In 2020, CEME installed twilight sensored LED lights and new skylights in its production plant in order to increase natural lighting and consequently reduce energy usage.

MTD Medical Technology and Devices

MTD is developing a trigeneration plant that will be able to produce combined electricity, thermal energy (hot water for heating) and cooling energy (chilled water for air conditioning or refrigeration) with a consequently high saving of primary energy and associated greenhouse gas emissions. Based on preliminary studies, the trigeneration plant will lead to a primary energy reduction of 6% (around 2,600 MWh) and a related GHG emissions reduction of 1.4%. The expected payback of the investment is less than 3 years.

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Improved energy and resource efficiency initiatives at Polynt Reichhold sites worldwide contribute to energy savings across the Company. Initiatives include the ongoing replacement of traditional lighting systems with LED lighting, upgrading equipment, improved storage insulation and installation of co-generation systems. Approximately 75% of the electrical energy needs of the Scanzorosciate site in Italy are met by two co-generation units.

Sergio Rossi

In line with their commitment of promoting the efficient and responsible use of energy resources in 2020, Sergio Rossi started purchasing electricity certified as produced from renewable sources for all of their Italian facilities and stores. Thanks to this choice and also by taking into account the electricity produced by their photovoltaic system installed in the San Mauro Pascoli plant, Sergio Rossi achieved an overall 67% of energy produced from renewable sources, thus avoiding more than 900 tons of CO₂.

Several other portfolio companies also now consume renewable electricity with Guarantees of Origin, in line with their sustainability strategies, including Design Holding’s Flos, Lifebrain, Neolith and OKA.
PROPRIETARY APPROACH TO DECARBONISATION

In 2016, Investindustrial set ambitious targets centred on carbon emissions reduction and neutrality. Core to this approach, and a precursor to pursuing the climate mitigation strategy mentioned earlier in this report, has been the collection and calculation of GHG data and emissions at the portfolio company level according to the GHG protocol. From the beginning, Investindustrial demonstrated the need to understand and manage carbon emissions, so often an indicator for operational efficiencies, and thus encouraged the portfolio companies to collect the data needed, for all scopes, in order to better understand the factors impacting their carbon footprint (energy consumption, logistics, supply chain, etc.). Where data was not available, the portfolio companies were to develop processes and systems to gain access to the right information going forward versus relying on estimates alone. As such, over the portfolio companies’ reporting on their carbon footprint, as well as many other ESG indicators using the same commitment to detail, have become more comprehensive and impactful with 2020 marking six years of granular data collection.

Given the success of this structured and transparent approach to data collection, and communication post-investment, a similar approach was adopted in 2019 at the pre-investment due diligence stage, with a more formalised and systemic analysis on climate-related risks and opportunities. In the context of the TCFD framework, to which Investindustrial became a signatory in 2020, these risks and opportunities pertain to transition risks of a decarbonising economy (risks typically arising from changes in technology, regulation, market preferences and behaviour), physical risks (climate change related risks creating acute threats, like tornadoes or floods, or more slowly evolving challenges such as increasing temperatures), and opportunities (typically relating to increased resource efficiency and alternative energy sources). These risks and opportunities are then assessed for their materiality over the medium-term (10-15 years) by the Sustainability Team with support from climate change experts, with any material findings and mitigating actions included in the advisory teams’ value creation plans as well as the portfolio company’s 100-day plan where the issues are prioritised, and allocated budget vis-a-vis the other business needs and overall strategy.

Understanding climate change impact, both pre and post investment, has been the cornerstone to how Investindustrial manages for climate. Inherent in this understanding is also the fact that not all carbon emissions can be avoided or reduced at this stage in the decarbonising cycle for a portfolio as diverse as that at Investindustrial. As such, offsetting emissions that remain has always been a known factor and one for which Investindustrial has taken an equally strategic approach. Since 2009, Investindustrial has been working towards sourcing quality proprietary nature-based solutions working directly with project developers in their local markets. Investindustrial believes that by investing in solutions that provide direct access to global carbon projects, it has more control over quality projects, which helps to improve value, whilst reducing risk and generate tangible social, climate and biodiversity outcomes. Current nature-based climate solutions include the Blue Carbon Project, on which Investindustrial is sponsoring the development, and the Great Bear Forest and Guatemala Conservation projects.

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GREAT BEAR FOREST CARBON PROJECT

LAND Coastal area on Canadian pacific coast
LOCATION Great Bear Rainforest, British Columbia, Canada
STANDARDS British Columbian Forest Offset Protocol v1.0
COMMUNITY Members of the Coastal First Nations & Protected and Conserved Coast Society
CLIMATE ZONE Cfb Oceanic
SPECIES Grizzly Bears and Coastel Wolves
Project Description The Great Bear Forest Carbon Project is an Improved Forest Management project. The project activities include changes in land use legislation and regulation that result in increased carbon stocks by converting forests that were previously designated, and coastal wolves sanctioned, or approved for commercial logging to protected forests. Emissions caused by harvesting, road building and other forestry operations are also prevented. It is a landmark project for balancing the human wellbeing and ecological integrity through carbon finance, and it is the first carbon project in North America on traditional territory with unextinguished Aboriginal Rights and Title.

GUATEMALAN CONSERVATION COAST PROJECT

LAND over 59,941 hectares protected
LOCATION Guatemalan Caribbean coastline, Izabal region, Guatemala
STANDARDS VCS CLC, Gold Level for biodiversity
COMMUNITY over 500 local and indigenous communities and 3,526 families
CLIMATE ZONE Tropical rainforest (AF)
SPECIES 30 High Conservation Value and over 400 birds
Project Description Climate finance works to protect the remaining forests of the Guatemalan Conservation Coast region by addressing the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. As a direct result of the project activities, a REDD+, VCS and CCB Standards certified project with a Gold Level status for biodiversity, over four million tCO2e will be avoided by 2021, the equivalent of taking over 440,000 homes off the grid for a year. When considering the lifetime of the project over 30 years, the tCO2e avoided will be closer to approximately 22 million. There are also important biodiversity benefits. Over 400 species of birds have been documented in the project area and 120 species depend on the corridor to sustain their great journeys.
POSITIVE SOCIETAL IMPACT

We are only as strong as our most vulnerable

Over the past year, Investindustrial portfolio companies have marshalled their resources, networks, capabilities and empathy to help alleviate the hardship and instability felt in their communities due to the COVID-19 crisis with some of these stories shared on pages 10 and 11 of this report. However, in practice, the companies have long recognised that their communities, whether local or further afield, are key stakeholders in their businesses and provide a multitude of services and talents on which they rely. As such, the health of these microcosms is essential to the health of the portfolio companies themselves and their ability to perform over the long-term. Therefore, community engagement and supporting the richness of diversity, art and science are a strategic priority for the portfolio companies as is demonstrating solidarity and genuine concern for the well-being of their co-citizens.

Diversity

In support of the men and women of the United States active-duty military, as well as veterans, Jacuzzi launched their ‘Good Cause Spas’ programme. Led by their Sundance Spa brand, and through partnership with WISH for OUR HEROES (W4OH), the programme is such that for each of Jacuzzi’s spa dealers who sell over 100 units from a single store during the calendar year, Jacuzzi donates a spa to W4OH to give to a local veteran in need. Another related initiative is that every year during the Company’s Veterans’ Day and 4th of July promotions, they donate $100 to W4OH for each qualifying sale (up to $10,000). Since forming this partnership in 2016, Jacuzzi has donated 54 spas and over $80,000 to veterans and soldiers in need.

Art

It has been said that civilisations are remembered through their art which, at Design Holding, lies at the heart of the business and provides a greater purpose for what they do. Given the centrality of art and how it defines the brand through iconic and durable pieces, Design Holding understands the importance of fostering the arts through their actions. At B&B Italia this includes funding several scholarships for deserving students of the Misinto municipality, Italy, in the interests of supporting their local community’s social and cultural development. At Flos the Company offers its support to cultural events, exhibitions and design festivals through donations, loans, light installations, and co-organisation efforts. For over 60 years, Flos has collaborated with the most prestigious art, architecture, and design museums across the world with a variety of products being donated or lent.

Science

For GeneraLife, contributing to the scientific community progress in which they work is essential and directly connected to their own ability to innovate and succeed as a business. As such, the Company is active on several fronts including: continuous publication of scientific papers (a peak of 25 in 2020) that are open to the fertility community; contributions and participation in conferences that enable sharing of best practices and knowledge exchange; donations to research organisations and foundations aimed at deepening the understanding of IVF and other key fertility issues.

We are only as strong as our most vulnerable
This Christmas, 20% of the sales from selected gift purchases will be donated to The Trussell Trust, in support of their mission to end the need for food banks in the UK. Look for green stickers throughout the store or ask a member of the team for help. Ends Thursday 17th December.

For more information, visit oka.com/charity

Small Gifts To Make A Big Difference This Christmas

Solidarity
As an act of solidarity, both Neolith and OKA work with partners on the ground to feed the most vulnerable in their networks. In 2020, Neolith launched a worldwide charity initiative through the KILO x M2 campaign in order to highlight one of its six fundamental values: solidarity. Under this campaign, Neolith is committed to making significant donations to food banks globally, donating 1 kg of food for every m2 sold of the Six-S collection. At OKA, the Company focused on its key markets forming a charitable partnership with The Trussell Trust (UK) and Feeding America (US) supporting foodbanks in those countries. For PortAventura, through the PortAventura OKA For The Trussell Trust

Care
At Artsana, helping parents to care for their children is not just limited to the products they produce but is a core value of the Company. With this, Chicco di Felicità (Chicco of Happiness) was created in 2010 as a way to help the less fortunate children in their community. The project consists of “solidarity gifts” which are then sold online and through Chicco shops in Italy with the corresponding proceeds donated to support children who have been raised in difficult family environments and to assist families in regaining parenting skills. In particular, since 2017, collected funds were donated to the CAF Association that aids five caring centres supporting child victims of violence and abuse and helps families in trouble. To date more than 660,000 people in Italy have chosen to wear the Chicco di Felicità accessories, thus reflecting their tangible concern children in need.

Foundation which has helped 63,480 children and young people and donated more than €8.5 million since its formation in 2010, a pioneering initiative was launched in 2019: PortAventura Dreams Village. The village, which hosts 200 families annually, is located within the PortAventura World resort and seeks to offer a unique experience to children and young people suffering from serious illnesses and their families. With an investment of more than €4 million, PortAventura Dreams is a specially equipped space created for families to relax, enjoy and recover together from some of the physical and emotional strains caused in managing their illness.

PortAventura Dreams Village, a pioneering project in Europe, bringing moments of joy to families with critically ill children.

Neolith campaign to show global solidarity with those most vulnerable.

OKA campaign to support The Trussell Trust (UK) during the holiday season.

Children at play at one of the CAF Association centres which Chicco di Felicità supports through donations.
Sustainable Resource Consumption

Competing demands for finite natural resources such as energy, water, and land, and increasing use of plastics and production of waste pose environmental and economic risks. However, new technologies and innovation can create opportunities for more sustainable resource consumption.

For Investindustrial, sustainable resource consumption is about promoting resource and energy efficiency through portfolio companies manufacturing and operations and manifesting it in their products and services. This material issue, which is critical to value creation, is at the center of a global conversation on the over-consumption of resources, focus on short-term thinking and profits and the strain that waste generated puts on the environment and health. As such, whilst the immediate impact on companies that pursue sustainable resource consumption might be reduced cost of goods sold or a competitive positioning through their services and products, the real opportunity for a company is in its long-term health. As such, whilst the immediate impact on companies that pursue sustainable resource consumption might be reduced cost of goods sold or a competitive positioning through their services and products, the real opportunity for a company is in its long-term sustainable growth. Examples are presented below (see also Climate Change on page 82 for examples of energy efficiency initiatives).

Tackling this issue across the life cycle requires significant focus by portfolio companies, better managing their supply chains, involving and partnering with suppliers and buyers. This effort may include educating consumers on sustainable consumption and lifestyle choices, providing them with information upon which to base decisions, and engaging with suppliers in sustainable procurement practices. Investindustrial’s portfolio companies are actively pursuing opportunities based on a circular economy, including designing out waste and pollution, keeping products and materials in use, and regenerating natural systems. In many cases, these opportunities form part of their core corporate strategies, setting them up for long-term, sustainable growth. Examples are presented below (see also Climate Change on page 82 for examples of energy efficiency initiatives).

### Sustainable Product Innovation

**Eco+**

Eco+ is the first line of toys within the Chicco range made of recycled plastic or bioplastic. Eco+ is manufactured with great attention to the environment, both in the development of the products and of their packaging, which is recyclable and made of paper that comes from responsibly managed forests.

**New Eco Bibs**

Chicco Disposable bibs are now compostable. The product disintegrates into natural elements in a compost environment, leaving no toxicity in the soil.

### Sustainable Fashion

Chicco is continually increasing the use of sustainable materials to use in its clothing collections. Examples include:

- **Bio Cotton organic style**
  - This cotton is cultivated with methods and products that have a lower impact on the environment. Pesticides and chemical fertilizers are eliminated from the cultivation process, and organic cotton does not come from genetically modified seeds (No GMOs).

- **Dupont™ Sorona® Fiber**
  - An eco-efficient high-performance fiber made in part with renewable plant ingredients, this is used as thermal padding inside some Chicco jackets. For the production of this revolutionary Bio DOP compound, 30% less energy is used and 63% lower greenhouse gas emissions are released (compared to the production of the same amount of Nylon 6).

### Sustainable Forestry Initiative

B&B Italia launched Borea and Camaleonda products. In addition to using recycled and recyclable materials, this furniture can be completely disassembled, thus each single element can be disposed of following the path most suitable for each material.

### Sustainable Resource Consumption Trends

- **Investindustrial’s Portfolio Companies are Active in Circular Economy:**
  - **Jacuzzi** is in the process of phasing out EPS foam in favor of even more thermally efficient insulation that contains higher recycled content (30%, of which 18% is pre-consumer and 12% is post-consumer). Further, the new insulation only requires one water test per spa, instead of two, thereby decreasing Jacuzzi’s water intensity per spa and enabling more products to be tested with recycled water.
  - **Another area of focus is sustainably sourcing the wood used in Jacuzzi products, as many are built with a wooden frame. Depending on supply chain availability, 90-100% of wood sourced for Jacuzzi products from their primary suppliers is Sustainable Forestry Initiative or Forest Stewardship Council certified.”

- **Procemia is aiming to transform production waste from tomato and alimentary (tomato, rice, oil, wine, spirits) sectors to produce new natural raw materials which could be safely used in new and innovative Food Supplements, Cosmetics or Medical Devices products.”

- **Benvic has recycled 2,355 tons of PVC and produced 379 tons of biopolymers in 2020.**

- **B&B Italia launched Borea and Camaleonda products. In addition to using recycled and recyclable materials, this furniture can be completely disassembled, thus each single element can be disposed of following the path most suitable for each material.”

- **Flos is focused on a circular approach to sourcing product materials, and aims for new products that use aluminium, plastics, resins or textile to include over 90% recycled material wherever applicable, by 2023.”

- **In 2020, B&B Italia launched Borea and Camaleonda products. In addition to using recycled and recyclable materials, this furniture can be completely disassembled, thus each single element can be disposed of following the path most suitable for each material.”**
Several companies now require strict compliance to supplier codes of conduct and are implementing supplier questionnaires and portals to better engage with suppliers on material substitution and circularity. Examples include Lifebrain, MTD, OKA, Prénatal, Sergio Rossi, Design Holding, Artsana, CEME, Neolith, and Benvic.

PortAventura World recognizes its suppliers as an essential part of its value chain. Once again in 2020, they presented the “PortAventura World Supplier Awards” in recognition of their excellence and performance, including relating to corporate responsibility initiatives.

In 2020, all leather purchased for the production of Sergio Rossi’s outsoles has been certified by the Leather Working Group, a not-for-profit organization responsible for one of the world’s leading environmental certifications for the leather manufacturing industry. The goal of this certification scheme is to improve the environmental impact of the leather industry by assessing and certifying leather manufacturers.

In the spirit of sustainability, Recaro uses uncoated cardboard for all its packaging. Plastic packaging and non-organic packing filler material are avoided as far as possible. Inside the packaging boxes are craft templates, so once products have safely reached their destination, the cardboard packaging can be re-purposed. This applies to all packaging of accessories and strollers.

Sustainable Packaging

All portfolio companies are focused on reducing packaging and increasing recycling. Notable examples include:

Dispensa Emilia is working to phase out single-use plastics. Reusable crockery is used at its restaurants, and sustainable packaging is being introduced for deliveries and take-aways.

CEME is progressively reducing the use of consumer plastic (dishes, bottles, etc.) and replacing it with recycled or eco-sustainable materials. In 2020, the Company installed water dispensers in Trivolzio and Tarquinia and distributed personal, aluminum, reusable bottles to its Italian employees.

Sergio Rossi is helping to improve the environmental impact of the leather industry.

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Sustainable suppliers

PortAventura World is committed to eliminating all consumer plastic, as sustainable value creation is becoming an increasingly significant part of the business and being fully integrated into the day-to-day operations of the resort.

Artansa has endorsed Amazon’s Frustration Free Packaging (FFP) Program by adjusting its packaging to comply with the standard set by this sustainable initiative. Certified packaging must protect the product from damage throughout the supply chain to the customer’s doorstep without the need for additional packaging or preparation by Amazon. This ensures less packaging waste and a lower environmental footprint. Packaging must also be designed for recyclability.

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## Investindustrial’s Sustainability Objectives

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<thead>
<tr>
<th>TOPIC</th>
<th>SUB-TOPIC</th>
<th>RELEVANT SDG</th>
<th>OBJECTIVE</th>
<th>YEAR TO REACH OBJECTIVE</th>
<th>STATUS UPDATE</th>
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<tr>
<td><strong>ENVIRONMENT</strong></td>
<td>GHS Emissions</td>
<td>13</td>
<td>Achieve carbon neutrality at Investindustrial at the fund level through a proprietary carbon capture / displacement project and certify carbon capture / displacement carbon credits.</td>
<td>2025</td>
<td>Achieved – Investindustrial became carbon positive across the fund and all its portfolio by the end of 2020.</td>
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<td></td>
<td>Renewable Energy</td>
<td>9</td>
<td>Reduce greenhouse gas emissions from Investindustrial and all active portfolio companies by sourcing: - 75% of electricity requirements from renewable energy by 2020; and - 100% of electricity requirements from renewable energy by 2025.</td>
<td>2025</td>
<td>Achieved – Investindustrial is ahead of target by reaching 100% renewable sourced electricity consumption for the year ending 2020. Behind target – For portfolio companies, they are currently behind target, however over 75% of the portfolio companies are pursuing renewable electricity sourcing solutions with the balance working to launch this initiative.</td>
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<td></td>
<td>Energy Consumption</td>
<td>13</td>
<td>Set measurable objectives and targets for Investindustrial and its active portfolio companies based on the management of energy consumption, in line with a global commitment to curb greenhouse gas emissions sufficiently to limit global warming to 2 degrees or below by 2100.</td>
<td>2020</td>
<td>Behind target – While the 2020 target date was not met, Investindustrial’s Sustainability Team continues to support portfolio companies in working towards achieving this objective in 2021.</td>
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<tr>
<td><strong>SOCIAL</strong></td>
<td>Diversity and Equal opportunity</td>
<td>5</td>
<td>Increase the number of women on the board of all Investindustrial entities and active portfolio companies to 33%.</td>
<td>2020</td>
<td>Nearly Achieved – Investindustrial came very close to achieving its 2020 Gender Diversity goal by reaching 32% women on the board of all Investindustrial entities and active portfolio companies.</td>
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<td></td>
<td>Human rights and labour standards</td>
<td>10</td>
<td>Investindustrial and all of its active portfolio companies are signatories to the UN Global Compact and incorporate the Ten Principles of the UN Global Compact into relevant strategies, policies and procedures.</td>
<td>Within 18 months post-investment.</td>
<td>Behind target – As per year-end 2020, 86% of Investindustrial active portfolio companies were UNGC signatories, however all companies have incorporated the spirit of these principles into their policies and procedures.</td>
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<td></td>
<td>Bribery and corruption</td>
<td>10</td>
<td>Investindustrial and all of its active portfolio companies are signatories to the UN Global Compact and incorporate the Ten Principles of the UN Global Compact into relevant strategies, policies and procedures.</td>
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<td>Behind target – As per year-end 2020, 86% of Investindustrial active portfolio companies were UNGC signatories, however, most companies have incorporated the spirit of these principles into their policies and procedures.</td>
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<td>Digital Responsibility</td>
<td>9</td>
<td>Investindustrial and all of its active portfolio companies develop and implement strategies, policies and procedures to manage cyber security and data privacy, and to treat all relevant legal and compliance requirements.</td>
<td>Within 18 months post-investment.</td>
<td>Behind target – By 2025, all but 3 active portfolio companies are GDPR compliant. The Investindustrial Sustainability Team will continue to monitor and support this company as needed to achieve this goal.</td>
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<td>Risk management</td>
<td>9</td>
<td>Obtain relevant certifications, for example, ISO 14001 re environmental management, ISO 9001 re occupational health and safety, ISO 22301 re information security, ISO 27001 re organisational resilience.</td>
<td>Within 3 years post-investment.</td>
<td>In progress – the Sustainability Team continues to work with the portfolio companies to identify and close any certification gaps.</td>
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<td>Transparency</td>
<td>12</td>
<td>Investindustrial and all active portfolio companies: a) publish an annual Sustainability Report; b) assess and report its GHS emissions.</td>
<td>a) Within 18 months post-investment. b) At least annually.</td>
<td>Behind target – All but two active portfolio companies will publish a GRI-aligned 2020 Sustainability Report.</td>
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</table>

1 Absolute GHS Emissions.
2 For Investindustrial scopes 1, 2 and 3, scope 3 includes scopes 1 and 2 for all active portfolio companies which are those companies that are in the portfolio during the first half of the year and still in the portfolio at the portfolio year end.
3 Objective was set for the year ending 2016 and the timeline pertains to the active portfolio companies at that time: HTL, Poliform, Artesania and Polynt Reichhold. For all other active portfolio companies, the timeline is accelerated with a target of sourcing 50% of electricity requirements from renewable energy within three years of entry and 100% within five years of entry.
4 Active portfolio companies are those companies that have been in the portfolio for at least half the stated year and are still in the portfolio at the portfolio year end.
5 Objective was set for year ending 2016 and the target year pertains to the active portfolio companies at that time: HTL, Poliform, Artesania, Sergio Rossi and Polynt Reichhold. For all other active portfolio companies, the timeline is the same with reaching 33% within four years of entry.
Investindustrial established its first corporate foundation, Invest for children (i4c) in 2000, with a mission to help differently-abled people and under-privileged children achieve a better quality of life. i4c works directly with individuals and their families, as well as in collaboration with different Foundations related to health & research, employment, education and sport. A total of €6 million has been distributed in grants and funding since i4c was established.

In 2016, the Investindustrial Foundation was established to compliment i4c and focus on the promotion of education, professional diversity, environmental protection and conservation, the arts, culture, heritage and science. The Investindustrial Foundation’s objectives link to the following four focus areas: heritage and land stewardship; forestry conservation; clean energy; and sponsorships. More than €3 million has been distributed in grants and funding since the Investindustrial Foundation was established. Both foundations are committed to making a meaningful contribution to the Sustainable Development Goals (SDGs) and between the two are aligned most closely to the following:

- Promoting education, professional diversity, environmental protection and conservation, the arts, culture, heritage and science
- Protecting Wildlife

A number of projects have been supported which aim to respect, develop and protect nature and the animal world, as well as promoting education of wildlife and conservation. Projects include restoring the habitat of the Western Capercaillie in Spain, improving the habitat of the Western Capercaillie in Switzerland, studying the dynamics between populations of ibex and chamois in Switzerland, and collecting data on the Fascioloides magna parasite that occurs in herbivorous mammals. All projects intend to have a lasting impact on the environment.

NYU Stern Centre for Sustainable Business (CSB)

The Investindustrial Foundation continued its long-term support of the NYU Stern CSB and the development of their Return on Sustainability Investment (ROSI) methodology to bridge the gap between sustainability strategies and financial performance. Led by Professor Tensie Whelan, Director of CSB, NYU Stern is developing open source tools that can be used by private equity to better assess and create financial value through stepping up investments in sustainability. The aim of ROSI is to assist companies with monetizing the return on their investments in sustainability and improve corporate and investor decision-making. Investindustrial first contributed funding to NYU Stern CSB and became a founding donor of the Centre in 2018 when Aston Martin joined their research effort to test the ROSI methodology within the automotive industry. CSB continues to make progress on testing its methodology with different industries, including agribusiness, pharmaceuticals, utilities, and apparel.

The latest research project began in late 2020, when Investindustrial provided the NYU Stern CSB with funding as well as access to portfolio company data to develop and test new ROSI frameworks. The outcomes of this project, anticipated in 2021, will be leveraged to produce a monetization framework template to be used by additional portfolio companies. CSB’s work on ROSI has been featured in the Financial Times and publications such as Harvard Business Review, Barron’s and GreenBiz, and at global conferences.

Level 20

Investindustrial supports this not-for-profit organisation formed to inspire women to join and succeed in the private equity industry. Level 20’s mission is to encourage greater female representation across the private equity industry with the goal of having 20% of senior positions in the industry held by women and with a particular focus on increasing the number of women in investment roles. Investindustrial supports Level 20 in its mentorship programme. Across 2019-2020, six employees have participated either as mentees or mentors.
INVEST FOR CHILDREN

Helping differently-abled people and under-privileged children achieve a better quality of life.

AURA

Work Placement Integration
The Aura Foundation, which was founded in 1989, aims to improve the quality of life of people with intellectual disabilities by helping them to integrate into society and find employment by using the ‘Supported Employment’ methodology.

Since 2012, i4c has supported the Aura Foundation both financially and operationally. Currently there are over 200 leading companies participating in the programme to help facilitate the integration of differently-abled people into the working environment.

In 2020, the Aura Foundation supported 288 individuals in work placement programs, and 17 new contracts were signed. Online and face-to-face services were offered, as applicable and where possible. For example, those with particular needs are encouraged to attend AURA, whereas all group training is now offered online.

AURA FOUNDATION

Supporting differently-abled people with work opportunities

HOSPITAL SAN JUAN DE DIOS

Paediatric Cancer Centre
The Hospital San Juan de Dios provides comprehensive care for vulnerable people. With the support of i4c and other major foundations, the Hospital San Juan de Dios of Barcelona launched a major project to create a Paediatric Cancer Centre, which will be at the forefront of paediatric cancer care in Europe. The construction of the Paediatric Cancer Centre, Barcelona started in 2018 and it is currently scheduled to open in February 2022. It covers 5,137m² and is designed to treat 400 new patients every year. It will have more than 40 rooms (radiotherapy, non-assistential spaces), 8 TPH rooms (radiotherapy), cubicles (laboratory) and 20 outpatient clinics (teaching).

Construction of the Pediatric Cancer Centre, Barcelona

SPECIAL OLYMPICS SPAIN

Paddle Tennis Schools
The In collaboration with Special Olympics Spain, i4c aims to add a new sport to the Special Olympics Spain sports portfolio. Thanks to the development of paddle tennis schools, athletes with intellectual disabilities will train and compete in this new sport. It is a 3-year project with the aim of progressively increasing the number of schools and athletes participating.

Paddle tennis athletes
During 2020, sales decreased by 8% and EBITDA by 14% mainly due to the significant impact of the pandemic. In particular, the Consumer & Leisure sector has been particularly affected, while the Healthcare & Services sector showed strong resilience with a growth of sales by 15% and EBITDA by 11%. The overall portfolio presents a solid 12.5% EBITDA margin.

The overall financial position is a Net Debt/EBITDA ratio of 4.1x for the companies in the portfolio as of the end of 2020. The increase compared to prior year is related to the decrease of EBITDA in addition to some refinancing and refinancing acquisitions mainly for transformational platforms.

The total number of employees increased by 3%, or by approximately 1,300, of which more than half were in the Consumer and Leisure sector.

For the fifth consecutive year, during 2020, Investindustrial and its portfolio companies assessed their carbon footprint, estimating total GHG emissions scope 1, 2 and 3 of approximately 3.8 million tCO₂e.

Note: aggregate numbers considering 100% of the companies present in the portfolio at the end of 2020. Investindustrial’s funds typically own a majority position.
ESG DATA REPORTING

<table>
<thead>
<tr>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG emissions (tons)</td>
<td>Code of Conduct/Ethics (Yes/No)</td>
<td>Code of Conduct/Ethics (Yes/No)</td>
</tr>
<tr>
<td>GHG emissions (tons)</td>
<td>Code of Conduct/Ethics (Yes/No)</td>
<td>Code of Conduct/Ethics (Yes/No)</td>
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<td>GHG emissions (tons)</td>
<td>Code of Conduct/Ethics (Yes/No)</td>
<td>Code of Conduct/Ethics (Yes/No)</td>
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<tr>
<td>Electricity Consumption (kWh)</td>
<td>Water Consumption (m3)</td>
<td>Supplier Code of Conduct</td>
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<tr>
<td>Energy Consumption Intensity</td>
<td>Total Waste (tons)</td>
<td>Executive Committee or Board Member responsible for Sustainability Report 2020</td>
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<td>Total GHG emissions</td>
<td>Environmental Management System (Yes/No)</td>
<td>ESG Management Committee Membership</td>
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<td>Carbon Intensity (CO2e/€M sales)**</td>
<td>Multi-Employees (Full Time Equivalents)</td>
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<tr>
<td>Scope 1: Includes purchased goods and services, upstream energy, upstream transportation and distribution, waste generated in operations, business travel, employee commuting.</td>
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<tr>
<td>Scope 2: Includes purchased goods and services, upstream energy, upstream transportation and distribution, waste generated in operations, business travel, employee commuting.</td>
<td></td>
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</tr>
<tr>
<td>Scope 3: Includes purchased goods and services, capital goods, operations, business travel, employee commuting and consumption of drinking water discharge.</td>
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</table>

**Carbon intensity reflects GHG emissions for scope 1 and 2 on a market basis.**

---

ANNUAL REVIEW & SUSTAINABILITY REPORT 2020

SUMMARY GROUP INFORMATION

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>ARTICIA</th>
<th>BENVG</th>
<th>BIVIG</th>
<th>CODE</th>
<th>Dинф</th>
<th>DISPROC</th>
<th>ELMA</th>
<th>EMERLY</th>
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</table>

Scope 2 emissions are reported on a market basis except where data is unavailable in which case location-based data is used.

Scope 2 includes purchased goods and services, capital goods, operations, business travel, employee commuting and consumption of drinking water discharge.

Carbon intensity reflects GHG emissions for scope 1 and 2 on a market basis.

*Defined as the difference between FITs end of year 2019 and FITs end of year 2020 excluding external growth.

**Reflects all companies that are producing a 2020 Sustainability Report.
### Human Rights

**PRINCIPLE 1**

Businesses should support and respect the protection of internationally proclaimed human rights. A written commitment to supporting and respecting the protection of internationally proclaimed human rights is included within Investindustrial’s Environmental, Social, Governance Policy and Modern Slavery Act Statement. Relevant report sections:
- A Leading European Investment Group – Global and Equal Employer
- Responsible Investment Approach
- Contributing to Sustainable Development
- Positive Societal Impact

**PRINCIPLE 2**

Businesses should make sure that they are not complicit in human rights abuses. A written commitment to supporting and respecting the protection of internationally proclaimed human rights is included within Investindustrial’s Environmental, Social, Governance Policy and Modern Slavery Act Statement. Relevant report sections:
- A Leading European Investment Group – Who we are

### Labour

**PRINCIPLE 3**

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. Relevant report section:
- ESG Data Reporting – Social (Workers Council)

**PRINCIPLE 4**

Businesses should uphold the elimination of all forms of forced and compulsory labour. A written commitment to not using directly or indirectly forced labour is included within Investindustrial’s Environmental, Social, Governance Policy and Modern Slavery Act Statement. Relevant report sections:
- Responsible Investment Approach

**PRINCIPLE 5**

Businesses should uphold the effective abolition of child labour. A written commitment to not using child labour is included within Investindustrial’s Environmental, Social, Governance Policy and Modern Slavery Act Statement. Relevant report section:
- Responsible Investment Approach

**PRINCIPLE 6**

Businesses should uphold the elimination of discrimination in respect of employment and occupation. A written commitment to eliminating discrimination in respect of employment and occupation is included within Investindustrial’s Environmental, Social, Governance Policy. Relevant report sections:
- Our Foundations

### Environment

**PRINCIPLE 7**

Businesses should support a precautionary approach to environmental challenges. A written commitment to limiting Investindustrial’s environmental impact as much as possible and to ensuring that its business is environmentally responsible, energy efficient, and carbon neutral is included within Investindustrial’s Environmental, Social, Governance Policy. Relevant report sections:
- Responsible Investment Approach
- Sustainability Strategy & Objectives
- Combating Climate Change, Climate Change Mitigation in Practice, and Proprietary Approach to Decarbonisation
- Sustainable Resource Consumption

**PRINCIPLE 8**

Businesses should undertake initiatives to promote greater environmental responsibility. A written commitment to limiting Investindustrial’s environmental impact as much as possible and to ensuring that its business is environmentally responsible, energy efficient, and carbon neutral is included within Investindustrial’s Environmental, Social, Governance Policy. Relevant report sections:
- Responsible Investment Approach
- Contributing to Sustainable Development
- Sustainability Strategy & Objectives
- Combating Climate Change, Climate Change Mitigation in Practice, and Proprietary Approach to Decarbonisation
- Sustainable Resource Consumption

**PRINCIPLE 9**

Businesses should encourage the development and diffusion of environmentally friendly technologies. Relevant report sections:
- Sustainability Strategy & Objectives
- Combating Climate Change, Climate Change Mitigation in Practice, and Proprietary Approach to Decarbonisation
- Sustainable Resource Consumption
- Technology
- Digitisation
- Real Assets

### Anti-Corruption

**PRINCIPLE 10**

Businesses should work against corruption in all its forms, including extortion and bribery. A written commitment to complying with all applicable laws and promoting international best practice, including those laws and international best practice standards intended to prevent extortion, bribery and financial crime is included within Investindustrial’s Environmental, Social, Governance Policy. Relevant report sections:
- ESG Data Reporting – Governance (Code of Conduct; Anti-Corruption Policy; Corporate Governance Policy)

### UNGC Index

#### Principles of the UNGC

<table>
<thead>
<tr>
<th>Human Rights</th>
<th>Environment</th>
<th>Anti-Corruption</th>
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<tbody>
<tr>
<td>Principle 1</td>
<td>Principle 7</td>
<td>Principle 10</td>
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<tr>
<td>Principle 2</td>
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#### Summary Group Information

- **Ungc Index**
- **Principles of the UNGC**
- **Report Sections or Direct Response**
FUND CARBON REPORTING

<table>
<thead>
<tr>
<th>INVESTINDUSTRIAL GHG EMISSIONS (tCO2e)</th>
<th>SCOPE 1</th>
<th>SCOPE 2 (MARKET BASED)</th>
<th>2</th>
<th>SCOPE 3</th>
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<td>Electricity consumption</td>
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<td>Purchased services</td>
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<td>Owned/leased vehicles</td>
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<td>Employee commuting / home working</td>
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<td>Waste</td>
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<td></td>
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1 Sponsor share of portfolio companies scope 1 and 2 tCO2e.

FUND1 CARBON REPORTING

<table>
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<tr>
<th>FUND EMISSIONS tCO2e (Scope 1 and 2)</th>
<th>FUND CARBON FOOTPRINT tCO2e/$M invested (Scope 1 and 2)</th>
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<tr>
<td>FUND V BUILD-UP</td>
<td>24,935</td>
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<tr>
<td></td>
<td>18,485</td>
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<td>FUND VI</td>
<td>198,328</td>
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<td>188,784</td>
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<tr>
<td>FUND VII GROWTH FUND</td>
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<tr>
<td></td>
<td>99,872</td>
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<td></td>
<td>46.4</td>
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<td>FUND VII</td>
<td>10,331</td>
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</table>

FUND CARBON INTENSITY tCO2e/$M sales | FUND EXPOSURE TO CARBON RELATED ASSETS |
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<td>FUND V</td>
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1 For the purposes of the TCFD fund reporting, co-investors and the sponsor are included.
2 Based on the TCFD advised metrics for Asset Managers (www nbr tcfd org en content uploads 2017 06 FINAL TCFD Annex 062417.pdf).
3 Based on the TCFD advised metrics for Asset Managers (www nbr tcfd org en content uploads 2017 06 FINAL TCFD Annex 062417.pdf) for which only the Automotive sector is considered a carbon related asset as defined by the Science Based Target Initiative (SBTi).

TCFD INDEX

TCFD DISCLOSURE GUIDELINES

<table>
<thead>
<tr>
<th>GOVERNANCE</th>
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</thead>
<tbody>
<tr>
<td>Describe the board’s oversight of climate related risks and opportunities.</td>
</tr>
<tr>
<td>Combating Climate Change</td>
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<table>
<thead>
<tr>
<th>STRATEGY</th>
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<tr>
<td>Describe the climate related risks and opportunities the organisation has identified over the short, medium, and long term.</td>
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<tr>
<td>Responsible Investment Approach, Combating Climate Change, Climate Change Mitigation in Practice, Proprietary Approach to Decarbonisation</td>
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</thead>
<tbody>
<tr>
<td>Describe the organisation’s processes for identifying and assessing climate related risks.</td>
</tr>
<tr>
<td>Responsible Investment Approach, Combating Climate Change, Proprietary Approach to Decarbonisation</td>
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</tbody>
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<tr>
<th>METRICS AND TARGETS</th>
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</thead>
<tbody>
<tr>
<td>Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.</td>
</tr>
<tr>
<td>Responsible Investment Approach, Combating Climate Change, Climate Change Mitigation in Practice, Proprietary Approach to Decarbonisation, Sustainability Strategy &amp; Objectives, ESG Data Reporting, Firm and Fund Carbon Reporting</td>
</tr>
</tbody>
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<tr>
<th>REFERENCES WITHIN THIS REPORT</th>
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</thead>
<tbody>
<tr>
<td>Combating Climate Change, Proprietary Approach to Decarbonisation, Sustainability Strategy &amp; Objectives</td>
</tr>
</tbody>
</table>

ANNUAL REVIEW & SUSTAINABILITY REPORT 2020

SUMMARY GROUP INFORMATION  •  TCFD INDEX
## I. POLICY, PEOPLE AND PROCESS

### 1.1 What updates have you made to your responsible investment policy/guidelines and/or strategy?
- Responsible Investment Approach
- Investindustrial’s ESG Evolution
- Proprietary Approach to Decarbonisation

### 1.2 What changes have you made to how responsible investment is resourced and structured at the firm?
* Details not included in Sustainability Report but are available via the Responsible Investment Policy on Investindustrial’s website

### 1.3 How has your responsible investment policy/guidelines and/or strategy been implemented?
- Introduction
- Responsible Investment Approach
- Industry Engagement
- Case studies used to illustrate implementation throughout

### 1.4 How does your firm manage the ESG aspects of its own operations (corporate responsibility)?
- Introduction
- Responsible Investment Approach
- Sustainability Strategy & Objectives
- Proprietary Approach to Decarbonisation
- Contributing to Sustainable Development
- Our Foundations
- Responsible Business During COVID-19

## II. PORTFOLIO

### 2.1 What is the ESG risk and opportunity profile of the portfolio companies in the fund? Have there been any changes to the ESG risk and opportunity profile of the fund in response to emerging ESG issues, and, if so, which ones?
- Responsible Investment Approach
- Proprietary Approach to Decarbonisation
- Contributing to Sustainable Development

### 2.2 How are ESG factors managed by the portfolio companies in the fund?
- Responsible Investment Approach
- Case studies used to illustrate implementation throughout

### 2.3 Report specific ESG indicators for portfolio companies
- ESG Data Reporting

### 2.4 Describe your approach to assessing the risks and opportunities that climate change poses to your portfolio companies.
- Responsible Investment Approach
- Combating Climate Change
- Climate Change Mitigation in Practice
- Proprietary Approach to Decarbonisation

### 2.5 Describe your approach to assessing the environmental and social benefits created by your portfolio companies.
- Responsible Investment Approach
- Contributing to Sustainable Development
- Positive Societal Impact

## III. MATERIAL ESG INCIDENTS

### 3.1 Immediate notification of material ESG incidents.
* Details not included in Sustainability Report but reported separately to investors
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info@investindustrial.com
www.investindustrial.com