
INVESTINDUSTRIAL ANNOUNCES SCIENCE BASED TARGETS AND NET ZERO EMISSIONS DEADLINE FOR ALL FUNDS



8th November 2021 – Investindustrial will become Net Zero for all Funds and sets Science Based Targets aligned with 1.5°C by 2030 covering all sources of emissions including portfolio company emissions. In doing so, Investindustrial continues to lead the private equity industry by demonstrating how best to address and manage climate related issues.

The urgency to act against climate change is well established and mainstream. According to the latest Intergovernmental Panel on Climate Change (IPCC) Report¹, many of the changes observed in the climate are unprecedented in thousands, if not hundreds of thousands of years, and some of the changes already set in motion, such as continued sea level rise are irreversible over hundreds to thousands of years. As clearly communicated by IPCC’s Working Group 1 Co-Chair Panmao Zhai, “Stabilising the climate will require strong, rapid, and sustained reductions in greenhouse gas emissions, and reaching Net Zero CO₂ emissions”.² Net Zero is critical and in general refers to the ambition of reducing GHG emissions, that cause global warming, to zero by balancing the amount released into the atmosphere with the amount removed and stored by permanent carbon sinks, such as forests.

Investindustrial has formalised its greenhouse gas (GHG) emission reduction targets for 2030 in line with the 1.5°C pathway described in the Paris Agreement. For the firm to also achieve net-zero means that all operational and financing activities within the portfolio must result in Net Zero GHG emissions by ensuring that:

- Investindustrial’s direct and indirect emissions to be reduced by 68.5% on a headcount intensity basis and 46.2% in absolute, in accordance with 1.5° mitigation pathways;
- Investindustrial to achieve and maintain 100% renewable energy to 2030 and beyond;
- 100% of the Investindustrial portfolio companies in legacy and future funds will have their own SBTs validated by 2030 onwards;
- Residual emissions by Investindustrial and the portfolio companies to be neutralised by verified emissions removals from nature-based solutions.

Investindustrial, a B-Corp Certified company, joined the Race to Zero Campaign through B-Corp Climate Collective back in March 2020, and joined the Net Zero Asset Managers initiative, ahead of COP26, which is currently being held in Glasgow (November 2021). The B-Corp Climate Collective is a member organisation of the UNFCCC’s Race to Zero campaign, which mobilises organisations to achieve net zero carbon emissions by 2050.

Investindustrial’s Climate Credentials

Climate change, along with other ESG considerations, has been a core part of how Investindustrial views and drives value creation in its portfolio companies. The Firm’s focus on climate is longstanding and includes, but is not limited to, such milestones as becoming carbon neutral in 2008 covering direct and indirect emission, becoming carbon neutral for its share of investments in 2015 (scope 3 category 15), setting ambitious carbon targets and developing a climate mitigation strategy in 2016, and finally, becoming carbon positive across all active Investindustrial funds in 2020 with all portfolio companies becoming carbon neutral for their operations.

¹ IPCC AR6 Synthesis Report: <https://www.ipcc.ch/report/sixth-assessment-report-cycle>.

² <https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr>.

The achievements to date are the result of a clear vision and years of tangible action that includes, but is not limited to:

- Methodical and complete GHG emissions data inventory across all portfolio companies (scopes 1, 2 and 3);
- Disclosure of all emissions in line with TCFD;
- Moving to renewable energy for electricity consumption and achieving nearly 100% in 2020 at the Firm level with approximately 73% of the portfolio companies working on this solution;
- Investing in quality proprietary nature-based projects in North and Central America.

Furthermore, as part of the Expert Advisory Group of SBTi - Finance Initiative, Investindustrial sponsored and collaborated with other organisations to develop specific private equity industry guidance and to define how to set Net Zero ambitions for financial institutions. The SBTi Guide for Private Equity was launched in August 2021 in draft form and enables an industry managing over \$4 trillion in AUM³ to become more impactful. Through this crucial collaboration, Investindustrial was able to reach far beyond the parameters of its own portfolio to make a meaningful contribution to climate action.

However, Investindustrial continues to keep its eyes on the future and with this, Andrea C. Bonomi, Investindustrial's Chairman and Founder, expressed, "Today's announcement is the result of a significant amount of collaboration with iCI, a central forum to bring together 120+ private equity firms working towards tackling climate change; however, they reflect only the foundation for the hard work we must do in the years to come. A decarbonising economy represents both a tremendous challenge and opportunity for business, and our companies must be prepared for both."

Other Sustainability and Climate Highlights

Over the past few years Investindustrial has accelerated its leadership position in sustainability by becoming a certified B Corporation™, obtaining the highest score awarded to any private equity buyout firm at that time and recognised as Best for the World honouree by B-Corp in 2021, as well as a signatory of the Taskforce for Climate-Related Financial Disclosure (TCFD)⁴, Climate Action 100+⁵, Initiative Climat International (iCI) and ILPA's Diversity in Action⁶.

Furthermore, Investindustrial's sustainability professionals are members of UN PRI's PE Advisory Committee, InvestEurope's Responsible Investment Roundtable⁷ where they co-authored the second edition Climate Guide, and the UN PRI sponsored Initiative Climate International (iCI)⁸ where they chair the Net Zero and SBT working group.

About Investindustrial

Investindustrial is a leading European group of independently managed investment, holding and advisory companies with €11 billion of raised fund capital. With ESG principles deeply embedded into the Firm's core approach, Investindustrial has more than 30-year history of providing mid-market companies capital, industrial expertise, operational focus and global platforms to accelerate sustainable value creation and international expansion. Certain companies of the Investindustrial group are authorised by, and subject to regulatory supervision of the FCA in the United Kingdom and the CSSF in Luxembourg. Investindustrial's investment companies act independently from each other and each Investindustrial fund.

Additional information is available at www.investindustrial.com.

³ McKinsey Global Private Markets Review 2021: <https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/mckinseys-private-markets-annual-review>.

⁴ <https://www.fsb-tcfid.org/>

⁵ <https://www.climateaction100.org/>

⁶ https://ilpa.org/ilpa_diversityinaction/

⁷ <https://www.investeurope.eu/industry-standards/responsible-investment/responsible-investment-roundtable/>

⁸ <https://collaborate.unpri.org/group/761/stream>

PRESS RELEASE



For further information please contact:

UK Media

Maitland/AMO

David Stürken

Mob: +44 (0) 7990 595 913

e-mail: dsturken@maitland.co.uk

Jonathan Cook

Mob: +44 (0) 7730 777 865

e-mail: jcook@maitland.co.uk

Investindustrial

Carl Nauckhoff

Senior Principal and Head of Investor Relations

Tel: +44(0) 207 664 2138

e-mail: cnauckhoff@investindustrial.com

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