

**BUILDING
BETTER
COMPANIES**

**ANNUAL REVIEW & SUSTAINABILITY REPORT
2018**

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SUSTAINABILITY REPORT
2018



Building better companies



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 and main achievement and performance during the calendar year 2018, both financially and in relation to the material sustainability issues and impacts of the Firm’s activities. Investindustrial has been operating since 1990 and this is Investindustrial’s twelfth annual report.

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 report content and to ensure quality and consistency. In addition to GRI, this year Investindustrial has chosen to link its disclosures to the Principles for Responsible Investment (PRI). Linkages can be found in the PRI Index on page 105.

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 106-107.



Investindustrial is a group of independently managed investment, holding and financial advisory companies.

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INVESTINDUSTRIAL AT A GLANCE

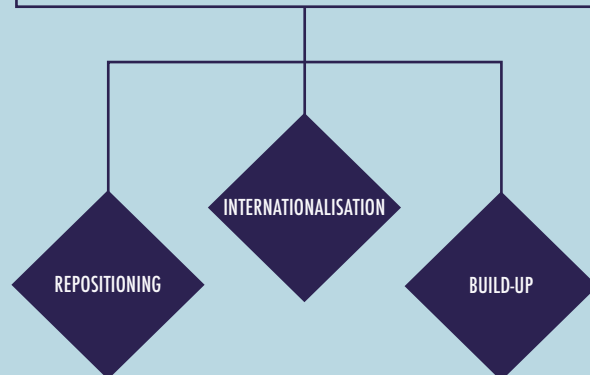
A LEADING EUROPEAN
INVESTMENT FIRM

€10bn*

of raised fund capital
from a solid and long-term
investor base

*As of 30th June 2019

ACCELERATING GROWTH AND
PROFITABILITY TO BUILD SUSTAINABLE
MID-MARKET COMPANIES THROUGH
THE FOLLOWING STRATEGIES



AN INDUSTRIALLY
DRIVEN APPROACH

3

main sectors
of specialisation:



CONSUMER
& LEISURE



INDUSTRIAL
MANUFACTURING



HEALTHCARE
& SERVICES

SINCE 2008

First private
equity investor
to carbon offset
with dedicated
Carbon Neutral
Policy

7

offices across
three continents
with business
development
offices in
North America
and Asia

IN 2018

Investindustrial
investee companies
employed more
than

30,300

people across

14

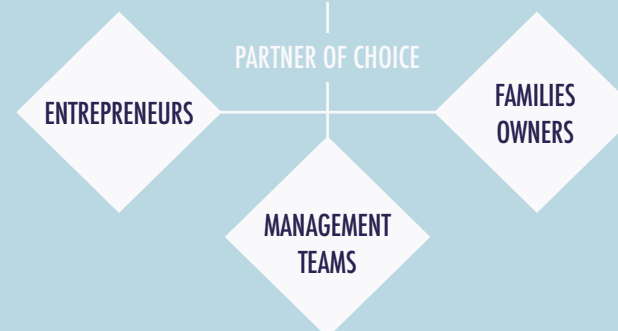
companies

100+
PROFESSIONALS

16 nationalities
20% female representation within
investment professionals firmwide
18 languages

63

portfolio companies
(since inception)



MISSION STATEMENT

- To maximise returns for our investors in a manner that reflects our Firm values.
- To pursue a sustainable, industrially driven strategy to build better companies for the long-term.
- To work relentlessly towards leaving no trace (environmentally) whilst leaving a positive mark (socially).

FIRM VALUES

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

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

Respectful

Respecting the environment in which we operate and the people who we impact is more than just being a good corporate citizen but is central to running best-in-class business.

BUILDING BETTER COMPANIES

The leadership position Investindustrial has established in the European mid-market has been achieved through a long-term dedication to the growth and internationalisation of select quality companies.

2018 was an intense year of platform development, value realisation, investment in people and leadership recognition for Investindustrial.

Active ownership

Building Better Companies is the motto that drives our organisation and the companies in which we invest. As long-term owners, we partner with companies and managers that have the potential to lead their industries while making a positive impact. This approach has enabled our organisation of more than 100 professionals to support 14 companies, as at the end of 2018, with aggregate sales of €6.9 billion, EBITDA of €1.0 billion and over 30,000 employees.

Industrially driven plans and product-led growth are central to the investment theses

for our portfolio companies. In aggregate, the 14 companies have invested over €2 billion (including expansion capex) in their businesses since Investindustrial's entry.

We were pleased to welcome eight new platform companies to our portfolio, including those under due diligence in 2018 and signed and/or closed post year-end. At entry, these companies had a combined enterprise value of €1.4 billion and were completed at attractive valuations, and with moderate leverage despite a generally highly priced market.

Platform development

During the year, the Artsana investment was separated into its two core business units – baby care (Chicco and PRG) and medical devices – to allow two management teams to focus on their respective core competencies, internationalise their businesses further and pursue transformative and synergistic acquisitions. For medical devices, the leading lancet manufacturer HTL-Strefa was

acquired and combined with PIC to form MTD (Medical Technology & Devices).

During the year, the Aston Martin DB11 and Vantage models launched under Investindustrial's ownership continued to accelerate the company's growth, the super grand-tourer DBS Superleggera was launched to replace the Vanquish and the DBX utility sports car remained on track to be launched at the end of 2019. The specialty chemicals combination of Polynt-Reichhold, closed in 2017, created a global leader in composites and coatings and has continued to perform above plan having experienced strong current trading and securing synergies.

Design Holding, one of the world's largest interior design groups, was created during the year, as Investindustrial investment companies acquired Danish high-end lighting company Louis Poulsen. Design Holding now consists of the highly regarded interior design brands Flos, B&B Italia and Louis Poulsen with seasoned manager Gabriele Del Torchio as group CEO.

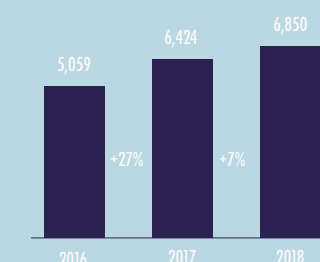
The year has been equally active in respect of smaller add-ons: Benvic, the French specialty chemicals player, strengthened its European presence by acquiring Alfa PVC, a leading Polish PVC compounder; at the end of 2017, Investindustrial investment companies invested in Lifebrain continuing the consolidation of the Italian blood-diagnostics segment and 34 add-ons have been completed since entry; and OKA, the London-based interior design company, completed the acquisition of US-based Wisteria, a home furnishings company, as an initial gateway to the US market.

Investindustrial invested in four quality mid-market companies: Italcanditi – the leading Italian supplier of fruit-based ingredients and creams for the food and dairy industries; Jacuzzi Brands – the US and European leader in premium spas and bath products; Natra – a leading B2B international manufacturer of cocoa and chocolate products; and Neolith – a global leading producer of large-size ceramic performance surfaces. In the lower mid-market, Investindustrial invested in: Dispensa Emilia – a growing Italian fast casual restaurant group; Ginefiv – one of the leading Madrid-based fertility clinics and a pioneer in IVF in Spain; Morgan – the iconic 110-year-old British sports cars manufacturer; and then also Procemsa – a leading specialist in the development and manufacturing of vitamins and supplements.

Investindustrial's focus on quality companies means its overall portfolio is always well positioned to achieve international growth. In preparation for any downturn Investindustrial has deliberately tilted its recent core/upper mid-market portfolio construction towards companies that are expected to be more resilient in downturns: five industrial B2B businesses (CEME, Italcanditi, MTD, Natra, Neolith), two B2C businesses in defensive

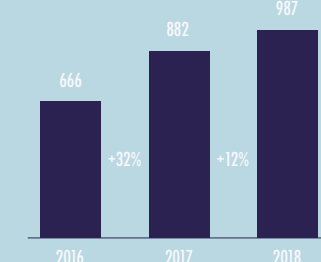
In 2018, Investindustrial's profitable portfolio companies performed strongly both in terms of sales and EBITDA, an increase of 7% and 12% respectively and with an overall EBITDA margin of 14.4%.

SALES (€m)



Investment companies as of December 2018 generated sales of approximately €6.9 billion in 2018, 7% higher than the prior year.

EBITDA (€m)



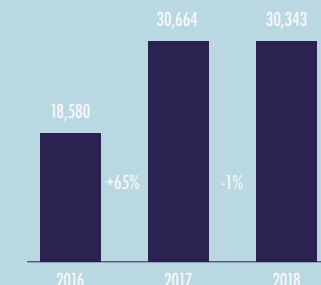
Investments generated an aggregate EBITDA of €1 billion in 2018, a 12% increase compared to the prior year.

EBITDA MARGIN (%)



As of December 2018 the overall EBITDA margin was more than 14%.

EMPLOYEES



At the end of 2018 the portfolio companies employed approximately 30,350 people, substantially in line with the prior year.

sectors (Artsana baby care and Lifebrain healthcare) and two B2C businesses in premium sectors (Design Holding is a synergistic build-up of high-end interior design and Jacuzzi is a repositioning completed at an attractive entry valuation). Investindustrial has reserved substantial amounts of capital to invest in the significant pipeline of synergistic add-on opportunities for the platforms that are being built by the respective management teams

Value realisation

In October, Aston Martin was listed on the London Stock Exchange creating a liquidity event for Investindustrial's investors as well as a new shareholder base for the company. During the year the partial sale of Flos and B&B Italia was also completed, creating the largest European interior design group in addition to the full sale of Snaitech. ►

Investment in people

In 2018, Investindustrial continued its growth – currently having approximately 110 professionals. The key areas that have been strengthened include operational and change management, operating principals, business development, environmental and lower mid-market professionals, complementing Investindustrial's already broad and deep teams of functional specialists and investment advisory teams. The lower mid-market hiring follows the formation of a dedicated lower mid-market investment programme in 2018 which has already progressed in line with Investindustrial's initial expectation – a rich universe of growing European lower mid-market opportunities predominantly only available to experienced investment groups with the appropriate proprietary sourcing and value-added support capabilities.

Recognised leadership in responsible investing

Investindustrial fundamentally believes that incorporating sustainability considerations in its business decisions is essential in creating value for its stakeholders and that commerce can be used as a force for good as well as profit. For Investindustrial, building better companies has always involved ensuring that portfolio companies are well positioned for long-term sustainability beyond Investindustrial's ownership.

Investindustrial works to ensure that portfolio companies can measure and

manage their carbon emissions and other environmental and social impacts and that they actively work to reduce their footprint while making a positive contribution to society and their nearby community. We reached several sustainability milestones during 2018 through a close engagement with portfolio companies, including via our third annual Sustainability Summit. Our dedicated sustainability team works closely with the companies in the production of their Annual Sustainability reports and as a result, Investindustrial is now able to report a consolidated view of the portfolio's greenhouse gas emissions (747k tCO₂e) as well as a number of other material environmental, social and governance performance indicators.

Investindustrial has been carbon neutral as an organisation for the last ten years, and can now use the aggregate portfolio emissions data to offset the emissions of our share as an investor in the portfolio companies. In the Sustainability Report section of this report you will be able to read more about how we actively work with portfolio companies to improve sustainability performance, benchmark best practices and set goals, as well as how we are developing a proprietary strategy to achieve carbon neutrality at an Investindustrial, Sponsor and Fund level.

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. Investindustrial's

focus in this area has been recognised at The Private Equity Awards 2018, an industry-leading award ceremony, where Investindustrial received the Environmental, Social and Governance Award, in front of more than 800 people.

Invest for children (www.investforchildren.org), an Investindustrial's corporate foundation set up in 2000 and dedicated to supporting under-privileged and differently-abled children. Contributing to the community is an integral part of being a responsible long-term investor and Investindustrial and the team have committed to contributing a further €5 million by 2020 to Invest for children to continue its work on improving the quality of people's lives.

Conclusions

Investindustrial commands a leadership position as a European mid-market investment group. This has been achieved through a long-term dedication to building better companies through the design and implementation of industrially driven business plans. A key contributor to Investindustrial's long-term success since inception in 1990 has been the significant upfront and ongoing investment in best-in-class advisory and functional specialist teams.

Investindustrial continues to work relentlessly to drive positive change and results throughout our portfolio and look forward to reporting on further progress next year. ♦

2018 KEY EVENTS

7 NEW INVESTMENTS

SIX NEW INVESTMENTS CLOSED AND ONE NEW INVESTMENT SIGNED

During 2018 Investindustrial completed six new investments, three in the core mid-market (CEME, Lifebrain and Louis Poulsen) and three in the lower mid-market (Benvic, Dispensa Emilia and OKA). A new transaction (Italcanditi) was signed at the end of the year. In addition, three transformational add-ons have been executed, one in the core mid-market with the acquisition of HTL-Strefa by PIC Solution and two in the lower mid-market with the acquisition of Wisteria by OKA and ALFA PVC by Benvic.

€921 m

MORE THAN €0.9 BILLION OF REALISATIONS

During 2018, due to the sale of Snaitech and the partial exits of Flos, B&B Italia and Aston Martin, Investindustrial distributed more than €900 million of proceeds to its investors.

14%

A HIGHLY PROFITABLE PORTFOLIO

Investindustrial has a solid portfolio of profitable companies with an overall EBITDA margin of 14%. During 2018 EBITDA grew by 12% compared to the prior year and the growth was mainly due to the contribution of Aston Martin and the acquisition of Louis Poulsen with the creation of Design Holding and the acquisition of HTL-Strefa with the creation of MTD.



Polynt Group, one of Investindustrial's portfolio company, operates as an integrated global player in the coating and composite resins industry with a variety of end markets: construction, transportation, housing appliances, electrical, marine, food and others.

ABOUT INVESTINDUSTRIAL

- 12. WHO WE ARE
- 14. PARTNER OF LEADING BRANDS
- 16. INTERNATIONAL FOOTPRINT
- 18. GLOBAL EMPLOYER
- 20. INVESTMENT PROFESSIONALS
- 22. INDUSTRIAL ADVISORS & BOARD
- 24. INTERNATIONAL RECOGNITION
- 25. DIGITALISATION & OPERATIONAL CHANGE

A LEADING EUROPEAN INVESTMENT GROUP

Providing industrial expertise, operational focus and global platforms to accelerate value creation and international expansion.

Investindustrial is one of Europe’s leading independent investment groups, building better companies by providing industrial solutions and capital to medium size businesses that are leaders in their field.

Founded from an industrial conglomerate in 1990, today Investindustrial has a dominant leadership position in Southern Europe with the longest history, the deepest track record (63 portfolio investments), the largest team (more than 100 professionals across three continents), and it has become the largest private equity investor of institutional capital (€10 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 the Firm 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, industrial repositioning and/or ambitious build-ups. Investindustrial advocates only the use of 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. Investindustrial has demonstrated discipline across cycles by continuing to focus on the quality end of the mid-market.

Investindustrial funds are managed in the interest of the limited partners by investment managers authorised and regulated by the Financial Conduct Authority in the United Kingdom and therefore in an autonomous and independent manner from the other Group companies. Investments and divestments are made (and shares in portfolio companies are held) by the applicable investment or holding companies 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 that company on a day-to-day basis. ♦

RECENT RECOGNITIONS OF INVESTINDUSTRIAL EXCELLENCE

- Andrea C. Bonomi inducted into the “Private Equity Hall of Fame” at The Private Equity Awards 2018
- Investindustrial won “The Environmental and Social Governance (ESG) Award” at The Private Equity Awards 2018
- Italian Firm of The Year (Private Equity Exchange, Silver Award)

INVESTINDUSTRIAL

ORIGINATED FROM
A SUCCESSFUL
INDUSTRIAL GROUP

♦
OPERATING
AS A FIRM
SINCE

1990

♦
MORE THAN 100
PROFESSIONALS ON
THREE CONTINENTS

—
INDUSTRIALLY
DRIVEN APPROACH

♦
29
YEARS OF INVESTMENTS
IN LEADING BRANDS
AND COMPANIES

INVESTINDUSTRIAL GOVERNANCE

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, management of each portfolio company.

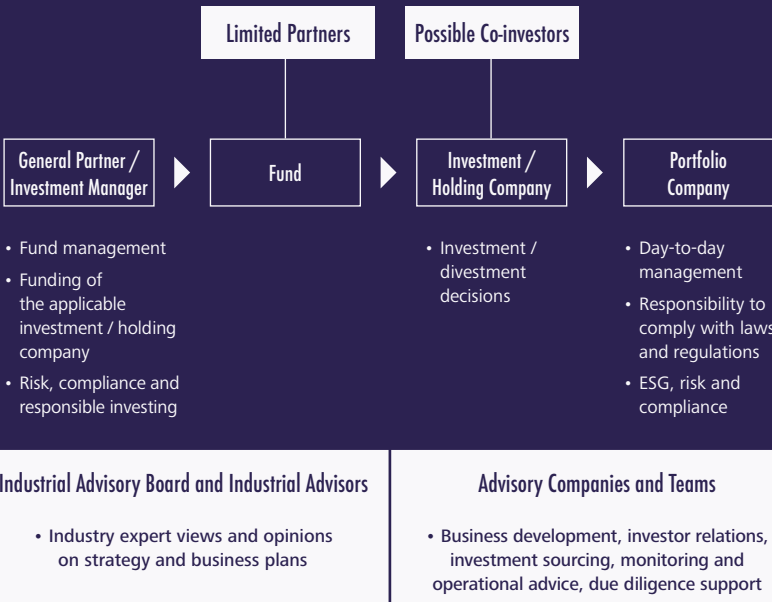
The general partners and investment managers manage each of the funds in the interest of the respective limited partners and therefore in an autonomous and independent manner from other funds and portfolio companies. The investment manager of the funds is an entity regulated and supervised by the Financial Conduct Authority in the United Kingdom pursuant to the EU Alternative Investment Fund Manager Directive and has 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 system and procedure.

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



AN INVESTMENT STRATEGY REFINED THROUGH SUCCESS AND LEARNINGS FROM PREVIOUS PARTNERSHIPS

Select investments include:



COLLECTIVE EXPERIENCE APPLIED TO THE 2018 PORTFOLIO OF LEADING COMPANIES AND BRANDS



INVEST IN QUALITY BUSINESSES

- Strong quality management team
- Focus on reinforcing research and development
- Optimisation and rationalisation of product mix
- Improvement of working capital management

DRIVE MARKET LEADERSHIP

- Create international leaders through organic growth and new acquisitions
- Maximise profitability by leveraging synergies and developing restructuring or cost-cutting plans
- Capture international growth opportunities
- Business line diversification

GLOBAL OPPORTUNITIES

- Capture international sales growth opportunities that are not easily accessible to mid-market companies
- Use the Group's global network to facilitate access to new markets
- Increase competitiveness in manufacturing and R&D locally

CREATE TOMORROW'S LEADERS

- Integrate product development, production and supply chain capabilities with international distribution capacity
 - Capture both geographical and product growth opportunities
 - Build a digital strategy to remain competitive in a changing market
- Position to best-in-class on sustainability, tapping into new sources of value

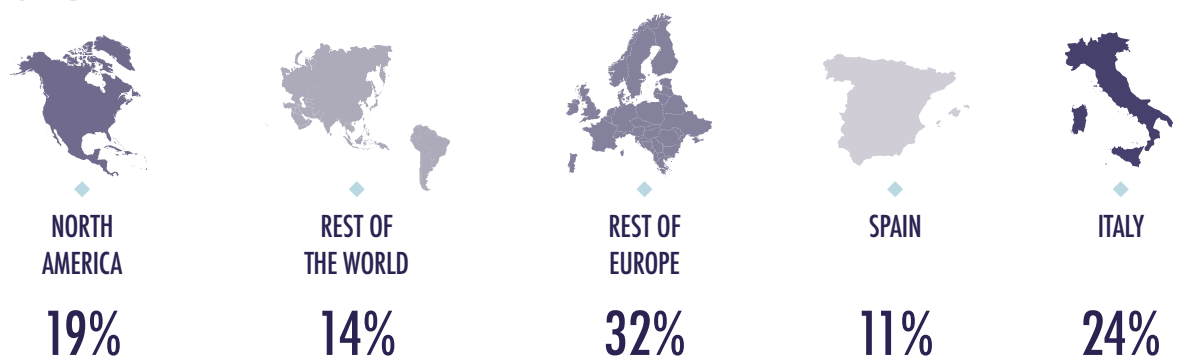
LEADING EUROPEAN FOOTPRINT WITH A GROWING INTERNATIONAL PRESENCE

Investindustrial has considerable international exposure and combines a global vision with capital and local insight to drive growth initiatives in its companies.

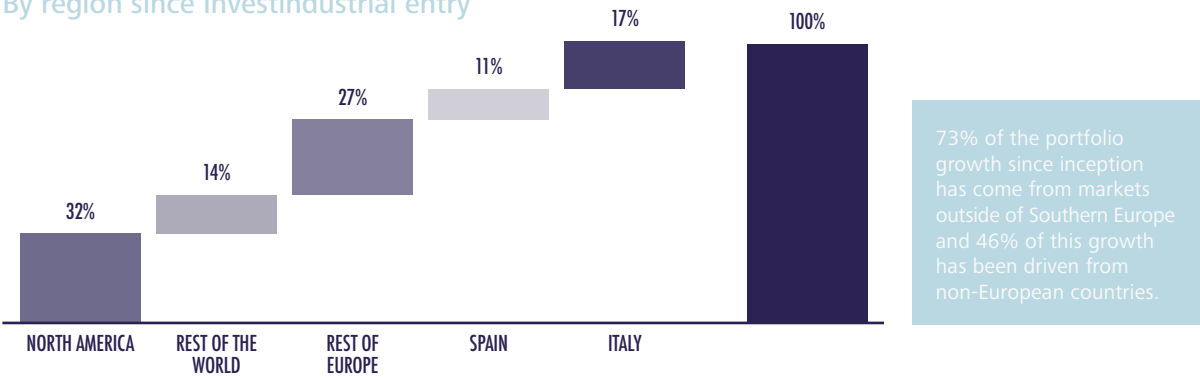
Investindustrial’s portfolio companies have a global footprint, with almost two thirds of the 2018 sales coming from outside Southern Europe.

Since inception, non-Southern European countries have contributed to 73% of the growth of portfolio companies’ sales.

SALES⁽¹⁾ (%) By region



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



⁽¹⁾Sales weighted by shareholding of the companies present in the portfolio at the end of 2018.



The Design Holding Group comprises brands such as B&B Italia, Flos and Louis Poulsen, with products both for internal and external space.

INVESTINDUSTRIAL IS A GLOBAL PROVIDER OF EMPLOYMENT

Investindustrial's portfolio companies have more than 30,300 employees, based mostly in Europe, 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, the Group is committed to offering 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.

The companies in which Investindustrial invests endeavour to maintain and improve training and further develop the know-how

of their employees. In 2018, the total workforce reached approximately 30,300 employees of which approximately 13,100 (43%) are outside of Southern Europe. Manufacturing and commercial activities are present across 30 countries and five continents.

One of our portfolio companies, Aston Martin, selected St. Athan (Wales) as the second manufacturing location for the new crossover vehicle and up to 750 new jobs will be created across St. Athan and Gaydon by 2020. Across the supply chain and local businesses, a further 3,000 jobs will likely be created as a direct result of these investments. ♦

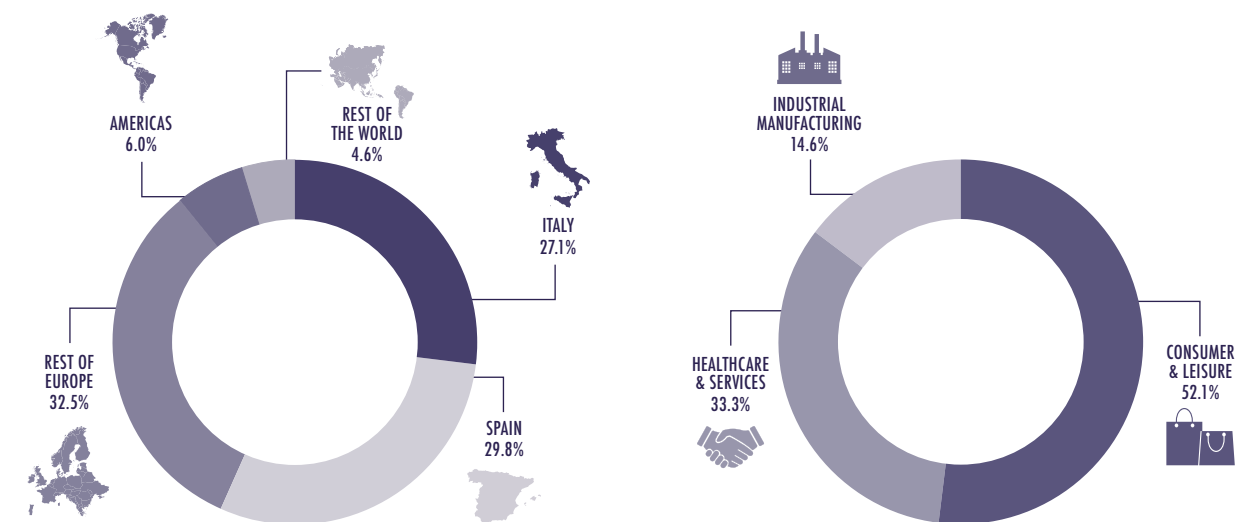
Investindustrial investments have a direct presence through manufacturing facilities or subsidiaries in 30 countries.



TOTAL INVESTINDUSTRIAL COMPANIES EMPLOYEES (%)

By region

By sector



PORTFOLIO COMPANIES OPERATIONAL AND MANUFACTURING PRESENCE IN 30 COUNTRIES

COMPANY	OPERATIONAL PRESENCE	MANUFACTURING PLANT
ARTSANA	Argentina, Belgium, Brazil, France, Germany, Hong Kong, Japan, Mexico, Netherlands, Poland, Portugal, Russia, Switzerland, Turkey, UK, USA	Italy, Romania, Spain
ASTON MARTIN	Australia, China, Germany, Italy, Japan, Singapore, USA	UK
B&B ITALIA	China, France, Germany, Hong Kong, UK, USA	Italy
BENVIC	Belgium, Germany	France, Italy, Spain
CEME	Hong Kong, USA	China, Italy, Spain
DISPENSA EMILIA	Italy	
HTG	Portugal, Spain, UK	
FLOS	Belgium, China, France, Germany, Japan, Netherlands, Norway, Sweden	Italy, Spain, USA
LIFEBRAIN	Italy	
LOUIS POULSEN	Germany, Italy, Japan, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, UK	USA
MTD		Italy, Poland
OKA	UK, USA	
PERFUME HOLDING	Germany, Hong Kong, Russia, Singapore, Spain, UAE, UK, USA	Italy
POLYNT - REICHOLD	Australia, Hong Kong	Brazil, Canada, China, France, Germany, India, Italy, Malaysia, Mexico, Norway, Poland, South Africa, South Korea, Spain, Turkey, UK, USA
PORTAVENTURA	Spain	
SERGIO ROSSI	China, France, Hong Kong, Japan, UK, USA	Italy

A LEADING INVESTMENT ADVISORY TEAM IN EUROPE

Investindustrial is one of the largest and most experienced groups of investment professionals focused on Europe.

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 100 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.

Investindustrial investment professionals speak a combined 15 languages and represent 16 nationalities (with 45% of employees speaking three languages or more), reflecting the importance the Firm places on being a

transparent and dynamic organisation with global views and capabilities.

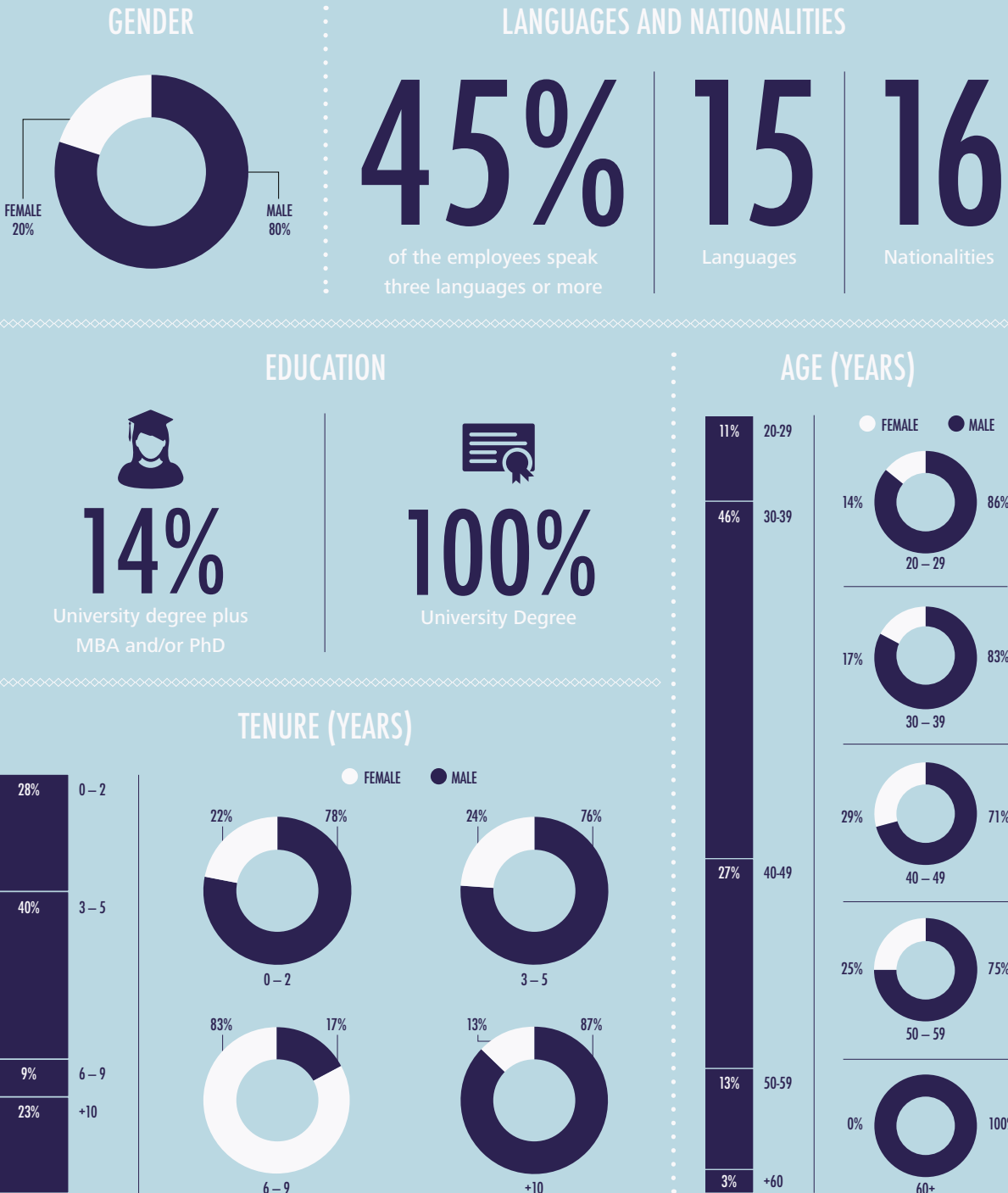
Investindustrial has invested in a broad team of functional specialists who support the Firm’s investment activity: globalisation, digitalisation, operational and change management, ESG, legal and compliance, investor relations and syndication, debt as well as a finance, risk and operations team.

This exceptional resource pool is led by a senior team of nine Managing Principals and Senior Principals. Investment and

divestment activity is decided and undertaken by the applicable holding and investment companies pursuant to their respective board of directors’ decisions. See under “Governance section” for more details. Certain Group companies are authorised and subject to the supervision of the Financial Conduct Authority in the United Kingdom, the Commission de Surveillance du Secteur Financier in Luxembourg and the Federal Authority for Financial Market Supervisory Authority in Switzerland. ♦



2018 INVESTINDUSTRIAL INVESTMENT PROFESSIONALS



AN ORGANISATION TAILOR-MADE FOR ACTIVE OWNERSHIP THROUGHOUT THE INVESTMENT PROCESS

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 resources to a concentrated group of investee companies but actively seeks to mitigate risk, and control returns, by building portfolios of assets that exhibit natural diversity. 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 key management 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 underline Investindustrial's reputation as the preferred partner for high-quality mid-market businesses in Southern Europe and opportunistically across the rest of Europe.

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.

The Industrial Advisory Board is comprised of five seasoned executives, chaired by Andrea C. Bonomi who bring valuable insights across a wide range of industries. Industrial Advisory Board Members are appointed from the broader network of Industrial Advisors. ♦



PortAventura is the second largest destination resort in southern Europe.

AN INTERNATIONALLY RECOGNISED SUSTAINABLE INVESTMENT APPROACH

Investindustrial was recognised as the leading private equity firm for ESG at The Private Equity Awards 2018 and Andrea C. Bonomi was inducted into the ‘Hall of Fame’.

In April 2018, Investindustrial won ‘The Environmental and Social Governance (ESG) Award’ at the 16th edition of The Private Equity Awards, an industry-leading award ceremony hosted by trade publication Real Deals. The award was made to Investindustrial for its long history on engaging in ESG issues and its leadership in driving the ESG agenda in the industry. Investindustrial believes that incorporating sustainability considerations in its business decisions is essential in creating value for its stakeholders and that commerce can be used as a force for good as well as profit.

Additionally, at the same event, Andrea C. Bonomi was inducted into the ‘Hall of Fame’, the special recognition of the ceremony. The Hall of Fame recognises the contribution of an individual to the private equity industry, including their representation of the industry to government, business and the public, their work in improving the business environment for the industry, and success in their own field.



Andrea C. Bonomi, Founder of Investindustrial, during his speech at the Private Equity Awards ceremony where he was the 2018 inductee into the Private Equity Hall of Fame.

PRIVATE EQUITY
ECHANGE
AWARDS
2018 WINNER

PRIVATE EQUITY
ECHANGE
AWARDS
2017 SILVER

PRIVATE EQUITY
ECHANGE
AWARDS
2016 WINNER
Italy

PRIVATE EQUITY
ECHANGE
AWARDS
2016 SILVER
Fundraising & Investor Relations

PRIVATE EQUITY
ECHANGE
AWARDS
2015 WINNER
Italy

PRIVATE EQUITY
ECHANGE
AWARDS
2015 SILVER
Italy

PRIVATE EQUITY
ECHANGE
AWARDS
2014 WINNER
Italy

PRIVATE EQUITY
ECHANGE
AWARDS
2014 SILVER
Spain

PRIVATE EQUITY
ECHANGE
AWARDS
2013 WINNER
Italy

PRIVATE EQUITY
ECHANGE
AWARDS
2013 SILVER
Spain

PRIVATE EQUITY
ECHANGE
AWARDS
2012 WINNER
Italy

PRIVATE EQUITY
ECHANGE
AWARDS
2012 SILVER
Spain

AWARDS 2016
Firm of the year
in Italy

AWARDS 2013
Firm of the year
in Italy
Investindustrial

AWARDS 2013
Firm of the year
in Spain
Investindustrial

AWARDS 2012
Firm of the year
in Italy
Investindustrial

AWARDS 2012
Firm of the year
in Spain
Investindustrial

AWARDS 2011
Firm of the year
in Italy
Investindustrial

AWARDS 2010
Firm of the year
in Italy
Investindustrial

AWARDS 2010
Firm of the year
in Spain
Investindustrial

AWARDS 2009
Firm of the year
in Italy
Investindustrial

AWARDS 2009
Firm of the year
in Spain
Investindustrial

UK-Italy
Business Awards 2013

THE PRIVATE EQUITY AWARDS 2013
EUROPEAN BUYOUT HOUSE OF THE YEAR

THE PRIVATE EQUITY AWARDS 2013
Mediterranean Deal of the Year
WINNER

THE PRIVATE EQUITY AWARDS 2013
Mediterranean Deal of the Year
WINNER

realdeals THE ENVIRONMENTAL AND SOCIAL GOVERNANCE AWARD
THE PRIVATE EQUITY AWARDS 2018
WINNER INVESTINDUSTRIAL

MF MILANO FINANZA Fondazione Italia Cina
China Awards 2010

INVESTINDUSTRIAL FURTHER ACCELERATES DIGITALISATION, TECHNOLOGICAL AND OPERATIONAL CHANGE

Since its inception in 1990, Investindustrial has invested in numerous companies that have been at the cutting edge of development in their market, and other more traditional businesses which have incorporated new technologies both to defend and gain market share.

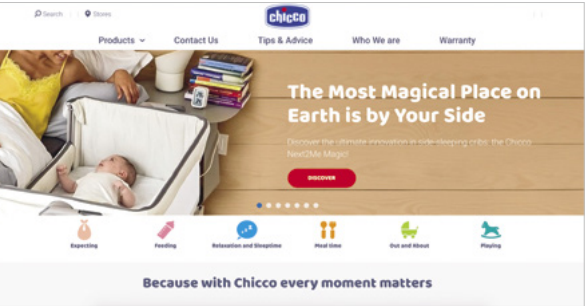
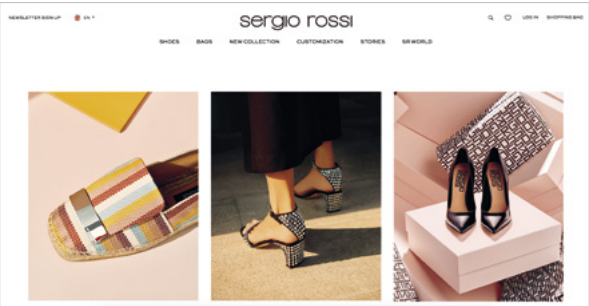
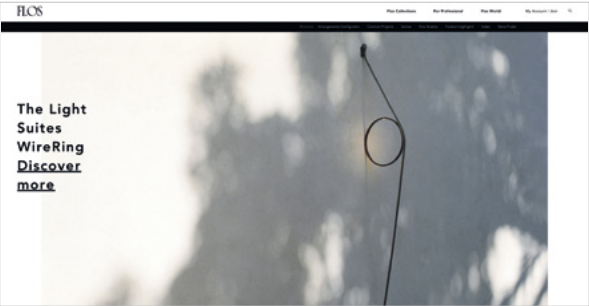
Today and in the future, scalable technology is and will continue to be a powerful tool for portfolio companies to accelerate internationalisation, and a disruptive force for those not adapting. Investindustrial is determined to capture the benefits of technological innovation for its portfolio companies and for the Group itself through a proactive approach and a dedicated business development team.

Investindustrial’s immediate hiring plans, developed during 2018, include strengthening its in-house technology and digitalisation expertise, to support due diligence reviews, particularly in benchmarking the digital strategies of new investments and add-on acquisitions.

The investment in digitalisation follows similar investments made in other areas the business in recent years (corporate

development, debt, investor relations and syndication, legal and compliance, risk management). In 2018, Investindustrial further added to the operational and change management team, which actively advises portfolio companies and supports ambitious internationalisation plans by addressing operational challenges faced by growing companies.

The technology and operational and change management teams further strengthen the exceptional pool of resources which Investindustrial can provide to portfolio companies to support industrial and international growth, such as the sustainability team, which is fully integrated into investment processes and post-acquisition plans of all portfolio companies (see Sustainability Report section).



OUR PORTFOLIO

- 28. INTRODUCTION & KEY HIGHLIGHTS
- 32. CONSUMER & LEISURE
- 40. INDUSTRIAL MANUFACTURING
- 46. HEALTHCARE & SERVICES



PORTFOLIO DEVELOPMENTS

Investindustrial’s business focus and global drivers.

Design Holding brings together Italian furniture brand B&B Italia and lighting company Flos with Danish lighting firm Louis Poulsen, who presented together at the Salone del Mobile (Patera pendant by Øivind Slaatto for Louis Poulsen).

At the end of 2018, Investindustrial’s portfolio was well balanced across three main industry platforms and comprised a concentrated grouping of 14 portfolio companies.



Consumer and Leisure

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.



Industrial Manufacturing

These brands are 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.



Healthcare & Services

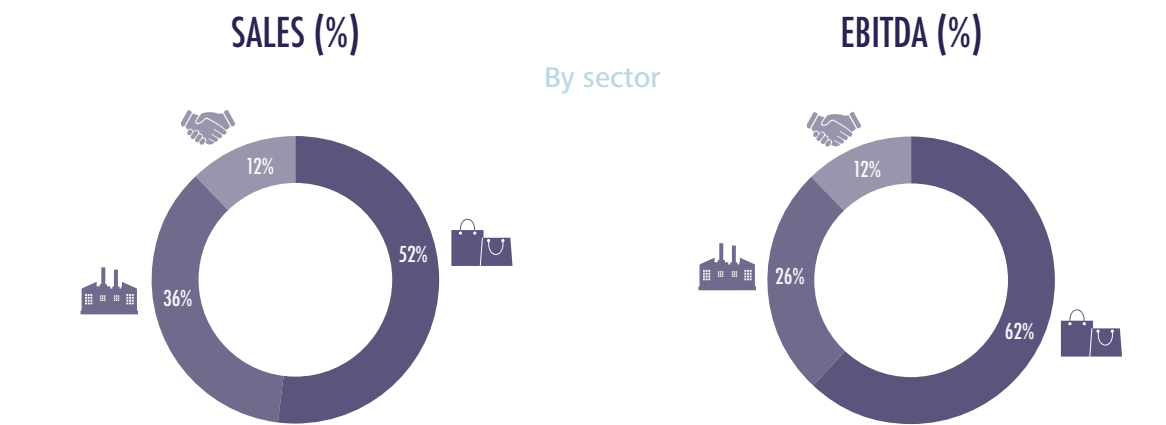
Leading providers of critical or high value-added services, these companies are typically beneficiaries of a growing global trend towards outsourcing. Their asset-light capital structures give them a high cash conversion rate and an ability to expand internationally without undertaking major capital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

GLOBAL GROWTH DRIVERS
AND INDUSTRIAL OPPORTUNITIES

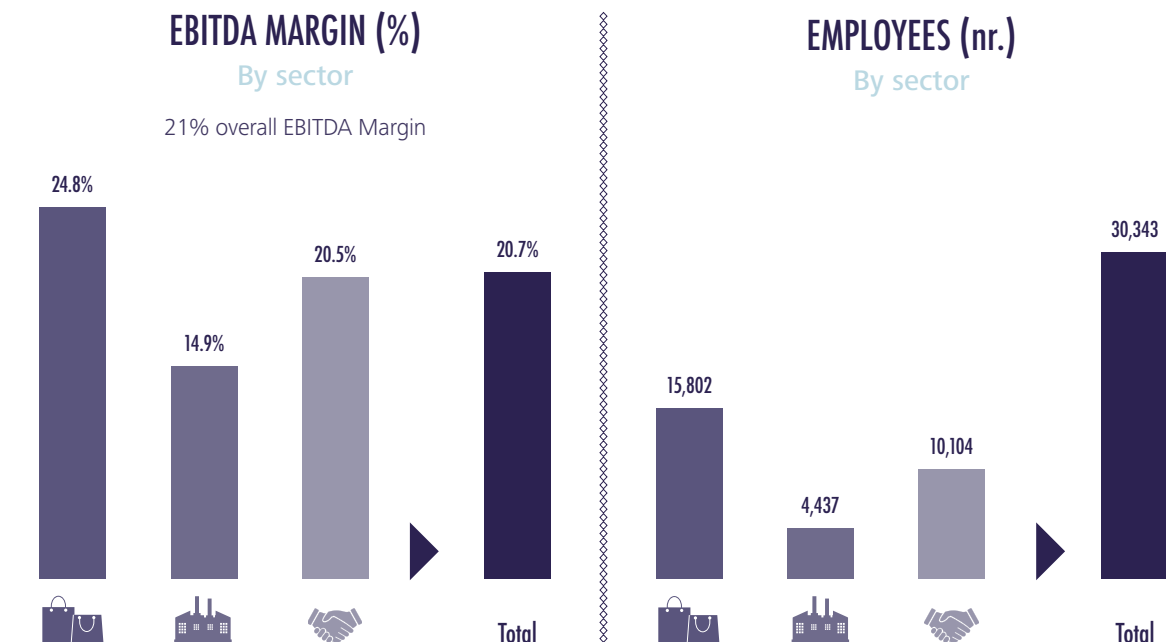
Each of the three industry platforms have different growth drivers and opportunity sets, summarised below:

Consumer & Leisure	Industrial Manufacturing	Healthcare & Services
GLOBAL GROWTH DRIVERS		
<ul style="list-style-type: none">• Globalisation of consumer trends• Aging population• Changing consumer purchasing behaviour• Digitalisation• Sustainability	<ul style="list-style-type: none">• Globalisation• Growth in new markets• Cost efficiency• Resource constraints• Commodity value• Digitalisation	<ul style="list-style-type: none">• Economies of scale• Outsourcing• Increased need for information and communication technology• Global need for infrastructure investments• Digitalisation
INDUSTRIAL OPPORTUNITIES		
<ul style="list-style-type: none">• Add-on acquisitions• Capturing growth opportunities in new markets• Improving the marketing mix• Product development• Digital transformation• Traceability and supply chains	<ul style="list-style-type: none">• Improving operational efficiency of mid-market companies• Relocation of manufacturing to more value-added jurisdictions• Add-on acquisitions• Resource efficiency and supply chains	<ul style="list-style-type: none">• Expanding service offering into adjacent fields• Synergistic add-on acquisitions• Capturing growth in developing markets• High visibility on concessions

At the end of 2018, Investindustrial’s portfolio was comprised of 14 investments, mainly focused on consumer and leisure and industrial manufacturing with room to further internationalise the portfolio.



In this section, sales and EBITDA are weighted by Investindustrial's shareholding and reflect the portfolio companies owned as of December 2018.





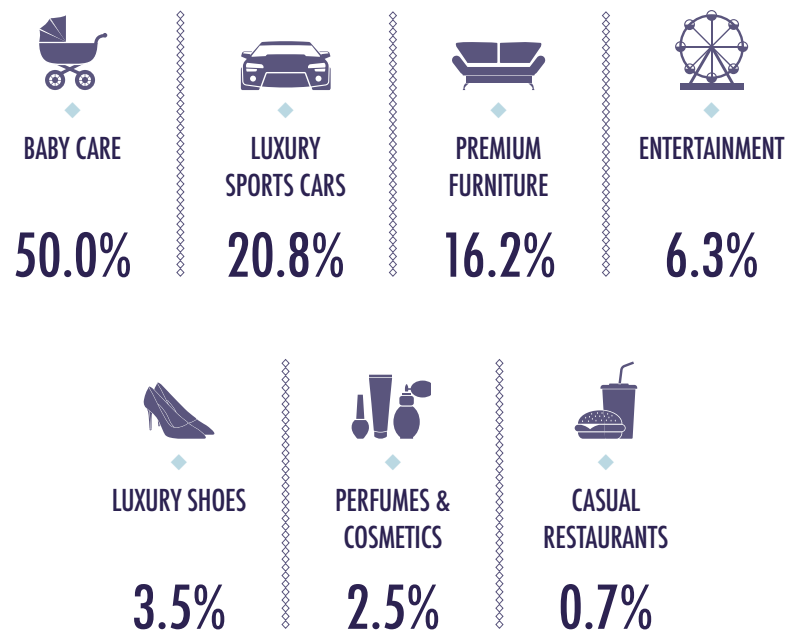
CONSUMER & LEISURE

Investindustrial's Consumer and Leisure sector currently comprises the following eight companies:

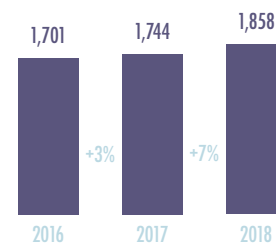
- **Artsana**, international infant and baby care company
- **Aston Martin**, luxury sports cars manufacturer
- **Design Holding**, high-end design furniture and lighting brand
- **Dispensa Emilia**, Italian casual restaurant
- **OKA**, high-end interiors lifestyle brand
- **Perfume Holding**, producer and marketer of perfumes and cosmetics
- **PortAventura**, European destination resort
- **Sergio Rossi**, international luxury shoe brand

SALES (%) By segment

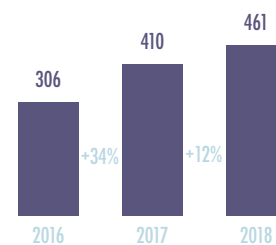
At year-end 2018, seven segments represent Investindustrial's Consumer and Leisure sector.



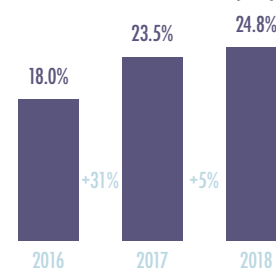
SALES (€m)



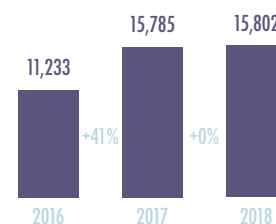
EBITDA (€m)



EBITDA MARGIN (%)



EMPLOYEES (nr.)



In 2018 the increase in sales by 7%, together with the increase in profitability by 12%, brought the overall EBITDA margin of the sector to 25% mainly driven by the improved performance of Aston Martin. Total number of employees remained substantially in line with prior year.

2018 MAIN EVENTS IN CONSUMER & LEISURE

During 2018, Investindustrial partially exited Aston Martin through an IPO in October 2018 – at the time the UK's largest IPO since June 2017 – and acquired Dispensa Emilia, the Italian casual restaurant group.

Artsana

Artsana, founded in 1946 in Como (Italy) by Pietro Catelli, is a leading international group with well-established consumer brands in infant care and cosmetic products and solutions through a number of consumer brands, most importantly Chicco and Prenatal Retail Group (toys and infant care). Investindustrial acquired Artsana during 2016 with the aim of leveraging its strong product portfolio in order 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 was spun off as a separate and independent business from the group leading to the creation of MTD; the outstanding 50% stake in Prenatal Retail group was acquired and most recently also the child car seat and stroller division of Recaro.



www.artsana.com

Aston Martin

Aston Martin is a leading luxury car manufacturer and one of the most exclusive sports car brands in the world. Established in 1913 and headquartered in Gaydon (UK), Aston Martin designs, manufactures and distributes luxury performance motor cars. Its iconic status and global footprint has been established through performance, elegant design and successful marketing, featuring in multiple James Bond films during the past 50 years. The company continued its product development plan with the successful launch in 2018 of the New Vantage and the DBS Superleggera, the third in a series of seven new models to be launched over a period of seven years. This is in line with the company's 'Second Century Plan', which takes the 104-year-old company into its next century of operation. Aston Martin started preparation of the St. Athan (Wales) factory ahead of the DBX (SUV) production. On 3rd October 2018, Aston Martin was quoted on the London Stock Exchange.



ASTON MARTIN

www.astonmartinlagonda.com



Aston Martin continues its launch of new models with DBS Superleggera.

CASE STUDY

DESIGN HOLDING

The largest design Group in Europe and one of the largest in the world.

Design Holding

www.flos.com

www.bebitalia.com

www.louispoulsen.com

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.

Since 2014, 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), KKDC (sole distributor in France for high-quality linear LED products and solutions) and Ares (a premium Italian outdoor lighting company).

With the acquisition of Louis Poulsen in 2018, Investindustrial was able to create Design Holding, an important player of scale in the design industry today, with a global presence and high-quality product offering. 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, supporting their continued growth.

Transforming local champions into global players in design

Over the coming years, the focus will be on expansion and improvement of the distribution networks of each of the businesses. For Flos and B&B Italia,

expansion into the Americas and Asia Pacific is of key importance. For Louis Poulsen, refining wholesale distribution – primarily in Western Europe and Asia Pacific – will accelerate growth. In addition, we expect to see each of the brands leveraging the geographic presence of the others to optimise cross-selling across the distribution network, allowing efficient access to new customers for brands which are more nascent in certain regions. Selectively, Investindustrial will continue to support the businesses with strategic acquisitions which will serve to bolster and / or complement their existing product offering or geographic footprint.

Unique portfolio of iconic products and cooperation with renowned architects, designers and developers

Today, Design Holding benefits from strong relationships with more than 100 renowned product designers, fostering continuous design innovation across the product portfolio. These designers are empowered by deep connections to a global ecosystem of architects, interior designers and developers. Through this network, Design Holding has the opportunity to access the hospitality and residential contract business by creating a one-stop-shop for complementary, high-end luxury design products.

Significant untapped omni-channel growth potential

Investindustrial also sees a significant growth acceleration opportunity for Design Holding through digitalisation and international e-commerce roll-out for each of the companies.

Within the coming years, Investindustrial sees Louis Poulsen's direct online offering rolling out globally and Flos rolling out its platform across Europe. ♦



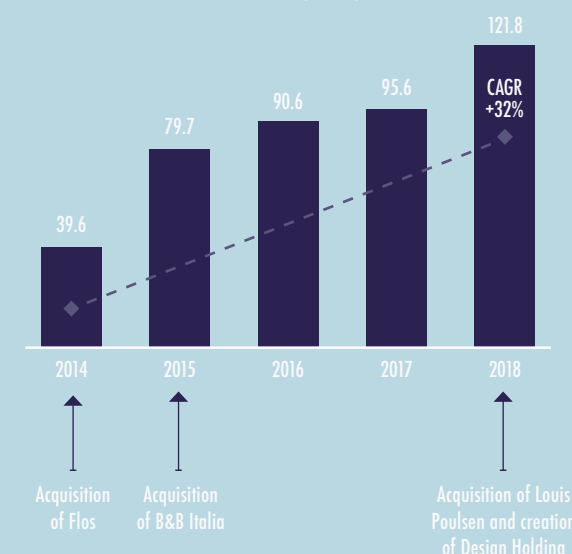
GABRIELE DEL TORCHIO
CEO Design Holding

"I have known Investindustrial and the team for a long time, since their investment in Ducati, and we worked closely together more recently with their investment in B&B Italia in 2015. Design Holding is a unique platform of influential companies in the design world, each with strong brand heritage and innovative and high-quality product portfolios. I am very excited to continue our partnership as we grow Design Holding into the leading high-end design group in the world and expand our footprint globally."

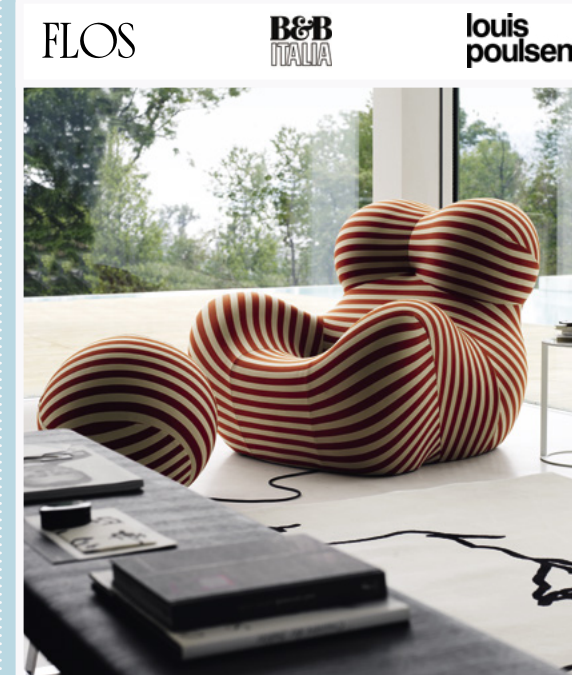
SALES (€m)



EBITDA (€m)



Leading Brands within Design Holding Group:



The armchair Serie Up, designed by Gaetano Pesce, is one of the iconic products of the leading design company B&B Italia.

Dispensa Emilia

Dispensa Emilia, founded in 2004, is a high quality, Italian, fast food, casual restaurant group, with a food offering mainly focused on the “tigella”, a thin round bread of the Emilian tradition. Dispensa Emilia directly manages 13 restaurants in Northern Italy, of which seven are in the Emilia-Romagna region, four in Lombardy, one in Tuscany and one in Veneto. Nine restaurants are located inside shopping malls, one is a high street location, one is a free-standing building in a retail park and two are travel retail locations (i.e. train stations).

The company provides an extensive, healthy menu including tigelle (35% revenues), salads (28%), pasta (15%), beverages (17%) and other items, such as dumplings, fruit and coffee (5%). 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 snacks. Dispensa Emilia is headquartered in Modena and has approximately 350 employees. The Company is focused on expanding the brand’s network and three new openings have already been executed since Investindustrial’s entry in August 2018.



www.dispensaemilia.it



Tigella is a thin round bread of the Emilian tradition.

OKA

Founded in 1999 by Lady Annabel Astor, Sue Jones and Lucinda Waterhouse, OKA is a leading high-end interiors lifestyle brand headquartered in London (UK). 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 bring 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) based traditional furniture and home décor business, approximately 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. The group 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. In addition, the group is consolidating the store footprint in the UK and adding a few strategically located destination showrooms.

OKA

www.oka.com



OKA is renowned for curated collections of furniture and home accessories.

Perfume Holding

Perfume Holding produces and markets fragrances for a number of well-known brands. The licence portfolio includes Iceberg, Sergio Tacchini, Liu Jo and Fiat 500. In addition, the group owns the Atkinsons, I Coloniali and Morris brands. The company has a direct presence in Italy, Germany, the UK and Russia. Following the expiry of the Ferrari licensing arrangement, the company is executing a restructuring program.



www.perfumeholding.com



The Atkinsons brand is a core focus for Perfume Holding.



Safety is paramount at PortAventura World, where Ferrari Land is home to Red Force, Europe's tallest and fastest rollercoaster.

PortAventura

PortAventura World is the largest destination resort in Southern Europe and the number two in Europe by number of rooms. Investindustrial invested in PortAventura at the end of 2009 and offered the support of the former managers of Gardaland, who now work closely with the company. In recent years the company has implemented a development strategy based on product innovation (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, Angkor), a new marketing strategy focused on traditional values, entertainment and family, and improvement of operational efficiency.

PortAventura owns and manages six hotels with 2,250 rooms providing an integrated holiday offering for families. During 2017 Ferrari Land opened within PortAventura. Ferrari Land is the sole Ferrari theme park in Europe and includes Red Force, the park's signature ride – now the tallest and fastest rollercoaster in Europe reaching a height of 112 metres and a speed of 180km/h. Ferrari Land has been developed within a tasteful setting of an Italian town and contains two simulator attractions (Flying Dreams and Racing Legends) and a unique exhibition showcasing Ferrari's history. During 2018, PortAventura worked on the construction of a new hotel Colorado Creek that was opened on time and budget in June 2019. During 2019 the new dark ride Street Mission was also opened.



www.portaventuraworld.com

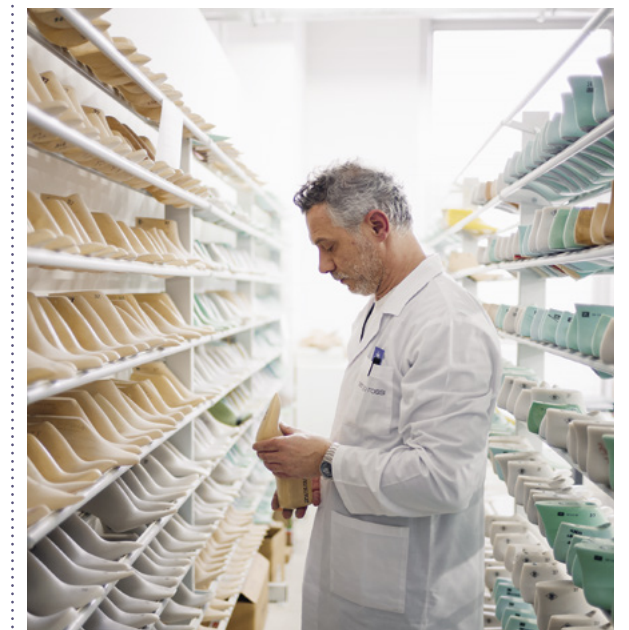
Sergio Rossi

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 over 60 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 – most recently on Mount Street in London, on 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.

sergio rossi

www.sergiorossi.com



Sergio Rossi's best-in-class factory is in Rimini on the north-eastern coast of Italy.



INDUSTRIAL MANUFACTURING

The Industrial Manufacturing sector comprises the following:

- **Benvic**, developer and producer of innovative PVC-based thermoplastic solutions
- **CEME**, global manufacturer of highly engineered, precision fluid control solutions
- **Polynt-Reichhold**, producer of specific polymer intermediates and derivatives

SALES (%)

By segment

At year-end 2018, two segments represent Investindustrial's Industrial Manufacturing sector.



SPECIALTY
CHEMICALS

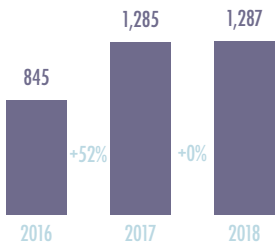
88.1%



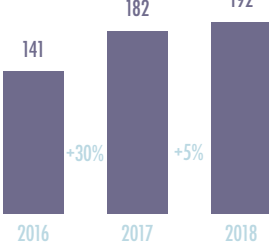
FLUID CONTROL
SOLUTIONS

11.9%

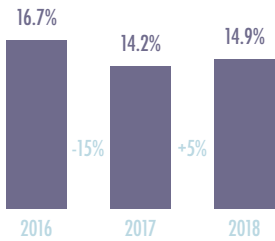
SALES (€m)



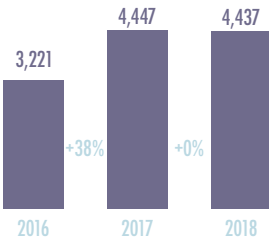
EBITDA (€m)



EBITDA MARGIN (%)



EMPLOYEES (nr.)



In 2018 sales remained stable while EBITDA increased by 5% reaching an overall EBITDA margin of 15%. The number of employees remained the same at approximately 4,400 people.

2018 MAIN EVENTS IN INDUSTRIAL MANUFACTURING

During 2018, Investindustrial invested in CEME, a global manufacturer of highly engineered fluid control solutions, and Benvic, a producer of innovative thermoplastic solutions.

Benvic

Founded in 1963 as a subsidiary of Solvay, Benvic develops, produces and markets highly customised, innovative thermoplastic solutions that are used across a wide range of rigid and flexible end-applications and are sold to a diversified customer base. Benvic is the leading independent PVC compounder in Europe with strong market positions in Southern Europe.

Headquartered in Chevigny (France), Benvic has production facilities in France, Italy, Spain and Poland covering the main European PVC compound markets and located near its main suppliers.

Since Investindustrial's investment, Benvic has broadened its geographical footprint (acquisitions of Alfa PVC in Poland), diversified its end-market exposure (acquisition of Modenplast, a medical PVC compounder) and expanded its product offering, especially in the field of engineering polymers and bio-polymers (acquisition of the assets of Vinyloop and of Plantura, a R&D company specialised in environmentally friendly polymer solutions).



www.benvic.com



A birds-eye view of the Benvic plant in Ferrare.

CASE STUDY

CEME

A global leader in precision fluid control solutions.



CEME is ideally positioned at the forefront of the global coffee growth phenomenon.

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 invested in 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 firm 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 USA). 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 leveraging its consolidated position in the coffee market – which represents the backbone of the business. The firm 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. ♦



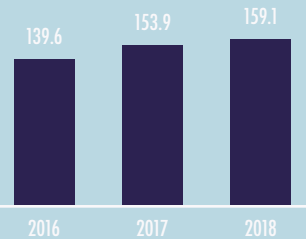
ROBERTO ZECCHI
CEME CEO

"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 2018 EBITDA MARGIN

17%

SALES (€m)



CEME APPLICATIONS



Coffee



Beverages



Refrigeration & Air Conditioning



Steam



Medical



Welding



Water Management



Other Industrial



Right and opposite page:
Polynt has been repositioned as a global specialty player with a worldwide footprint.

Polynt-Reichhold

The Polynt Group is one of the world's leading manufacturers of composites and coatings resins as well as intermediate and specialty chemical polymers. The end markets are primarily construction, electronics, transportation and, to a lesser extent, household applications, paints and sporting goods. Following the acquisition of PCCR (the North American coatings and composites resins business of Momentive Specialty Chemicals) and CCP Composites (a company specialised in composite resins) in France, Polynt became a truly global player with a manufacturing presence in Europe, Asia and North America and a critical mass from which to further consolidate the market.

During 2017, Polynt completed the merger with Reichhold and today the group has been repositioned as a global specialty player with a worldwide footprint and business presence. Polynt has significantly benefited from the synergies of the new merger and registered record profitability in 2018. It is positioned for further attractive strategic opportunities through combinations with other specialty chemicals leaders. The group operates 49 manufacturing facilities worldwide, with a total workforce of approximately 3,300 employees.



www.polynt.com
www.reichhold.com





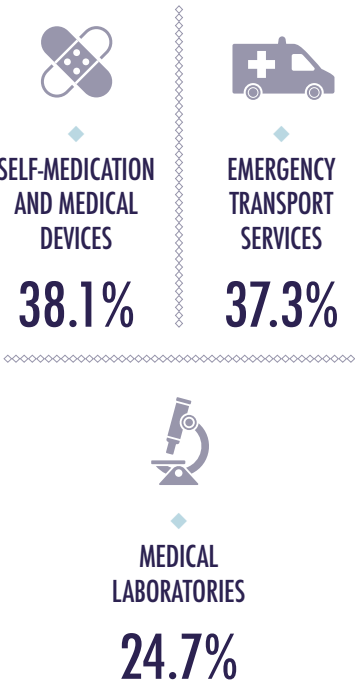
HEALTHCARE & SERVICES

Investindustrial’s Healthcare & Services sector comprises the following companies:

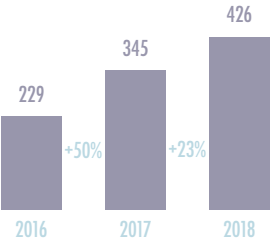
- HTG, European ambulance operator
- Lifebrain, medical and specialty laboratory testing operator
- MTD, manufacturer of self-medication products and medical devices

SALES (%) By segment

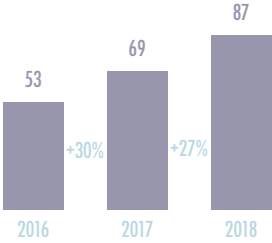
At year-end 2018, three segments represent Investindustrial’s Healthcare & Services sector.



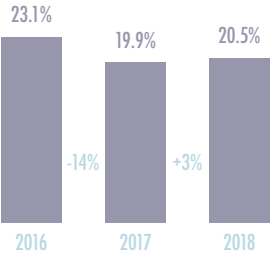
SALES (€m)



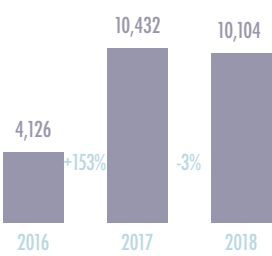
EBITDA (€m)



EBITDA MARGIN (%)



EMPLOYEES (nr.)



In 2018 sales increased by 23% and EBITDA by 27% with a resulting overall EBITDA margin of 21%. Due to reorganisation projects in HTG, the number of employees decreased by 3%.

2018 MAIN EVENTS IN HEALTHCARE & SERVICES

During 2018, Investindustrial invested in Lifebrain, the leading Italian operator in routine and specialty laboratory testing, and sold Snaitech, the largest listed group in Italy dedicated to the entertainment sector, to Playtech PLC (LSE: PTEC), the world’s largest online gaming software supplier.

HTG

HTG (the combined group following the merger between Emeru and Ambuibérica) is the largest provider of outsourced mission-critical ambulance services in Spain and the number two in Europe with an operational presence also in Portugal and the UK and with a total fleet of approximately 3,050 vehicles and 7,330 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 ten years that represent over 85% of the company’s total sales as well as for private customers predominantly in Spain and the UK.

HTG is a leader in patient transportation, with a fleet equipped with the latest dispatching, communications and tracking technology, manned by trained personnel. 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 in developing patient-centric frameworks that deliver service excellence.

The merger has allowed Emeru to diversify the contract portfolio, and additionally this enhances the company’s position as a leading provider of mission-critical ambulance services in Europe. This has lead to the reinforcement of HTG’s market position of the combined business for upcoming tenders with public administrations as well as with private customers, thus increasing the effectiveness of the service offering. The senior management of the company has been further strengthened during the year with the hiring of the new CEO and CFO.



www.emeru.net
www.ambuiberica.com



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

CASE STUDY

LIFEBRAIN

A leading Italian laboratory diagnostics operator.


www.lifebrain.it

Lifebrain, 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 100 companies since its inception.

Lifebrain is a leading operator in the routine and specialty medical laboratory testing business in Italy (#1 by number of locations and #2 by revenues). The product portfolio of Lifebrain includes seven main segments in the field of laboratory diagnostics services: clinical chemistry, hematology, immunochemistry, microbiology, molecular biology, cytology and pathology. Lifebrain owns and operates approximately 260 laboratories in Italy, performing more than 22 million tests annually.

The company offers a wide spectrum of core laboratory diagnostics services, from routine to specialised tests (more than 1,300 different types of tests and packages), 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 (other services account for only 3% of sales, e.g. medical centre and occupational health), allows the company to simplify the organisational structure ensuring operational efficiency and maximising the synergy potential. The company has approximately 900 full-time equivalent employees.

Buy-and-build: a strategy deeply rooted within Lifebrain's DNA

Since its establishment, Lifebrain'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 and second by revenue over the last four years, with approximately 4% market share. ▶

Having spotted significant consolidation opportunities, Investindustrial invested in Lifebrain in 2018, a leading company in the European laboratory testing business.



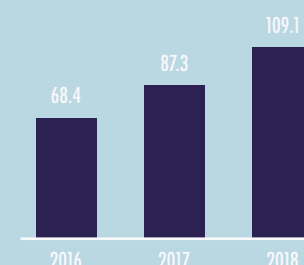
MICHAEL HAVEL
LIFEBRAIN CEO

"Investindustrial is the ideal investor for Lifebrain. Its 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."

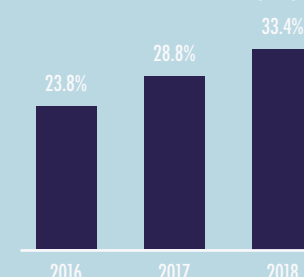
LIFEBRAIN 2018 EBITDA MARGIN

33.4%

SALES (€m)



EBITDA MARGIN (%)



DEVELOPMENTS SINCE ENTRY:

Sales growth

24.9%

EBITDA growth

44.9%

EBITDA Margin growth

7.1%



One of the 260 laboratories of Lifebrain with best-in-class RGD capabilities.

Investindustrial's expertise will increase Lifebrain's operational scale & scope

Investindustrial's investment allows Lifebrain to further accelerate their 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, the company 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 for both public healthcare facilities and private structures – providing an effective solution to budget constraints in the national healthcare system.

Lifebrain's acquisition pipeline continues to expand

In addition to the acquisition of Laboratori Giusto, one of the leading Italian players in the fast-growing environmental and food testing sector, Lifebrain has completed 20 small-sized acquisitions from the time of closing to 31st December 2018. They total an enterprise value of approximately €15 million and cumulative EBITDA post-synergies of approximately €3 million.

Furthermore, management is currently carrying out due diligence activities on more than 30 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 Lifebrain, allowing for further consolidation. ♦

CASE STUDY

MTD

A global leading med-tech group.



www.picsolution.com

www.htl-strefa.com

Investindustrial's investment in MTD will propel this solid platform in the medical technology space to further exploit growth opportunities in the diabetes management industry.

Medical Technology and Devices ("MTD") is the group resulting from the combination of HTL 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, generating approximately €136 million revenues in 2018. HTL is a leading global provider of proprietary capillary blood sampling and hypodermic injection devices, with a core expertise in safety devices, generating approximately €80 million revenues in 2018.

The combination of HTL's long-standing med-tech heritage with PIC's well-known consumer health DNA allows us to build a recognised international leader in the management of diabetes (more than half

of turnover is generated outside of Italy and approximately 25% outside of Europe) and self-care devices markets.

The newly created group, to be headquartered in Switzerland, offers a wide spectrum of highly specialised diabetes management devices across consumer and professional healthcare channels, distributed globally. The group 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 will allow the group to further consolidate its market leadership.

The new group, created during 2018, is focusing on the integration of the two groups while capturing cost and commercial synergies. ♦

Starting from left: Carl Ward (General Manager North America at MTD), Francesco Tronci (Senior Vice President at Investindustrial), Micol Fornaroli (Executive Vice Chairman at MTD) and Marcin Sieczek (General Manager Poland and head of Global Indirect Sales at MTD) at the 79th American Diabetes Association (ADA) Scientific Sessions in San Francisco.



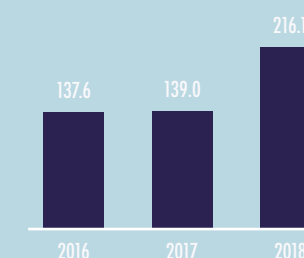
MICOL FORNAROLI

Executive Vice Chairman

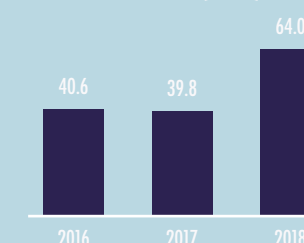
"The combination of PIC's long-standing expertise in consumer-oriented products and its unique positioning in diabetes pen needles, together with HTL's pioneering skills in the blood sampling market with a focus on safety devices and its recent fast-growing presence in the injection devices space creates a leading player in a market with attractive, non-cyclical growth trends.

I am confident that the new group, MTD, will significantly strengthen its global leadership, capturing both domestic and international growth opportunities, enhancing Investindustrial's presence in the medical devices market."

SALES (€m)



EBITDA (€m)



MTD 2018 EBITDA MARGIN

29.6%

DEVELOPMENTS SINCE ENTRY:

EBITDA growth
57.6%

Sales growth
57.1%

EBITDA Margin growth
0.4%

Note: In 2016 and 2017 PIC was the initial investment platform part of the Artsana Group.

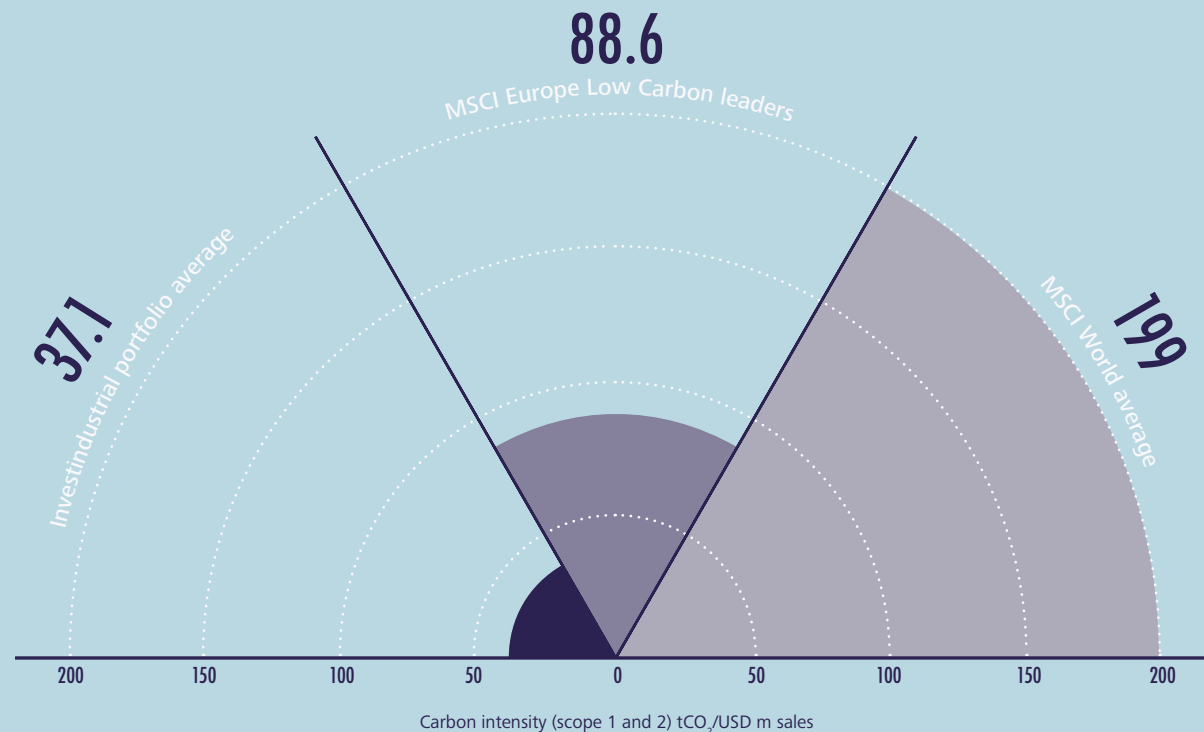
SUSTAINABILITY REPORT

56.	2018 HIGHLIGHTS
58.	INVESTINDUSTRIAL'S APPROACH TO RESPONSIBLE INVESTING
72.	CLIMATE
80.	SUSTAINABLE RESOURCE CONSUMPTION
84.	DIVERSITY & EQUAL OPPORTUNITY
88.	CULTURE AND ETHICS
90.	SUPPLY CHAIN MANAGEMENT
92.	INVESTINDUSTRIAL'S CHARITABLE FOUNDATIONS

RESPONSIBLE INVESTING 2018 HIGHLIGHTS

CARBON EMISSIONS

Total GHG emissions (scope 1,2 and 3) 747,136 tCO₂e



UPDATED POLICIES AND FRAMEWORK



PORTFOLIO COMPANIES

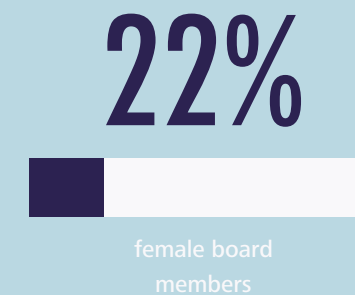
Continued to work closely with portfolio companies to develop and implement environmental, diversity and corporate governance policies, and to incorporate the Ten Principles of the UN Global Compact

All active portfolio with the exception of one have become signatories to the UN Global Compact post-investment

100%
of active portfolio companies publish an annual sustainability report (or statement) and measure, monitor and publish their carbon emissions

100%
GDPR compliance amongst Investindustrial and portfolio companies

DIVERSITY AND INCLUSION AT INVESTINDUSTRIAL



GRANTS AND FUNDING

€5.2m €806k

distributed in grants and funding by Invest for children since its establishment.

distributed in grants and funding by the Investindustrial Foundation in year ending March 2019

3rd
annual Sustainability Summit

.....

12th
Annual Review and Sustainability Report

.....

Sponsored the advancement of ESG measurement and accountability via collaboration with academia and industry specialists

INVESTINDUSTRIAL'S APPROACH TO RESPONSIBLE INVESTING

Having an established track record of responsible investing, Investindustrial adheres to independent, universally recognised, frameworks to inform the approach to investment decisions.

Investindustrial has an extensive history in responsible investing. The Firm is proud of the milestones it has achieved and continues 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 Investindustrial's portfolio companies.

In 2008, Investindustrial was the first private equity operator with a focus on Southern Europe to become a signatory to the **UN Global Compact**, thus making a commitment to doing business responsibly by aligning company strategies and operations with the UN Global Compact Ten Principles on human rights, labour, environment and anti-corruption. Each one of Investindustrial's

portfolio companies are advised to become signatories or participants within the first three years post acquisition.

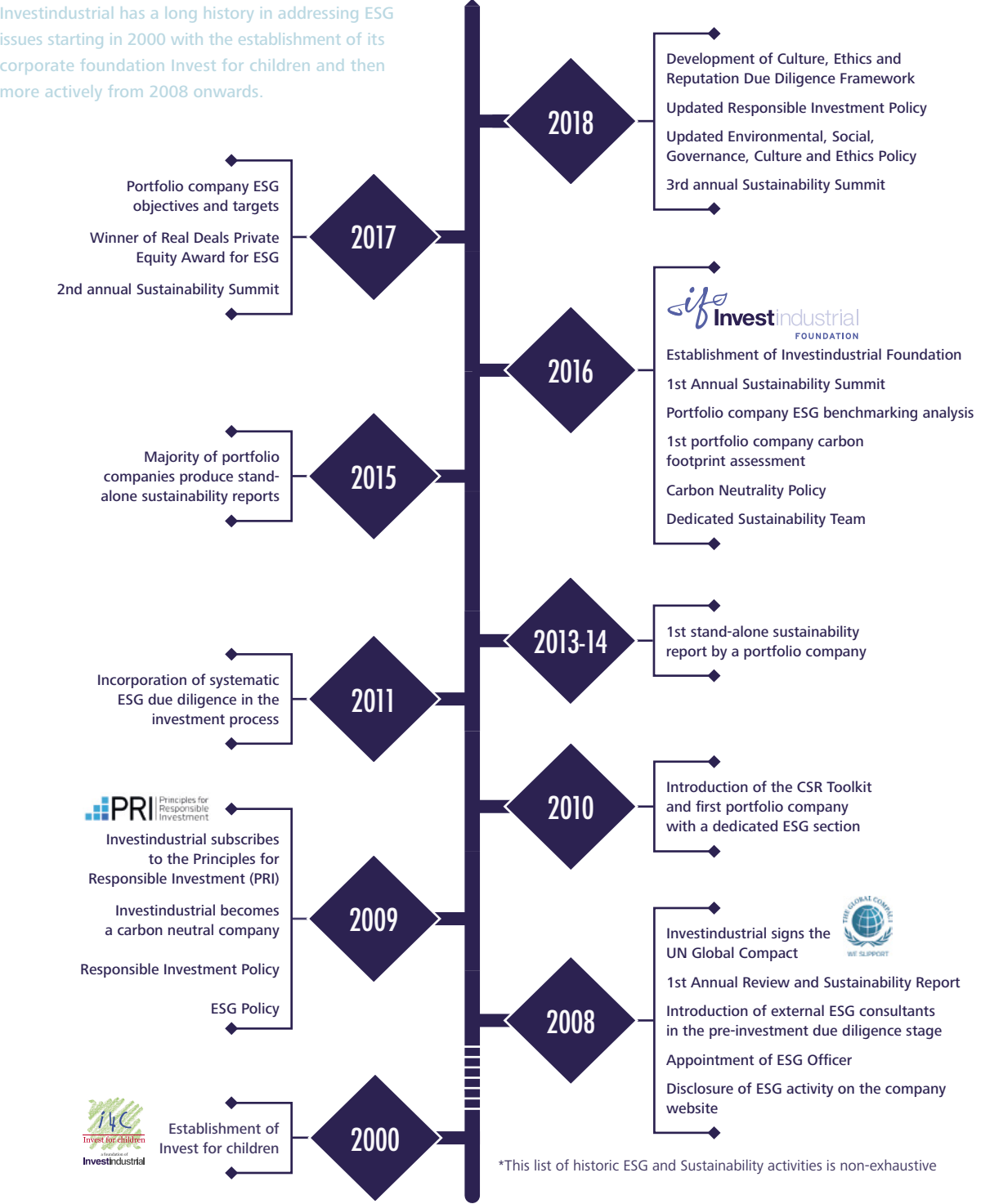
In 2009, Investindustrial became a signatory to the **Principles for Responsible**

Investment (PRI) and continues to fully support this agenda, consistently scoring well in the annual PRI assessment. The company's results for the last five years are shown below: ♦

	STRATEGY AND GOVERNANCE	PRIVATE EQUITY
2014	A	A
2015	A	A
2016	A	A+
2017	A	A+
2018	A	A+

INVESTINDUSTRIAL'S ESG EVOLUTION

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



AN INTEGRATED FRAMEWORK

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 create long-term value in the business. The combined impact of sustainability, governance and corporate culture initiatives on the value of each portfolio company is assessed against revenue, cost, risk and reputation.

This approach is underpinned by the Firm’s Responsible Investment Policy and Environmental, Social, Governance, Culture and Ethics Policy, first issued in 2009. Both of these policies were

updated in 2018, to reflect changes and increased maturity in ESG topics over the past decade.

Investindustrial’s Sustainability Team works closely with the Advisory Teams to support in pre-investment and exit activities, and with the portfolio companies on sustainability matters in the post-investment holding period.

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.

Risk

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

Cost and Revenue

Most sustainability initiatives undertaken by portfolio companies can be tied to quantitative metrics, like direct and indirect costs reduction. These initiatives will have a defined business plan and savings 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. ♦



Investindustrial’s annual Sustainability Summit is attended by sustainability representatives from each of the portfolio companies.

INVESTMENT OPPORTUNITIES



Pre-investment

Investindustrial’s approach to pre-investment activities, namely due diligence, includes an assessment of material ESG issues, in addition to an in-depth review of the corporate culture, business ethics and reputation (‘C’) of the target acquisition. ESGC assessments are presented in both preliminary investment recommendation (PIR) and final investment recommendation (FIR) memoranda which highlight inherent risks and opportunities, in the context of an overall investment decision.

Incorporating ESGC into the pre-investment due diligence process helps advisory teams to:

- Exclude certain sectors from investments;
- Confirm the viability of, and value creation opportunities associated with, target companies from a sustainability perspective;
- Comply with current and proposed future legislation; and
- Identify tangible and intangible risks such as reputation.



Post-investment

Material ESGC issues or mitigation actions identified during the pre-investment due diligence, ranging from manufacturing or environmental issues (such as remediation of contaminated soil or water, waste and water discharge, noise, etc.) to that of delivering new revenue streams driven by sustainability trends or customer requirements, and subsequent mitigation measures or actions highlighted in the FIR are incorporated into a 100-day plan. This becomes the blueprint for action to create value once the deal is approved.

Post-investment, each portfolio company is required to identify an ESGC representative with whom Investindustrial’s Advisory and Sustainability Teams collaborate on an ongoing basis. Starting with an on-boarding process, the portfolio company is introduced to the recommended Investindustrial sustainability approach, suggested actions and timings. Investindustrial’s Sustainability Team visits the new portfolio company to discuss this approach in detail and to learn more about the company’s current ESGC practices.

Investindustrial works closely together with the portfolio company from this point onwards, both on a formal basis (including quarterly calls, workshops, annual Sustainability Summits, etc.) and more informally (for example providing ad hoc support with reporting or setting ESGC objectives and targets), both in person and by phone or video conference.

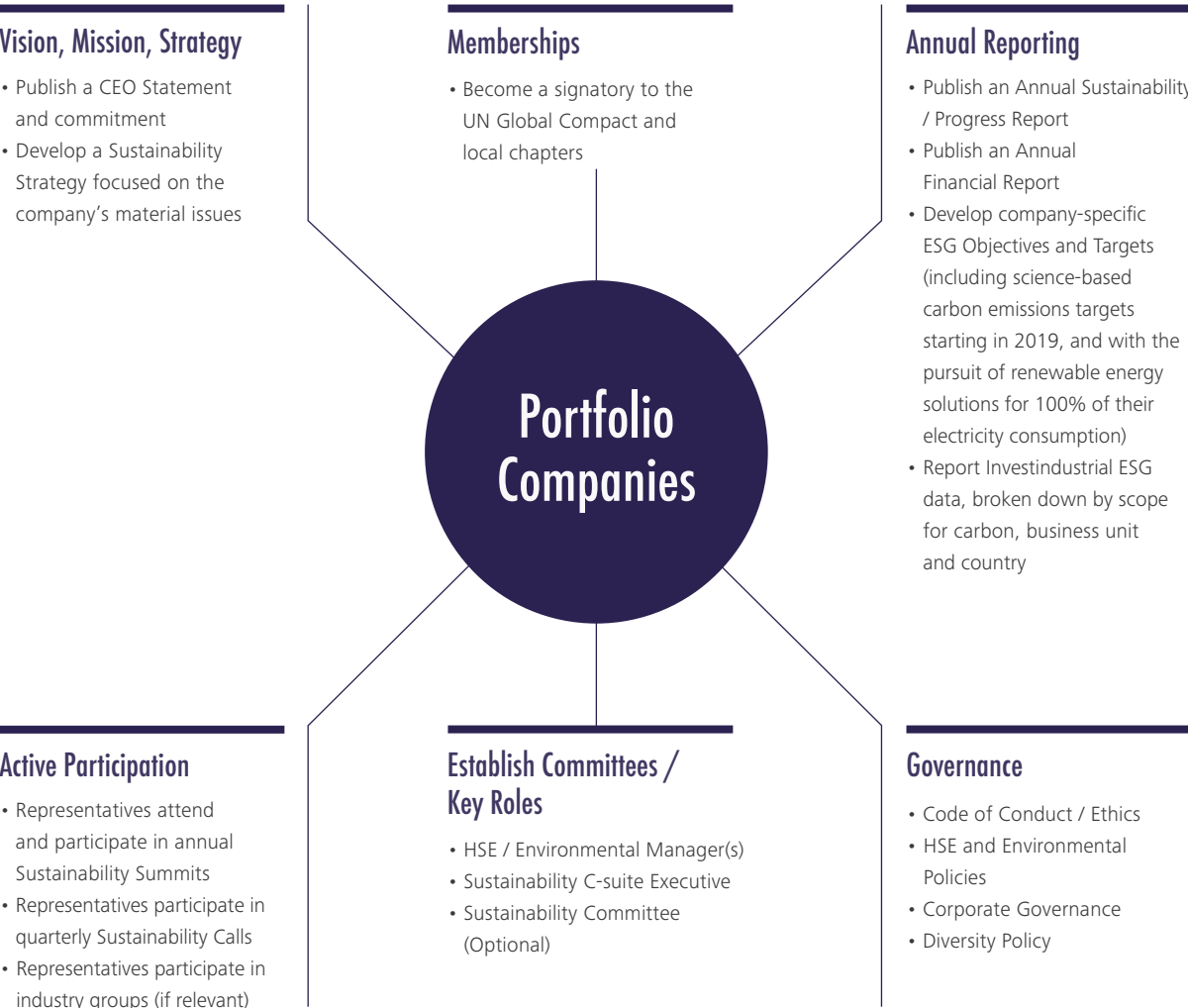


Exit process

When the management and advisory teams start to consider exit timing, the Sustainability Team is consulted to compile and prepare vendor due diligence documentation and a report, to demonstrate that the key ESGC milestones are met or are near completion and to measure the value created or risks mitigated through sustainability at the portfolio company.

INVESTINDUSTRIAL SUSTAINABILITY FRAMEWORK:
“BUILDING BETTER COMPANIES”

Each portfolio company adopts Investindustrial’s sustainability approach and integrates it into its own. This will typically take place over a three-year period, depending on the sophistication of each business and the maturity of their existing sustainability programs and initiatives. Ultimately each portfolio company will undertake the steps outlined below as an integral way of building better companies.



SHARING BEST PRACTICES

Investindustrial promotes a culture of working together to share experiences and best practices across the portfolio and to learn from each other as well as from subject matter experts. One of the key ways that this is achieved is during an annual Sustainability Summit which is attended by Sustainability representatives from each of the portfolio companies and focuses each year on relevant ESGC topics.

In 2018, Investindustrial’s third Sustainability Summit focused on how to assess and measure sustainable value creation, circular economy opportunities and other climate change-related actions. Aston Martin and Sergio Rossi presented their sustainability strategies, actions to date and their immediate sustainability plans and projects. For the first time this year we also held a breakout session with legal and compliance officers to brainstorm common ESG themes.

In addition to the annual Sustainability Summit, portfolio company representatives participate in quarterly Sustainability Calls and participate in industry groups, where relevant.

Investindustrial’s Sustainability Team participates in sustainability forums and wider industry groups. The Firm also actively invests in research initiatives with international education and research institutions that promote topics relevant to portfolio companies, such as culture and ethics, and quantifying the impact of sustainability initiatives (see case study – NYU Stern Centre for Sustainable Business (CSB) on page 97). ♦



In order to face ESG challenges, cooperation and confrontation between companies is essential and the ESG Summit plays a key role in this, representing a great opportunity to learn beyond our field and expand our knowledge to make a difference and safeguard our future.

Michela Ricci, Sustainability Executive, Sergio Rossi

Exchanging different points of view and experiences enriches your wealth of knowledge on sustainability topics and always results in fresh ideas.

Elisabetta Scotti, CFO, Flos

SUSTAINABILITY MILESTONES, PROJECTS AND INITIATIVES

Examples of portfolio company sustainability journeys post Investindustrial’s investment.

Artsana

Given the focus of Artsana’s business, producing products and solutions that promote the wellbeing and development of children and families, the company instinctively had an understanding of the sustainability topics impacting their business at the time of Investindustrial’s entry in June 2016. The sustainability focus at that time centred primarily on the social aspects of their brand with initiatives such as Chicco care centres (nursery, in-hospital childcare, etc.), supply chain (Artsana’s code of conduct), products (addressing childcare needs through product development) and charitable causes.

During the last three years, and with the support of Investindustrial’s Sustainability Team, Artsana has further broadened its view to consider all aspects of sustainability and their integration in the value chain.

2016

- ◆ Attended Investindustrial’s annual Sustainability Summit (also joined in 2017 and 2018).
- ◆ Launched an ESG research project (GPS) in conjunction with Politecnico di Milano Graduate School of Business in order to develop and implement a meaningful Sustainability Program.

2017

- ◆ Became a signatory of the UN Global Compact (UNGC).
- ◆ Assessed and published carbon footprint (YE 2016) for the first time.
- ◆ Published the company’s first annual Sustainability Report for YE 2016.
- ◆ Established a cross-functional Sustainability Steering Committee.
- ◆ Conducted an Energy Study to determine how to maximise energy efficiency.
- ◆ Launched a new line of educational toys (family games).
- ◆ Completed an LED lighting project at the Verolanuova plant and Artsana Romania plant.

2018

- ◆ Prioritized SDGs where the company has the greatest opportunity to contribute (SDGs 3, 4, 12).
- ◆ Developed and approved ESG objectives and targets.
- ◆ Joined the UN Global Compact Network Italia.
- ◆ Implemented a tri-generation system at the Verolanuova plant (see case study – The Artsana Group: Cogeneration UP 80).
- ◆ Implemented an energy metering system in all Artsana plants.
- ◆ Developed an ESG policy.
- ◆ Completed a life cycle assessment for packaging of two products.
- ◆ Obtained ISO 14001 certification for Artsana’s cosmetics plant.

Aston Martin

Whilst the company had some sustainability concepts embedded into its business operations at the time of Investindustrial’s entry in December 2013, these were largely limited to environmental, employee engagement and community outreach programmes. These activities were not part of an integrated business strategy. Additionally, the company did not have a sustainability vision or approach for assessing sustainability matters.

With Investindustrial’s arrival and the introduction of a strategic plan, Aston Martin is transitioning into a sustainable luxury business with a focus on responsible and sustainable economic growth in the luxury performance mobility sector.

2014

- ◆ Became a signatory of the UN Global Compact (UNGC).
- ◆ Dr Andy Palmer, President and CEO, signed Faith Leaders’ Universal Declaration against Slavery at the Vatican.

2015

- ◆ Responsible Procurement Guide Issue 1 updated to meet the UNGC principles relevant to Supply Chain.
- ◆ Commitment to combat slavery and statement on the Modern Slavery Act.

2016

- ◆ Published the company’s first annual Sustainability Report.
- ◆ Implemented a new supply chain management system.
- ◆ Introduced strategic philanthropy (align their giving with corporate brand and heritage).
- ◆ Attended the Investindustrial Sustainability Summit (also in 2017 and 2018).

2017

- ◆ Published their first Annual Report.
- ◆ Responsible Procurement Guide Issue 2 incorporated into standard Terms and Conditions.
- ◆ Assessed and published carbon footprint (YE 2016) for the first time.

2018

- ◆ Developed a Sustainability Strategy.
- ◆ Prioritized SDGs where the company has the greatest opportunity to contribute.
- ◆ Set-up a Sustainable Steering Committee.
- ◆ Created ESG Objectives and Targets.
- ◆ Presented at the 2018 Investindustrial Sustainability Summit.
- ◆ Participated in a number of industry events and conferences.
- ◆ Sustainability actions and ambitions included in the IPO prospectus.

PortAventura

The resort has a long history of managing sustainability issues, which pre-dates Investindustrial’s entry in 2011, given the required and unwavering commitment to health and safety that underpins all aspects of PortAventura’s resort operations. PortAventura has also been a signatory of the UN Global Compact (UNGC) since 2008.

However, since Investindustrial’s investment in 2011, ESG committees, policies and strategy have been formalised, with a focus on sustainable value creation becoming an increasingly significant part of the business and being fully integrated into the day-to-day operations of the resort.

2011

- ◆ Introduced a Supplier Questionnaire in line with the UNGC principles.
- ◆ Created the PortAventura Foundation.

2012

- ◆ Created Green purchasing information sheets.
- ◆ Introduced new bins for improved waste separation.

2013

- ◆ Developed Code of Ethics and Professional Conduct.
- ◆ Introduced Asian supplier audit programme.
- ◆ Introduced electric vehicles within resort in effort to reduce CO₂ emissions.
- ◆ Launched the Environmental Awareness Campaign.

2014

- ◆ Launched the employee health programme (Fifty-Fifty).
- ◆ Introduced Sustainable Events at the Convention Centre.
- ◆ Announced the Foundation’s donation of €3 million to the Sant Joan de Deu Hospital.
- ◆ Formed the Energy Committee.

2015

- ◆ Incorporated the UN Sustainable Development Goals (SDGs) into its corporate reporting.
- ◆ Launched the Supplier Portal including environmental, human rights and labour practice criteria.

2016

- ◆ Attended the Investindustrial annual Sustainability Summit (also joined in 2017 and 2018) and presented on PortAventura’s ESG approach.
- ◆ Created the Corporate Responsibility Committee.
- ◆ Signed the UNWTO Global Code of Ethics for Tourism.
- ◆ Sourced renewable energy for 100% of electricity consumption.

2017

- ◆ Joined the International Year of Sustainable Tourism.

2018

- ◆ Developed new CR Strategy 2019-2021
- ◆ Committed to eliminate all consumer plastic by 2020.
- ◆ ISO: 9001:2015 Quality Management System Certification.
- ◆ ISO 22000 Food Safety Management Certification (hotels: PortAventura and El Paso).

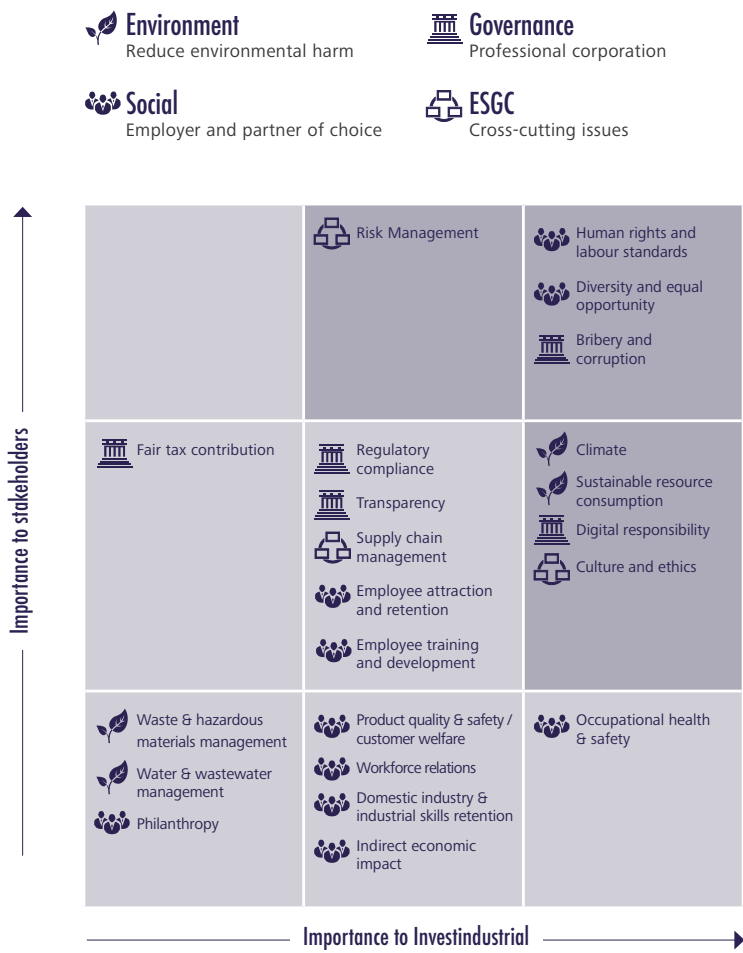
MATERIAL ISSUES

In 2018, Investindustrial undertook a materiality assessment to update and prioritise the topics that shape Investindustrial’s sustainability strategy and reporting. Material issues are defined as actual or potential risks and opportunities relating to the business, including portfolio company businesses, that have a significant economic, environmental, social and cultural impact, or substantively influence the assessments and decisions of relevant stakeholders. The following sections of the report are structured around some of the most significant sustainability topics, which are shown in the matrix opposite.

The materiality process undertaken was informed by the Global Reporting Initiative (GRI). It involved 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), OECD Guidelines for Multinational Enterprises, Principles for Responsible Investment (PRI) and Sustainable Development Goals (SDGs). An impact mapping exercise was undertaken, followed by internal validation of the assessment findings, informed by continual dialogue with investors.

Investindustrial will review material sustainability issues at least annually as the portfolio and nature of issues can change. ♦

FINDING COMMON GROUND – MATERIALITY MATRIX SHOWING THE RELATIVE PRIORITY OF SUSTAINABILITY ISSUES



Investindustrial’s material sustainability issues include human rights and labour standards; diversity and equal opportunity; bribery and corruption; risk management; climate; sustainable resource consumption; digital responsibility; and culture and ethics.



Investindustrial’s Advisory, Sustainability, Change Management and Operational teams work together with portfolio companies, frequently visiting their manufacturing sites and advising on strategic and operational improvements.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Several of Investindustrial’s material sustainability issues relate directly to the Sustainable Development Goals (SDGs).

Developed by the UN in 2015, these 17 Global Goals and 169 targets aim to stimulate urgent action by all countries to achieve peace and prosperity for people and planet. Whilst initially aimed at governments, it is recognised that business has a key role to play in meeting the SDGs, and that they can offer companies a significant new growth strategy and valuable new market opportunities. Investindustrial contributes to the SDGs in three ways, through:

- Portfolio companies – many of which report on their own contribution to selected SDGs in their own sustainability reports;
- Investindustrial’s own operations; *and*
- Invest for children and the Investindustrial Foundation.

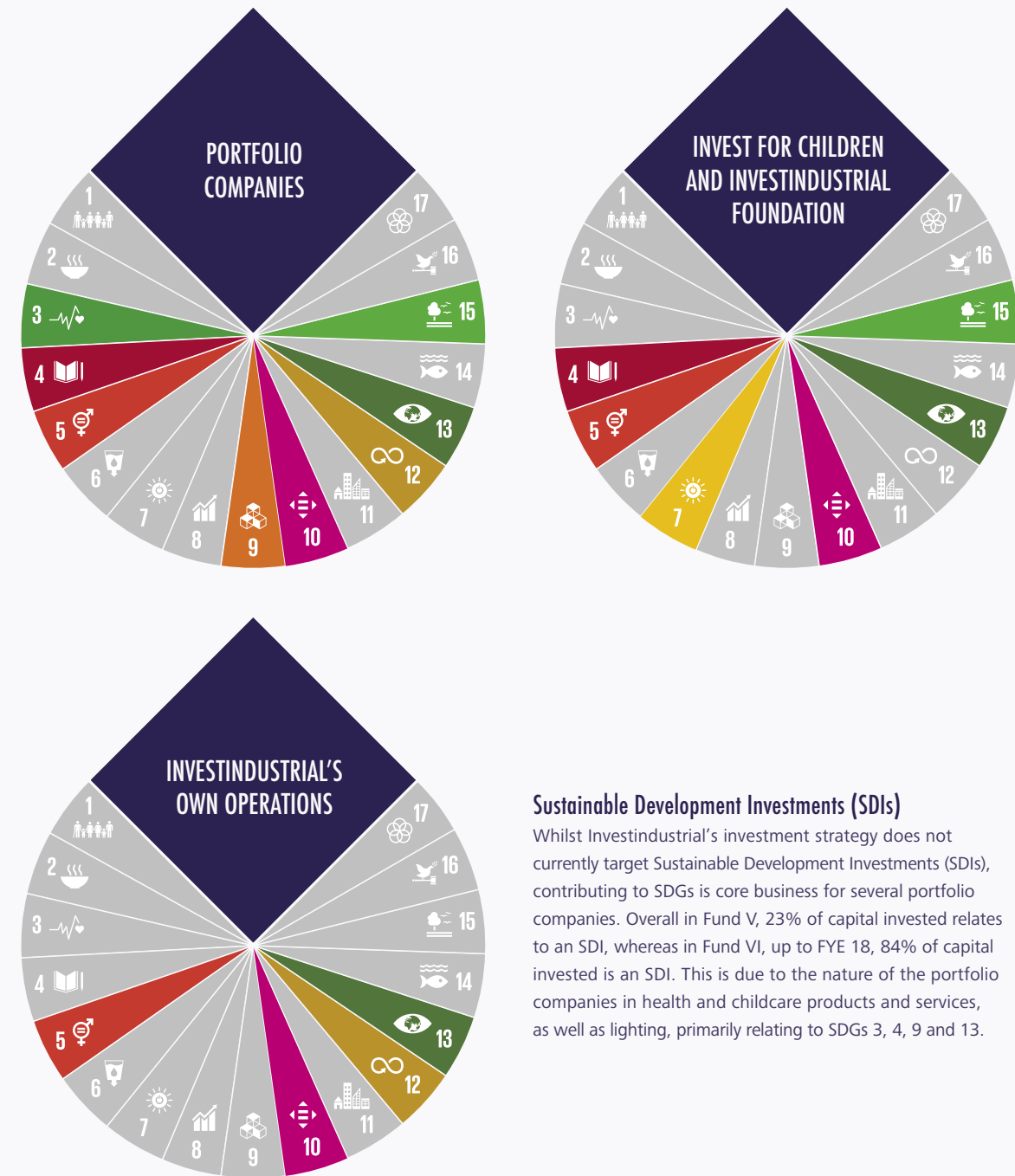
Detailed consideration of the SDG framework helped to identify which goals Investindustrial and each portfolio company has the greatest opportunity to impact, as shown on the opposite page.

As Investindustrial measures business performance, in the future Investindustrial will also measure the relative contribution to each of these goals. ♦

THE SDGs



INVESTINDUSTRIAL’S CONTRIBUTION TO THE SDGs



Sustainable Development Investments (SDIs)

Whilst Investindustrial’s investment strategy does not currently target Sustainable Development Investments (SDIs), contributing to SDGs is core business for several portfolio companies. Overall in Fund V, 23% of capital invested relates to an SDI, whereas in Fund VI, up to FYE 18, 84% of capital invested is an SDI. This is due to the nature of the portfolio companies in health and childcare products and services, as well as lighting, primarily relating to SDGs 3, 4, 9 and 13.

SUSTAINABILITY STRATEGY & OBJECTIVES

Investindustrial’s sustainability strategy builds on the company’s mission statement and firm values, presented on page 05. Investindustrial seeks to strengthen aspects of sustainability at a firm level, through investment in portfolio companies, by helping to shape best practice within the industry, and through Investindustrial’s Foundations.

In order to deliver on its sustainability strategy, Investindustrial set medium-long term objectives for each material sustainability issue to track and improve sustainability performance where it matters most. These objectives, presented on the opposite table, were reviewed and updated following completion of the materiality assessment in 2018. Where these had been met they are no longer included in the table; where they had not been met they have been updated and are included. In other cases, objectives relating to non-material issues had previously been set. These are included in the table for completeness.

Objectives are monitored on an annual basis for their impact on the business, community and the environment. All active portfolio companies also complete an annual assessment which includes measuring their carbon footprint along with other key ESGC metrics, presented on pages 102 and 103. ♦

INVESTINDUSTRIAL’S SUSTAINABILITY OBJECTIVES

	TOPIC	SUB-TOPIC	RELEVANT SDG		OBJECTIVE	YEAR TO REACH OBJECTIVE	STATUS UPDATE
ENVIRONMENT Reduce environmental harm	Climate	GHG Emissions	13		Achieve carbon neutrality at an Investindustrial, Sponsor and Fund level through a proprietary carbon capture / displacement project, and certify carbon capture / displacement carbon credits.	2027	In progress – Investindustrial has been carbon neutral since 2009 and continues to work towards this 2027 objective to achieving carbon neutrality through a proprietary carbon capture / displacement project at an Investindustrial, Sponsor and Fund level.
		Renewable Energy	9		Reduce greenhouse gas emissions from Investindustrial and all active portfolio companies* by replacing: 50% of electricity requirements with renewable energy by 2018; 75% of electricity requirements with renewable energy by 2020; and 100% of electricity requirements with renewable energy by 2025.	2018, 2020, 2025	2018: Not met – Four active portfolio companies achieved the target by the end of 2018; whereas the firm only reached 36%. A number of portfolio companies are locked into fixed-term energy contracts and therefore have not yet been able to switch to renewable energy sources in 2018. During early 2019, additional companies have transitioned to renewable electricity sources.
		Energy Consumption	13		Set measurable objectives and targets for Investindustrial and its active portfolio companies* focused 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.	2020	In progress – Investindustrial’s Sustainability Team continues to support portfolio companies in working towards achieving this objective. A recent quarterly Sustainability Call in 2019 was dedicated to setting Science-Based Targets.
	Sustainable resource consumption		9		Investindustrial and all active portfolio companies* identify and implement opportunities arising from a circular economy.	Identify opportunities by 2020. Implement opportunities by 2025.	In progress – Refer to case study examples in Sustainable Resource Consumption section on pages 82 – 83.
SOCIAL Employer of choice Partner of choice	Diversity and Equal opportunity	Gender Diversity	5		Increase the number of women on the board of all Investindustrial entities and active portfolio companies* to 33% (base year 2016 for the entire portfolio is 19%).	2020	In progress – Investindustrial has made progress with the hiring of female investment professionals in recent years, with further work remaining to be done to meet this objective.
			10				
	Philanthropy ¹	Sustainable Philanthropy	4		Sponsor the advancement of ESG measurement and accountability via collaboration with academia and industry specialists.	2017: Objective achieved. Research ongoing.	Achieved – Additional research is ongoing.
	Human rights and labour standards		10		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.	Within 18 months post-investment.	In progress – By 2018, all active portfolio companies, with the exception of one, have become signatories to the UNGC.
GOVERNANCE Professional corporation	Bribery and corruption		10		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.	Within 18 months post-investment.	In progress – By 2018, all active portfolio companies, with the exception of one, have become signatories to the UNGC.
	Digital Responsibility		9		Investindustrial and all of its active portfolio companies* develop and implement strategies, policies and procedures to manage cyber security and data privacy, and to meet all relevant legal and compliance requirements.	Within 18 months post-investment.	In progress – In 2018, all active portfolio companies were compliant with GDPR requirements.
	Risk management	Governance Policies	12		Investindustrial and all of its active portfolio companies* develop and implement an Environmental Policy, Diversity Policy and a Corporate Governance Policy.	2018	In progress – In 2018: - Environmental Policy – Investindustrial and all active portfolio companies; - Diversity Policy – 6 out of 9 active portfolio companies; and - Corporate Governance Policy – Investindustrial and all active portfolio companies.
		General Certifications	9		Obtain relevant certifications, for example, ISO 14001 re environmental management, ISO 45001 re occupational health and safety, ISO 9001 re quality management, ISO 27001 re information security, ISO 22316 re organisational resilience.	Within 3 years post-investment.	Achieved. In 2018, all active portfolio companies had relevant certifications in place.
			12				
	Transparency ²	Annual Reporting	N/A		Investindustrial and all active portfolio companies*: a) publish an annual Sustainability Report; b) assess and report their GHG emissions.	a) Within 18 months post-investment. b) At least annually.	Achieved – All active portfolio companies publish an annual Sustainability Report (or statement) and measure, monitor and publish their carbon emissions.
^{1, 2} Objectives set but issues are not considered to be the most material based on materiality matrix					*Active portfolio companies is defined as those companies that have been in the portfolio for at least half of the stated year and are still active at the end of the year		

In addition to these objectives, each of the portfolio companies set medium-long term sustainability objectives and targets that are unique to their business and maximise value creation. These company-specific objectives and targets are typically included within portfolio companies own sustainability reports.

CLIMATE

Climate change is one of the highest priority sustainability 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.

Investindustrial recognises the importance of climate as a business issue, and assesses related risks and opportunities throughout the deal cycle.

At the pre-investment stage, climate-related risks and opportunities are assessed by internal and external professionals as an integral part of due diligence. In the context of the Task Force on Climate-related Financial Disclosures (TCFD) framework, these risks and opportunities pertain to transition risks (typically identified via legal and commercial due diligence), physical risks (typically identified via ESG/environmental due diligence), and opportunities (typically relating to increased resource efficiency and alternative energy sources).

Material findings and mitigating actions are included in the advisory teams’ value creation plans and in the portfolio company’s 100-day plan, thus climate becomes part of Investindustrial’s on-going monitoring activities.

Post-investment, Investindustrial’s Sustainability Team works with portfolio companies to provide support in implementing climate initiatives, whilst responsibility for doing so lies solely with the portfolio company board and management teams.

Objectives and Targets

By 2020, Investindustrial and its active portfolio companies aim to have set measurable objectives and targets focused on the management of energy consumption, in line with a global commitment to curb greenhouse gas emissions sufficiently to limit global warming to two degrees or below by 2100. In addition, Investindustrial and all active portfolio companies are

working towards reducing greenhouse gas emissions by replacing:

- 50% of electricity requirements with renewable energy by 2018;
- 75% of electricity requirements with renewable energy by 2020; and
- 100% of electricity requirements with renewable energy by 2025.

Four portfolio companies achieved the target by the end of 2018; whereas the firm only reached 36%. A number of portfolio companies are locked into fixed-term energy contracts and therefore have not yet been able to switch to renewable energy sources, hence the overall targeted 50% by 2018 has not been achieved. During early 2019, additional companies have transitioned to renewable electricity sources. Investindustrial is confident that 75% of electricity requirements will be fulfilled with renewable energy by 2020.

Measuring and monitoring performance

All portfolio companies measure, monitor and publish their carbon emissions (see ESG Data Reporting, pages 102 and 103). Investindustrial benchmarks portfolio companies’ carbon intensity against industry and market/location-based benchmarks. In comparison to MSCI Europe ESG and low carbon leader index, the portfolio companies mostly outperform these indices as shown in the opposite graph.

Energy audits are carried out, low carbon technologies implemented, and raw materials replaced where applicable, resulting in portfolio companies reducing their energy and raw material consumption. Case study examples illustrate how The Artsana Group, Flos (part of Design Holding), and Aston Martin are saving energy and costs, increasing resilience and decarbonising their operations.

During the course of the following years, Investindustrial will continue to work with portfolio companies to raise awareness of climate regulations and issues affecting their entire value chains, including their own operations and upstream suppliers of raw materials.

In addition to working with portfolio companies, Investindustrial strives to minimise its own carbon emissions. In 2018, the firm carried out essential refurbishment of the Lugano and Madrid offices, incorporating the latest low-carbon technologies. In addition, further offices secured renewable energy supply contracts.

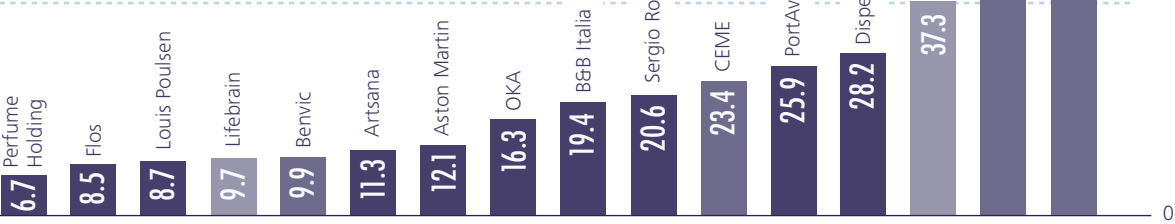
Investindustrial has been carbon neutral since 2009. The company continues to work towards its 2027 objective of achieving carbon neutrality through a proprietary carbon capture / displacement project at an Investindustrial, Sponsor and Fund level. ♦

CARBON INTENSITY

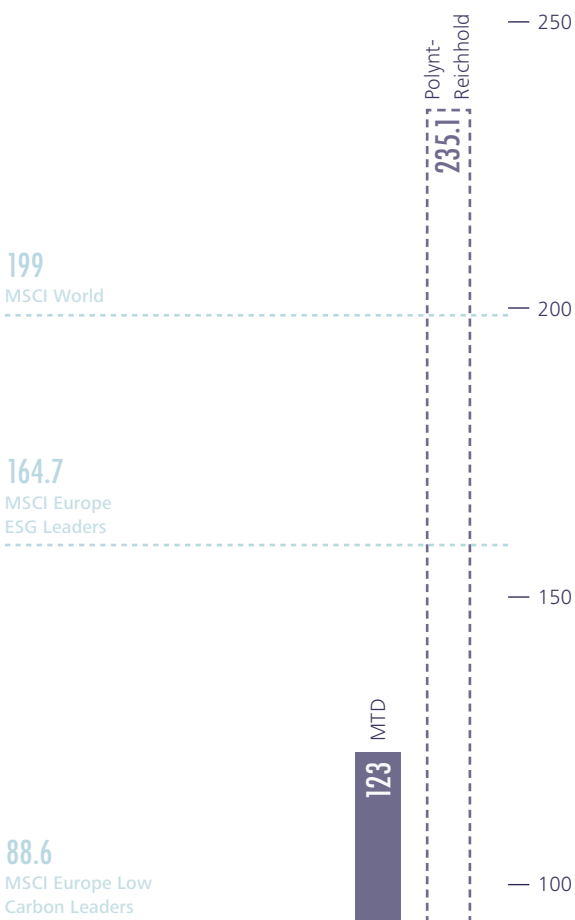
tCO₂/USD m sales

- Consumer, Retail & Leisure
- Industrial Manufacturing
- Healthcare Services
- Emissions included within EU Emissions Trading Scheme (ETS)

37.1
Investindustrial
2018 average



* Using MSCI methodology and using only scope 1 and 2 emissions.



CASE STUDY

ARTSANA GROUP

Energy Management – Cogeneration



www.artsana.com

The Artsana Group installed a trigenerator in 2018 to produce combined electrical, thermal and refrigeration at its Verolanuova plant where the company manufactures childcare products. This highly efficient system is expected to reduce the plant’s primary energy use by approximately 14%, and carbon emissions by around 23%, with a pay back period of less than 3 years.

The Artsana Group, leader in the field of baby care with brands such as Chicco, Boppy and Fiocchi di Riso, is distributed across the 21 active branches worldwide and four production units in Europe, two of which are located in Italy in Gessate (MI) and Verolanuova (BS).

As part of an energy study completed in 2017, The Artsana Group identified a series of projects that offer a reduction in carbon emissions via energy savings. The typical return on investment target for these projects is less than three years. In addition to LED conversions, one solution being applied following the completion of feasibility studies is the installation of a 900 kW trigeneration plant at Verolanuova.

By self-generating part of their electricity at this important and highly strategic production site, the quantity purchased is reduced. Waste heat is used for heating or cooling purposes depending on the season, leading to cost and emissions reductions. In winter, hot water pre-heats water entering the boilers, thus reducing the quantity of natural gas required to operate the boilers. In summer, hot water feeds a lithium bromide absorber to produce cold water in order to

cool water entering chillers, thus reducing the quantity of electricity required to operate the chillers.

Performance is monitored weekly via live metering. The goal is to make the system work 5,400-5,600 hours/year on average, guaranteeing approximately half of the plant’s electricity needs and 20-30% of its thermal needs, with a consequent CO₂ reduction of approximately 500 t/year. This equates to a 23% reduction in CO₂ (scope 1 and 2 emissions), and a 14% reduction in primary energy.

Cogeneration is a further step in Artsana’s commitment towards environmental, social and governance objectives. An Artsana ESG Policy was released in 2018, applicable to all Artsana Group processes and functions, as well as Artsana subsidiaries. The Policy supports the company’s aim to positively contribute to and foster sustainable development globally. Artsana strives to be an environmentally responsible business by measuring, monitoring and reducing its environmental impact and by setting challenging targets, with a special focus on GHG emissions, energy, water, materials consumption and waste. ♦



CLAUDIO DE CONTO
CEO, Artsana

“Based on our strong values and solid passion for life, sustainability has always been part of our daily mission and part of our responsible business strategy. Nurturing tomorrow’s generations and people’s wellbeing, being conscious of the impact we have on our communities and, generally, on our planet, is a key driver that guides our choices”.



The Artsana Group installed a 900 kW trigeneration plant at Verolanuova as part of their commitment to reducing carbon emissions.



Flos' electricity consumption decreased by 13% compared to 2017 as a result of substituting existing lighting systems to LED lighting.

CASE STUDY

FLOS

Reducing Emissions and Carbon Offsetting.

FLOS

www.flos.com

In a drive to reduce energy demand and increase overall energy efficiency, Flos has implemented a real-time monitoring system of its energy consumption levels at its Bovezzo headquarters. Emissions are offset from Flos' transport and logistics activities, which account for the largest proportion of its impact.

Operational since January 2018, the sophisticated system allows energy demand of different production processes within the plant to be monitored. The most energy-intensive processes can be identified, as well as potential inefficiencies. The aim is to implement mitigation or remediation activities based on monitoring results from 2018.

An integral part of the transition towards less energy-intensive systems is the substitution of existing lighting systems with LED lighting. Flos completed the LED conversion of all the production divisions of its Bovezzo plant in 2017. As a result, in 2018, Flos' electricity consumption decreased by 13% compared to 2017. The Italian subsidiary dedicated to the Outdoor segment will continue this LED conversion process in 2019, with the replacement of warehouse and manufacturing area lighting systems.

In addition, from August 2018, the electricity purchased by Flos' Bovezzo plant is entirely covered by Guarantees of Origin (GO), thus certifying that it is produced from renewable sources.

The most significant proportion of Flos' GHG emissions comes from transport and logistics, at the end of their value chain. In order to compensate for this, Flos and Ares support the Go Green – Climate Neutral program organized by DHL, their transport provider. This allows Flos and Ares

to offset their emissions resulting from the transportation of goods. The methods used for calculating and offsetting GHG emissions are based on the Greenhouse Gas Protocol's Product Life Cycle Accounting and Reporting Standard. The calculation methodology includes carbon dioxide (CO₂) and other GHG emissions including methane (CH₄) and nitrous oxide (N₂O) from transport and logistics as well as upstream emissions from fuel and energy production.

On behalf of Flos, DHL invests in climate protection projects to offset the emissions resulting from transportation services purchased.

Flos' total offset for 2018 amounted to 589.9 tCO₂e, an increase of 123% compared to 2017. In 2018, Ares offset a further 79.8 tCO₂e. As a result, in 2018, Flos contributed to CO₂ savings equivalent to the amount emitted by around 360 passenger cars traveling 10,000 km, which equates to 12.5% of the company's total emissions (scope, 1, 2 and 3). ♦

CASE STUDY

ASTON MARTIN

A vision for luxury electric high-performance vehicles.


ASTON MARTIN
www.astonmartinlagonda.com

Aston Martin's first Battery Electric Vehicle (BEV) – Rapide E

Development of Aston Martin's first all-electric production car – the Rapide E – has been progressing in 2018, and production, limited to 155 cars, will commence in Q4 2019.

Rapide E will be powered by an 800V battery electrical architecture with 65kWh installed capacity using over 5600 lithium ion cylindrical cells, mounted in a bespoke battery pack where the original 6.0-litre V12, its gearbox and fuel tank were located. This battery system powers two rear-mounted electric motors producing a combined target output of just over 610PS and a colossal 950Nm of torque.

Rapide E's range target is over 200 miles under the Worldwide Harmonised Light Vehicle Test Procedure (WLTP), while the model is capable of charging at a rate of 1851,2 miles of range per hour using a typical 400V 50kW charger. However, the car's 800V high-voltage battery system

enables faster charging of 3101,2 miles of range per hour, using an 800V outlet delivering 100kW or higher.

Being an Aston Martin, the Rapide E is being developed with a high-performance objective. Projected top speed for the Rapide E is 155mph, with a sub-4.0sec 0-60mph time and a 50-70mph time of just 1.5sec.

These figures are not restricted to a narrow window only when the batteries are fully charged. Instead the target is for maximum performance on-demand throughout the majority of the battery state of charge window, as would be expected from a conventional internal combustion-engined car.

Lagonda Vision Concept

Lagonda aims to be the world's first zero emission luxury brand, exclusively driven by zero emission powertrain technologies. It will confound traditional thinking and take full advantage of the latest advances

in electrification and autonomous driving technologies, which amount to the biggest revolution in land-bound transportation since the invention of the car.

At the 2018 Geneva motor show, Aston Martin presented the Lagonda Vision Concept, marking the beginning of a new range of state of the art, emission-free luxury vehicles. Production is planned to start in 2022, with a radical, sector-defining zero-emission SUV.

The Lagonda Vision Concept has been developed at the intersection of the very best of luxury and cutting-edge technology. It is configured to accept powerful solid state electric batteries enabling it to cover up to 400 real world miles between charges. That's the distance from Los Angeles to San Francisco, London to Edinburgh or Berlin to Vienna without stopping. The concept has also been designed to be compatible with the latest wireless conductive charging technology. ♦



DR ANDY PALMER
President & Group CEO, Aston Martin

"We believe people associate luxury in their cars with a certain traditional and even old-fashioned approach because, to date, that is all that's been available to them... Lagonda exists to challenge that thinking and prove that being modern and luxurious are not mutually exclusive concepts."



Unveiled at the Shanghai auto show in April 2019, the Rapide E made its dynamic debut at the Monaco Formula E race in May 2019.



On the 6 March 2018, in Geneva, Switzerland, Aston Martin presented the Lagonda Vision Concept, marking the beginning of a new range of state of the art, emission-free luxury vehicles.



Investindustrial aims to promote sustainable consumption across the supply chain.

SUSTAINABLE RESOURCE CONSUMPTION

Building a cleaner future.

For Investindustrial, sustainable resource consumption, also referred to as “doing more and better with less”, is about promoting resource and energy efficiency through portfolio companies-manufacturing and operations and manifesting it in their products and services. This material issue is critical to value creation as it affects the cost of goods sold and the competitive positioning of the companies through the services and products they sell.

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 lifestyles, providing them with adequate information through standards and labels, and engaging with suppliers in sustainable procurement practices.

In 2018, Investindustrial’s portfolio companies started to investigate opportunities arising from circular economy business models and how to incorporate the most promising ideas into their core corporate strategies (in line with Investindustrial’s sustainable resource consumption objective). Various companies have started to implement supplier questionnaires and supplier portals to better engage with suppliers. Most companies have been looking at material substitution and circular supply chains (Sergio Rossi, B&B Italia, Artsana, CEME), phasing out single-use plastics (PortAventura, Dispensa Emilia), reduced packaging and recycling (all portfolio companies), and product life extension as a service (Artsana, Oka).

Case study examples are included to illustrate different approaches being undertaken to achieve sustainable resource consumption. ♦

CASE STUDY

BENVIC

Reducing the environmental impact of plastic materials.



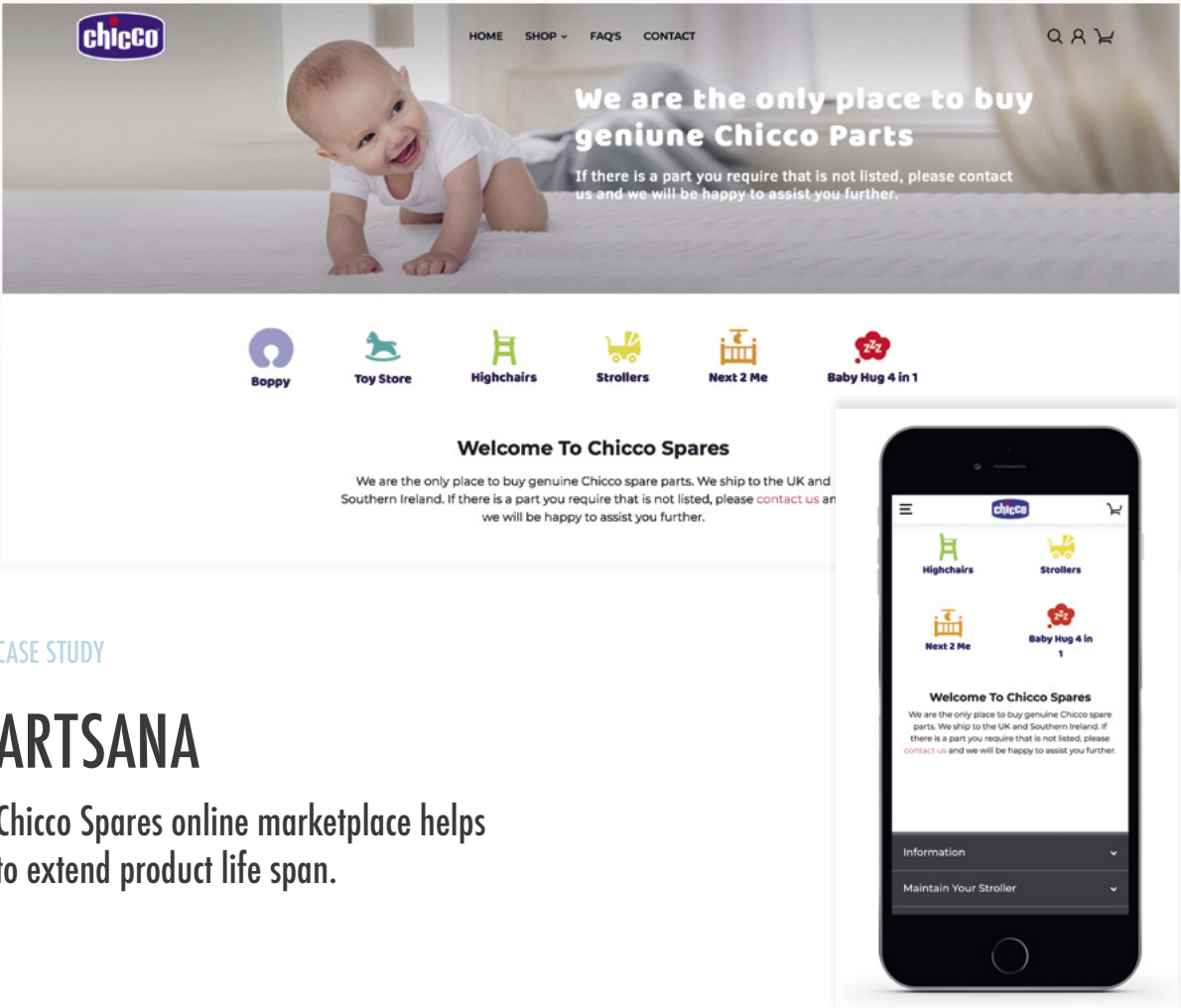
Unlike major plastics used to produce packaging, such as polypropylene (PP), polyethylene (PE), and polyethylene terephthalate (PET), polyvinyl chloride (PVC) and particularly Benvic’s products are predominantly used to produce more durable goods. These include windows, blinds, and buildings sidings used in the construction sector, and electric cables used in the automotive, telecommunications and special cables industries. Several products come with a guaranteed life span of over 25 years.

Recent eco-efficiency and Life Cycle Assessment (LCA) studies on the most common applications show that, in terms of energy requirements and Global Warming Potential (GWP), PVC is at least equal to alternative products. In many cases, there are advantages both in terms of total energy consumption and lower CO₂ emissions. It is increasingly recognised that plastics have a crucial role to play in delivering a more sustainable future, in areas linked to the Sustainable Development Goals such as smart and efficient building, sustainable mobility, and food conservation. A unique advantage of PVC compared to other materials is the possibility of changing the formulation, to improve the safety and eco-efficiency of the final product, while maintaining the same level of technical performance.

All compounds are recyclable and, as well as product manufacturing, Benvic is actively involved in recycling projects. At the beginning of 2019, Benvic acquired the majority of PLANTURA Italia, an innovative start-up dedicated entirely to the production and development of biopolymers arising from renewable sources. The company “Mission” is to produce high-performance polymers that meet demands of the market, combining applications and technologies of the traditional plastic materials with the reduction of CO₂ emissions. Plantura’s proposition integrates with Benvic’s strategy, offering bio-sourced products that are durable and compostable, in line with recent requests for a reduction of the environmental impact of plastic materials. ♦



Benvic’s mission is to produce high performance polymers that meet the demands of the market while also reducing CO₂ emissions.



CASE STUDY

ARTSANA

Chicco Spares online marketplace helps to extend product life span.

Chicco products are well built and designed to last. During the product lifecycle, Chicco customers in the UK, Italy and the US can replace and renew elements of their products as needed via Chicco Spares – an online marketplace for spare parts.

Being able to easily order a replacement part rather than buying a whole new product not only reduces costs for the customer but it also extends the product life span, and minimizes the overall environmental impact associated with product production. Chicco Spares sales have increased since 2015 due to the exposure of the marketplace – featured on Chicco’s website and promoted via Facebook, Chicco’s product catalogue, and a Customer Services voicemail. The wide variety of spare parts available to purchase, once the manufacturer’s two year warranty

has expired, has also contributed to sales. In 2018, around 175,000 spare parts were shipped worldwide (46% to the US, 9% to Italy, 8% to the UK, 5% to Portugal, and 3% to Spain). As a part of the service, technical repair centres, located in many countries, work daily in line with circular economy principles. ♦



www.artsana.com

DIVERSITY & EQUAL OPPORTUNITY

Investindustrial has long championed diversity in the workplace and continues to focus on this endeavour, recognising the significant benefits for the organisation, employees and wider society of promoting diversity and equality at work.

20%
of 64 investment
professionals are women

Investindustrial aims to increase the number of women on the board of all Investindustrial entities and active portfolio companies to 33% by 2020 (from 19% in 2016). Investindustrial has made progress with the hiring of female investment professionals in recent years, with further work remaining to be done, particularly with the leadership teams.

Meanwhile, there is an increasing number of women on the boards of portfolio companies. In 2018, there were women on the boards of 12 out of 14 portfolio companies.

Furthermore, Investindustrial is increasing the appointment of independent Directors

on the boards of portfolio companies, thus strengthening overall board level governance and increasing diversity of functions and expertise.

Case study examples from Aston Martin and PortAventura show how different initiatives have been introduced to increase diversity and equal opportunities.

Encouraging professional diversity and career development of women in private equity remains a focus of the Investindustrial Foundation, through sponsorship of Level 20.

As part of this support, Investindustrial hosted a breakfast at its London offices in July 2018 attended by 16 women from other organisations. ♦



Championing diversity
in the workplace.

CASE STUDY

PORTAVENTURA

Diversity and Inclusion.



www.portaventuraworld.com



PortAventura has an equal opportunities plan, incorporating a gender perspective in psychosocial risk assessments.

PortAventura has a specific employee selection procedure for people with disabilities, and established links with job centres and integration entities to carry out recruitment.

This selection process is personalised and consists of a skills and competences interview. There is also an on-boarding plan and specific initial training. Follow-up is conducted jointly with the partner centre and, if necessary, with the family, with the ultimate goal of establishing a common communication framework.

In 2018, PortAventura carried out awareness-raising activities in order to inform and advise employees about different recognised disabilities and the criteria necessary to obtain a disability certificate. PortAventura supported eligible employees by managing the application procedure. Since 2012, the company has also collaborated with different

organisations to foster integration of employees with disabilities. Such organisations include Inserta (Fundación Once), Incorpora (Fundación la Caixa), the Sant Rafael Special Education Centre and Down Tarragona.

PortAventura's Code of Ethics and Professional Conduct and Workplace Harassment Protocol are tools used by the company to prevent discrimination based on race, colour, gender, religion, age, political opinion, social origin, background or others. PortAventura also has an equal opportunities plan for men and women and incorporates a gender perspective in psychosocial risk assessments. ♦

CASE STUDY

ASTON MARTIN

Promoting diversity, equal opportunities and career development in the workplace.



ASTON MARTIN
www.astonmartinlagonda.com

Aston Martin remains committed to offering equal job opportunities for all, irrespective of gender, and continues to drive initiatives to attract and retain the best possible talent for the organisation.

Manufacturing and engineering industries have historically had a higher proportion of male employees and Aston Martin's workforce reflects this. In 2018, 75% of people employed in the manufacturing industry were male and 25% were female (ONS, 2018). At Aston Martin, 85.9% of employees were male and 14.1% were female.

The company's talent development programme identifies high-performing individuals who have the potential to progress into senior positions and provides a development plan tailored to each individual. This could involve a lateral move, taking on a lead role in a significant company-wide project, or sponsorship through an academic qualification. Aston Martin is currently sponsoring 34 employees, including 12 females, to complete Bachelor and Masters degrees and other professional qualifications, including CIPD, CIMA and CIPS. Overall, in 2018, 14% of participants on the talent development programme were female.

One such employee is Laura Schwab, President of Aston Martin the Americas

and a key female role model within the business. Laura started her automotive career at a small digital start-up company selling cars online and then moved to JLR, initially working as a Project Manager for their online configurator before progressing to more senior roles, including Director of Marketing. In 2016, Laura joined Aston Martin as the first female Regional President, a role which embraces sales and service, public relations, brand marketing and communications to Aston Martin customers and dealerships. Laura also regularly represents Aston Martin at leadership conferences focusing on female empowerment and encouraging women into the automotive industry.

Aston Martin also engages in a number of educational outreach events through the year aimed at promoting and inspiring women to take up Science, Technology, Engineering, and Maths (STEM) subjects and to explore careers within engineering and the automotive industry. These events involve employability skills workshops and networking events in schools and universities. ♦

CULTURE AND ETHICS

Investindustrial Culture & Ethics Framework.

Organisational culture and ethical behaviour is of key importance to Investindustrial, both within the organisation and the portfolio companies in which it invests. This was formalised in 2018, by incorporating an

assessment of the culture, ethics and reputation of target acquisitions into Investindustrial's approach to pre-investment due diligence (see Responsible Investing on page 61).

A proprietary Culture and Ethics Framework was developed, shown below, and is used to structure the assessment and determine how the culture and ethics of a target company may impact the value of the business.

RESPECT, INCLUSION & FAIRNESS

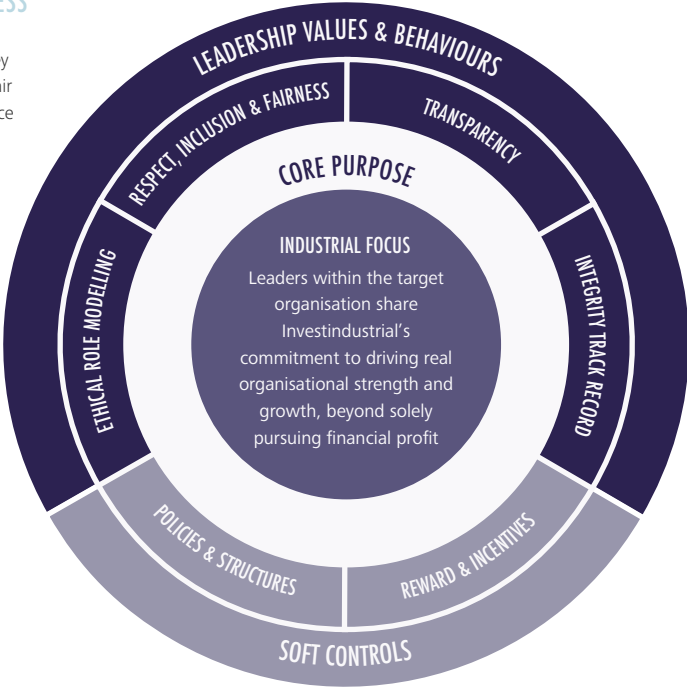
Leaders demonstrate basic respect for all employees and people that they work with. Decisions are made in a fair and consistent manner, with avoidance of bias, and recognising diversity/inclusivity of difference.

ETHICAL ROLE MODELLING

Leaders role model ethics and integrity in their behaviours and decision making and provide guidance and support to enable others to do the same. 'Practice what you preach'.

POLICIES & STRUCTURES

Policies and standards are in place to ensure good conduct and ethical practices within the organisation, and controls are in place to ensure these are implemented.



TRANSPARENCY

Leaders foster a climate of transparency throughout the organisation, both in communications and reporting (e.g. accidents and breaches).

INTEGRITY TRACK RECORD

The organisation and its leaders have a track record of acting with integrity and in line with local laws and regulations.

REWARD & INCENTIVES

Reward and incentives are consistently aligned to 'good' behaviours and do not incentivise poor conduct or judgment.



Investindustrial employees, including senior management, undertook culture and ethics training in 2018 – emphasising the importance of the topic within the firm and the portfolio companies in which it invests.

Internally, over 60 members of the Investindustrial team, including the entire senior leadership team, attended an Away Day workshop on culture and ethics in London in October 2018. The session focused on the dynamics that shape ethical behaviour and organisational culture. It was facilitated by Azish Filabi, Executive Director of Ethical Systems and Adjunct Professor at NYU Stern School of Business, and Dr. Caterina Bulgarella, Culture Architect and Ethics Expert.

Furthermore in 2018, Investindustrial completed an internal culture survey as part of a larger Purpose, Vision, Values and Culture programme. The survey response rate was 95%, showing a high level of internal engagement in this topic, ranging from support staff to senior management, globally. The survey was supplemented with 90 minute interviews with 22 senior

professionals; and three focus groups with 20 participants.

Strong results on employee engagement were achieved (82%). Key strengths and areas for development were identified, which will be actioned during the course of the following years.

Looking forward, Investindustrial is in discussion with NYU Stern on how NYU's research team might use the work being done on culture and ethics at Investindustrial to develop more meaningful data and practices around this important topic.

Employee engagement is critical to understand the views of such important stakeholders. Several portfolio companies undertake regular employee engagement surveys. Benvic Europe completed its first survey in 2018, and other portfolio companies are planning to carry out their first surveys in 2019. ♦

Benvic Europe conducted its first employee survey in 2018, following completion of a customer expectation survey in 2017.

All employees in France, Italy and Spain as well as in Germany and Belgium were invited to complete the online questionnaire. The survey received a 95% response rate and results showed a high level (83%) of employee satisfaction overall.

Of particular note was that 94% of respondents expressed pride in working for Benvic Europe and 89% of employees have confidence in the company's future. Whilst survey results were overwhelmingly positive, they are being used to develop action plans focusing on areas identified for improvement, including internal communications, career development plans, and applying the group's four values: Team Spirit, Commitment, Respect, Enthusiasm.

SUPPLY CHAIN MANAGEMENT

Continuously improving standards within the supply chain.

Better understanding social and environmental issues and improving standards within the supply chain can help mitigate operational, legal/regulatory and reputational risks, as well as offer opportunities to secure relationships with innovative suppliers.

Organisations of all sizes as well as international actors such as the G7, the ILO and the United Nations (through the Sustainable Development Goals) are putting labour conditions in the supply chain on their agenda. There is also an increase in specific legislation, such as the UK Modern Slavery Act, requiring companies to report on the steps taken to ensure no forced labour takes place in their own operations and in their supply chains.

Investindustrial recognises that supply chain management within its own, and within portfolio companies operations is increasingly important. Although it was not identified as one of the firm's most material issues (see Material Issues on page 66), supply chain ESG risks and opportunities are assessed as part of pre-investment due diligence. Post-investment, portfolio companies are required to become signatories to the UN Global Compact, committing to operating in ways that meet fundamental responsibilities in the areas

of human rights, labour, environment and anti-corruption, including in relation to their supply chains.

Portfolio companies are diverse in their nature and supply chain issues vary, as do companies approaches to managing these issues. Investindustrial encourages companies to develop a publicly available supplier code of conduct that reflects international standards such as the ILO core labour standards (covering child labour, forced labour, trade union rights and equal opportunities), covers health and safety and working conditions, and provision of a living wage. Each companies code would apply to direct suppliers as well as sub-suppliers, labour brokers and recruiters.

In some cases, including PortAventura and Aston Martin, portfolio companies evaluate their suppliers for ESG performance and require compliance with their supplier code of conduct. Supplier audits are also undertaken in some cases, where the risks are considered to warrant this. ♦

CASE STUDY

PORTAVENTURA

Suppliers Portal



PortAventura seeks to align suppliers with the company's corporate responsibility strategy. In order to effectively manage a network of over 1,150 suppliers, PortAventura uses a Suppliers Portal to assess and register approved suppliers.

The PortAventura supply chain encompasses highly diverse categories and activity areas, including: construction; machinery and equipment; furniture and equipment; independent professional services; computing; marketing; advertising and public relations; maintenance services; food and drink; shows and events; supplies; consumables; textiles; and merchandising. PortAventura is committed to prioritising

local suppliers and to extending their commitment to sustainability throughout their supply chain. The company aims to have a portfolio of suppliers that meets strict assessment criteria, including regarding corporate responsibility.

A Supplier Portal, which is accessible via the PortAventura World corporate website, is used to carry out the supplier approval process. Suppliers are assessed against the following subject areas:

- Tax and financial information;
- Financial and HR management;
- Supplier code of ethics and sales techniques;
- Quality and environmental management systems;
- Corporate responsibility; and
- Supplier declarations.

Corporate responsibility criteria are included to ensure suppliers are aligned with the company's sustainability principles.

Acceptance of the PortAventura Code of Ethics and Professional Conduct is required for the vast majority of suppliers and contractors that wish to become approved and to take part in the regulated tender procedures for works, services and supplies, in which PortAventura applies principles similar to those of public procurement, including transparency, fair treatment and free access. Legal Services and Purchasing take part in and supervise the approval process, and the phases of selecting bidders, awarding contracts, formalising contracts and paying for the works, services or supplies are distinguished from each other. The Prevention, Food Quality and Corporate Responsibility areas play an indirect role in the supplier approval process.

Through the company's approach to supplier engagement, PortAventura seeks to reinforce corporate responsibility within its supply chain, and in so doing convey the company's commitment to corporate responsibility to its suppliers. ♦

INVEST FOR CHILDREN



INVEST FOR CHILDREN

Investindustrial established its first corporate foundation, Invest for children (i4c) in 2000, with a mission to help differently-abled people achieve a better quality of life. i4c applies a Venture Philanthropy approach, whereby venture capital models are applied to foundations and non-profit organisations. 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 €5.2 million has been distributed in grants and funding since i4c was established. Over the last 18 years, the foundation has positively impacted the lives of thousands through the projects it sponsors. i4c is committed to making a meaningful contribution to the Sustainable Development Goals (SDGs). The following two SDGs align most closely to i4c’s activities:



Some of i4c’s projects and their associated impacts are summarised over the following pages. More information can also be found online: www.investforchildren.org



The Aura Foundation (www.aurafoundation.org) aims to integrate people with special needs, mostly with Down syndrome, into the ordinary labour market via a programme of Supported Employment. The Aura Foundation was established in 1989 and was the first of its kind in Spain, now considered as a model in Supported Employment. Since 1989, approximately €15 million has been raised by the Aura Foundation. Over 120 leading companies have joined the Aura Foundation’s initiative to facilitate the integration of differently-abled people into the working environment, and more than 340 people have joined the ordinary working world with the Aura Foundation’s support. i4c has supported the Aura Foundation financially and operationally since 2012. This has enabled the Aura Foundation to achieve its target of doubling participation in all of their employment programmes. 40 new contracts were signed in 2018, representing a growth in signed contracts of 33% compared to 2017. There are 198 attendees on the work placement programme, 20 on the Life with Support Programme, 104 people are receiving training, and 15 are self-advocates. 85% of the participants who have a remunerated job, also have long-term employment contracts. i4c is committed to continuing its support of the Aura Foundation.



THE WORLD DOWN SYNDROME DAY CONFERENCE AT THE UNITED NATIONS

On March 21, 2018, Gloria Canals, Aura Foundation President, and Maria Cabré, Aura Foundation Director, were guest speakers at the World Down Syndrome Day (WDSD) Conference, held at the UN headquarters in New York. The WDSD Conference is an international conference held on or as close as possible to World Down Syndrome Day, organised by Down Syndrome International. It is sponsored each year by Permanent Missions of UN Member States and international agencies and non-governmental organisations. The Conference focuses on a different subject each year, and its overall purpose is to promote the human rights of people with Downs Syndrome and other disabilities by using The Convention on the Rights of Persons with Disabilities (CRPD) of the UN and other tools for human rights. In 2018, the subject of the WDSD Conference was “What I bring to my workplace” The AURA Foundation presented to conference delegates on its established approach to Supported Employment in Europe, which has been in use since 1989. Other presentations were given from organisations including Nespresso, Desigual and Casa Carlota.

SOMOS UNO

The annual charity event ‘SOMOS UNO’ took place on 7 June 2018 at the RCDE Stadium in Barcelona, Spain, and was attended by over 1,000 guests. As in previous years, sponsoring companies participated in a football tournament with winners playing against former RCD Espanyol de Barcelona players. In 2018 SOMOS UNO also held the ‘I Paddle Tournament’ at Club Esportiu Laietà of Barcelona. All funds raised during a fundraising dinner went to the Aura Foundation’s work placement project, as well as the Foundation Pasqual Maragall to support their research on Alzheimer’s disease, and to the Hospital Sant Joan de Déu in Barcelona for research on children’s rare diseases.



HOSPITAL SANT JOAN DE DÉU

The SJD Barcelona Children’s Hospital is a private, non-profit institution that is dedicated to public service. It is a member of the Hospitaller Order of St. John of God, which manages more than 300 healthcare centres in 50 countries around the world and serves the most vulnerable groups in hospitals, health centres, social services and religious communities.

With i4c’s financial support, the SJD Barcelona Children’s Hospital has started building the future SJD Paediatric Cancer Centre Barcelona, destined to be one of the largest and most important paediatric oncology centres in Europe.

The objectives of the SJD Paediatric Cancer Centre Barcelona are:

- 1. To continue to increase the ability to cure childhood cancer;
- 2. To achieve effective treatments for currently incurable cancers;
- 3. To diminish the sequels of the surviving children;
- 4. To offer personalised patient attention; and
- 5. To create a centre that does not discriminate based on economic circumstances.



The new SJD Paediatric Cancer Centre Barcelona will be able to treat 400 patients per year, 30% more than the SJD Barcelona Children’s Hospital is able to at present. It will incorporate the latest technologies and methods in the fight against cancer.



GIGI’S PLAYHOUSE DOWN SYNDROME ACHIEVEMENT CENTRE

GiGi’s Playhouse, Inc. changes lives through consistent delivery of free educational, therapeutic-based and career development programs for individuals with Down syndrome, their families and the community, through a replicable playhouse model. i4c has collaborated with GiGi’s Playhouse since 2013 and for the last three years has helped to fund the Summer Clubhouse for children and youth.



JATAKENDEYA

i4c has collaborated with Spanish humanitarian association Jatakendeya since 2015, helping them to enlarge and improve the conditions of a day care centre provided for 70 people with disabilities, and a shelter for homeless youths in Togo, West Africa.

During 2018, the day care centre’s facilities were expanded, with the construction of a residential building

and a warehouse. Construction of a water well was also completed.

Following completion of the facilities, the day care centre intends to become self-sustaining within four years, by selling farm produce, pottery, bread and palm oil to nearby villages.



TEAM DOMENICA

Team Domenica is a social enterprise charity, whose vision is for people with learning disabilities to be valued in the workplace, to reach their full potential and feel included as members of society.

Based in Brighton, UK, Team Domenica operates through a unique three-tier set-up of Training Centre, Training Café (Café Domenica) and Employment Centre. Through this the charity provides employment programmes to young adults with a wide range of ability, referred to as ‘candidates’ to more accurately reflect and emphasise their role as people ready for

employment. It also offers guidance around career progression and provides companies with guidance and advice on employing young people with learning disabilities. i4c sponsored a “Wrap Around Programme” at Team Domenica, which offers one day a week support to eight candidates who are in paid work. Team Domenica has already achieved an impressive 33% employment rate, more than five times higher than the UK national employment statistic (6%) for people with learning disabilities.



PORTAVENTURA DREAMS

In 2018, PortAventura’s Foundation started to build the PortAventura Dreams Village, a specific space within the Resort, where families with children suffering from or who have suffered a serious illness can come and enjoy an all-inclusive stay at the Resort. It will occupy a space of 8,850 m² within PortAventura World and will have six fully adapted houses. The stay is intended to boost the spirits of patients and their families, to help

them with their recovery and to provide a friendly and playful environment to share experiences with other families in similar situations.

The SJD Barcelona Children’s Hospital is one of the hospitals that the Fundació PortAventura is collaborating with in order to provide this unique and highly valued opportunity to patients. Other hospitals are the Hospital Universitari Vall d’Hebron (Barcelona) and the Hospital Infantil Universitario Niño Jesús (Madrid).





INVESTINDUSTRIAL FOUNDATION

Promoting education, diversity, sustainability, culture and science

In 2016, the Investindustrial Foundation was established to compliment i4c and focus on the promotion of education, professional diversity, environmental protection and conservation, and the promotion of arts, culture, heritage and science. The Investindustrial Foundation’s

objectives are presented here in relation to four key areas of focus. Relevant SDGs are also included, to show which SDGs the Investindustrial Foundation’s activities contribute to. A strategy was developed in 2018 to plan how these objectives will be met.

Focus areas: **Heritage & Land Stewardship**

- Objectives:
- ◆ Growing and maintaining flora and fauna biodiversity in existing forestry assets in Europe
 - ◆ Forest landscape rehabilitation after fires in Southern Europe

Related SDGs:

Forestry Conservation

- ◆ Developing programmes enabling Investindustrial to reach carbon neutrality via forestry conservation with a strong positive social impact

Clean Energy

- ◆ Supporting global efforts for clean energy supply whilst also contributing to Investindustrial’s carbon neutrality goal

Sponsorships

- ◆ Focused effort on education, and diversity in the workplace
- ◆ Promotion of arts, culture, heritage and science
- ◆ Supporting urban regeneration programmes

INVESTINDUSTRIAL PROGRAMMES

For year ending March 2019, a total of €806,938 was distributed by the Investindustrial Foundation in grants and funding. To date, the Investindustrial Foundation has been active in supporting education, professional diversity, and environmental protection and conservation including through its involvement with the following organisations:

Level 20

A not-for-profit organisation formed to inspire women to join and succeed in the private equity industry. An Investindustrial Foundation project currently underway concerning the ‘Heritage and Land Stewardship’ focus area includes a biodiversity study as well as a carbon sink assessment on owned land. The results from this study are currently being reviewed and an action plan will be developed in 2019 as to how best to support the ecosystems on this land.

www.level20.org

NYU Stern Centre for Sustainable Business (CSB)

In 2018, the Investindustrial Foundation contributed funding to the NYU Stern Center for Sustainable Business (CSB) to undertake research on the financial impact of company sustainability strategies within the automotive industry. Three companies, Aston Martin, GM and Volkswagen joined this research effort to test its Return on Sustainability Investment (ROSI™) methodology. CSB’s research indicated that there is a correlation between better sustainability performance and financial performance, but to date, companies have been unable to track and monetize their

investments in their embedded sustainability strategies and financial outcomes. Initial results demonstrate that automotive sustainability strategies contribute substantial tangible financial benefits through higher operational efficiencies, risk reduction, and innovation and growth and can improve earnings up to 3.7% of revenues, as was seen through initial projections for one company. Examples of value creation include:

- Waste reduction strategies generated EBIT of \$235 million in 2016 and NPV impact of \$840 million (54% of revenues);
- Reduction in recalls (improved safety) generated incremental EBIT in excess of \$550 million; and
- Reusing and recycling materials at the end of the vehicles useful life (EOL) generated EBIT savings in 2016 of \$100 million (6 bps margin improvement) and \$380 million NPV (.24% of revenues) assuming 5 year run rate. This benefit was only captured for regions where the original manufacturer has the disposal responsibility – benefits could be 20x greater if applied to potential of total vehicles disposed of in a given year.

In addition to the specific financial findings at a company level, the research also identified that current reporting frameworks may not be adequate for measuring financial benefits, and that incorporating benefits of sustainability strategies into decision-making requires a systems-thinking approach. Both of these takeaways may prove useful for companies as they think about structuring their organisations to ensure better alignment between sustainability and finance departments. Ultimately, the ROSI™ methodology, used in this project, validates that sustainability strategies create substantial shareholder value. The Investindustrial Foundation is continuing discussions with the NYU Stern CSB in relation to applying the ROSI™ methodology to other industries, including private equity to further explore the return on sustainability investment and improve the measurement of value.

Center for Sustainable Business

www.stern.nyu.edu



In 2018, Investindustrial hosted a Level 20 breakfast at its London offices attended by 16 women from different organisations.

SUMMARY GROUP INFORMATION

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SUMMARY GROUP INFORMATION

During 2018, sales increased by 7% and EBITDA by 12% with a positive contribution across all industry platforms. This growth has been driven by a combination of organic expansion and follow-ons /merger events.

The overall financial position shows a Net Debt/EBITDA ratio of 3.4x for the companies present in the portfolio as of the end of 2018. The increase compared to prior year is related to some refinancing and financing acquisitions mainly for transformational platforms.

The total number of employees remained stable: the decrease in the Healthcare and Services sector has been substantially compensated by the increase in the industrial manufacturing sector.

For the third consecutive year, during 2018 Investindustrial and its portfolio companies assessed their carbon footprint, estimating total GHG emissions of approximately 747,000 tCO₂e.



Note: aggregate numbers considering 100% of the companies present in the portfolio at the end of 2018. Investindustrial’s funds typically own a majority position.

SALES (€M)

CONSUMER AND RETAIL
INDUSTRIAL MANUFACTURING
HEALTHCARE AND SERVICES
TOTAL

BY SECTOR

2017	2018
3,444	3,764
2,440	2,443
541	643
6,424	6,850

VARIANCE

€m	%
320	9%
4	0%
102	19%
426	7%

EBITDA (€M)

CONSUMER AND RETAIL
INDUSTRIAL MANUFACTURING
HEALTHCARE AND SERVICES
TOTAL

BY SECTOR

2017	2018
547	614
243	256
92	117
882	987

VARIANCE

€m	%
67	12%
13	5%
25	27%
105	12%

NET DEBT (x)

NET DEBT / EBITDA

RATIO

2017	2018
3.0x	3.4x

VARIANCE

X	%
0.4x	16%

EMPLOYEES (NUMBER)

CONSUMER AND RETAIL
INDUSTRIAL MANUFACTURING
HEALTHCARE & SERVICES
TOTAL

BY SECTOR

2017	2018
15,785	15,802
4,447	4,437
10,432	10,104
30,664	30,343

VARIANCE

EMPLOYEES	%
17	0%
-10	0%
-328	-3%
(322)	-1%

ESG DATA REPORTING

		INVESTINDUSTRIAL ¹	ARTSANA ²	ASTON MARTIN ³	BENVIC ⁴	B&B ITALIA ⁵	CEME ⁶			DISPENSA EMILIA ⁷	FLOS ⁸	HTG ⁹	LIFEBRAIN ¹⁰	LOUIS POULSEN ¹¹	MTD ¹²	OKA ¹³	PERFUME HOLDING ¹⁴	POLYNT REICHHOLD ¹⁵	PORTAVENTURA ¹⁶	SERGIO ROSSI ¹⁷
ENVIRONMENT	GHG emissions (tons) – Scope 1	50	9,964	9,573	-	2,704	376			17	858	13,233	624	526	1,219	431	199	564,297	5,180	335
	GHG emissions (tons) – Scope 2	56	10,672	7,326	2,123	2,298	3,884			537	1,123	196	585	551	29,753	271	274	-	-	1,171
	GHG emissions (tons) – Scope 3	466	22,153	13,357	10,851	431	14,283			440	3,363	97	365	3,109	1,058	4,283	48	-	1,781	647
	Total GHG emissions (tons)	571	42,789	30,256	12,974	5,433	18,543			995	5,344	13,526	1,574	4,186	32,030	4,985	521	564,297	6,961	2,152
	Electricity Consumption (kWh)	241,982	31,177,737	25,880,634	36,916,626	6,338,105	13,047,378			1,652,465	2,546,785	1,030,107	2,998,700	2,888,000	38,629,193	1,806,258	770,937	401,715,650	42,789,298	3,805,514
	Energy Consumption met via Renewable Energy (%)	36%	0%	100%	0%	51%	0%			0%	0%	48.5%	2.2%	0%	0.3%	0%	0%	0%	100%	13.5%
	Water Consumption (m³)	2,300	81,452	53,565	-	49,290	7,351			15,000	n/a	5,699	16,186	7,367	48,600	1,900	5,059	-	1,296,744	12,874
	Total Waste (tons)	76	3,112	1,179	-	929	2,970			-	562	113	15,394	280	1,411	482	203	-	3,955	29
	Total Waste to Recycling or Reuse (% of total Waste)	51%	84%	75%	-	72%	14%			-	55%	26%	77%	100%	69%	52%	62%	-	91%	52%
	Environment Management System (Yes/No)	No	No	Yes	Yes	Yes	Yes			No	No	Yes	No	No	No	No	Yes	Yes	Yes	No
SOCIAL	Environmental Manager on staff (Yes/No)	Yes	No	No	Yes	No	Yes			No	No	Yes	No	Yes	No	No	Yes	Yes	Yes	No
	Male Employees (%)	62%	31.2%	84.1%	85%	65.2%	70.3%			24%	57.1%	71.9%	27.6%	47%	44.6%	37.1%	23.7%	84%	34.3%	37.5%
	Female Employees (%)	38%	68.8%	15.9%	15%	34.8%	29.7%			76%	42.9%	28.1%	72.4%	53%	55.4%	62.9%	76.3%	16%	65.7%	62.5%
	Total Employees (number)	104	8,223	2,913	260	626	918			318	619	7,334	848	453	1,922	350	167	3,259	1,642	491
	Employee Training (hours)	450	26,760	23,895	-	4,172	3,413			12,369	3,885	40,565	15,115	3,959	2,592	200	1,029	92,226	40,629	3,664
	Abenteeism (%) ¹⁸	1%	3.3%	30.7%	-	3.5%	3.8%			1.7%	3.7%	12.4%	1.5%	3.6%	<6%	2%	4.5%	4.5%	3.6%	2.8%
	Voluntary Turnover (%) ¹⁹	12%	4.5%	6%	1%	7%	6%			34.1%	4.3%	7.2%	10.3%	3.9%	See notes	31.1%	9.8%	3.7%	21%	15.3%
	Workers Council (Yes / No / n/a)	n/a	Yes	Yes	Yes	Yes	Yes			No	Yes	Yes	Yes	Yes	Partly	No	Yes	Yes	Yes	Yes
GOVERNANCE	Philanthropy (Yes/No)	Yes	Yes	Yes	No	Yes	No			No	Yes	Yes	No	No	Yes	Partly	Yes	Yes	Yes	Yes
	Code of Conduct/Ethics (Yes/No)	Yes	Yes	Yes	No	Yes	Yes			No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
	Diversity Policy (Yes/No)	No	Yes	Yes	No	No	Yes			No	No	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
	Female Board Members (%)	22%	11%	21.4%	20%	0%	16.7%			20%	0%	11.1%	16.7%	0%	12.5%	20%	20%	0%	0%	12.5%
	Health and Safety Policy (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Enviromental Policy (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes			No	Yes	Yes	No	No	Partly	No	Yes	Yes	Yes	Yes
	Waste Management Policy (Yes/No)	No	Yes	Yes	No	Yes	Yes			Yes	No	No	Yes	No	Partly	No	Yes	Yes	Yes	No
	Executive Committee Member responsible for CSR (Yes/No)	Yes	Yes	Yes	Yes	No	No			Yes	No	No	No	Yes	No	Partly	Yes	No	No	Yes
	Anti-corruption Policy (Yes/No)	Yes	Yes	Yes	No	Yes	Yes			No	Yes	Yes	Yes	Yes	Partly	Yes	Yes	Yes	Yes	Yes
	Corporate Governance Policy (Yes/No)	Yes	Yes	Yes	No	Yes	No			No	Yes	Yes	No	No	Yes	Partly	Yes	Yes	Yes	Yes
	CSR Report (Yes/No)	Yes	Yes	Yes	No	Yes	No			No	Yes	Yes	No	No	No	No	Yes	No	Yes	Yes

1 Investindustrial: GHG emissions figure includes the following by scope: Scope 1: refrigerant gas losses and company vehicles; Scope 2: electricity consumption; Scope 3: water, waste, staff commuting and business travel Female Board members relate to all fund subsidiaries including portfolio companies.

2 Artsana: GHG emissions figure includes the following by scope: Scope 1: fuels used for heating and other purposes, fuels used for Company's car fleet (including long term leasing), refilling of air conditioning systems; Scope 2: electricity consumption; Scope 3: business travel as well as inbound and outbound transportation of products. Data, including gender split, reflects the babycare area and includes commercial & production sites (Italy, Romania), commercial subsidiaries in Argentina, Belgium, Brasil, China, France, Germany, India, Mexico, Poland, Portugal, Romania, Russia, Spain, Switzerland, Turkey, UK and USA (both Artsana US and Boppy), and also the Artsana headquarters and Italian owned shops. Total employees excludes PIC.

3 Aston Martin: GHG emissions figure includes the following by scope: Scope 1: Gas consumed for all sites, diesel usage for delivery of product and production parts, assembly/engineering – petrol usage (on site pumps); Scope 2: energy consumption; Scope 3: Business air miles, management and employee car mileage and employee commuting.

4 Benvic: GHG emissions figure includes the following by scope: Scope 2: Location-Based Emissions (as opposed to Market-Based Emissions); and Scope 3: including fuel and energy related emissions, business travel (km numbers used for rail and air travel. Assumed all trips are return and applied standard emissions factors. Assumed given data is 75% of travel for group as a whole.), employee commute, product transport (used client assumption for imported freight and used the Spain distance multiplied by four. Used average freight load of 20 tonnes based on detailed data provided. No weights for MON so estimated based on average for FFR and CHE.), waste management and purchased goods. No data available re Scope 1 emissions, water consumption, total waste, employee training or absenteeism.

5 B&B Italia – Part of Design Holding: GHG emissions figure includes the following by scope: Scope 1: fuel consumption for heating and other uses (natural gas, wood offcuts, gasoline, BTZ) and the diesel consumption related to the car fleet; Scope 2: electricity consumption; Scope 3: business travel by air. Reported figures include data related to B&B Italia S.p.A., Arclinea and the French and American affiliates.

6 Ceme: GHG emissions figure includes the following by scope: Scope 1: stationary emissions; Scope 2: Location-Based Emissions (as opposed to Market-Based Emissions); Scope 3: including fuel and energy related emissions, business travel, estimated employee commute (based on 450

employees travelling 20km per day by car for 240 days per year), waste management, and purchased goods (emissions are based on 5,748 tonnes of metal, assumed to come from recycled sources and 670 tonnes of plastics assumed to be 50% from recycled sources and 50% from virgin materials).

7 Dispense Emilia: GHG emissions figure includes the following by scope: Scope 1: fuels used for Company's car fleet; Scope 2: electricity consumption; Scope 3: employee commuting. No data available re total waste.

8 Flos – Part of Design Holding: GHG emissions figure includes the following by scope: Scope 1: fuels used for Company's car fleet (including long term leasing), fuels used for Company's truck fleet, refilling of air conditioning systems, fuels used for heating and production processes; Scope 2: electricity purchased from national grid, district heating purchased from a waste to energy plant; Scope 3: business travel by air and train, logistics of purchased goods and sold products. Reported figures are based on Flos, Antares and Ares with 'Total Employees' reflecting all operations.

9 HTG: GHG emissions figure includes the following by scope: Scope 1: gas for heating the workplaces, fuels used for ambulance fleet, fugitive emissions air conditioning systems; Scope 2: electricity consumption; Scope 3: waste related emissions. Since the fusion of Ambuiberica and Emeru, a combined code of ethics and anti-corruption policies had not been produced Individually, each entity has its historic policy in place.

10 Lifebrain: GHG emissions figure includes the following by scope: Scope 1: fuels used for heating and other purposes, and fuels used for Company's car fleet; Scope 2: electricity consumption; Scope 3: business travel.

11 Louis Poulsen – Part of Design Holding: GHG emissions figure includes the following by scope: Scope 1: stationary emissions; Scope 2: Location-Based Emissions (as opposed to Market-Based Emissions); Scope 3: including fuel and energy related emissions, business travel, employee commute, product transport (using Danish emissions data for sea, air, rail and road relating to an assumed average packet weight of 50kg for USA domestic freight and that all USA freight is by HGV), waste management, and purchased goods.

12 MTD: GHG emissions figure includes the following by scope: Scope 1: fuels used for heating and other purposes, fuels used for Company's car fleet (including long term leasing), refilling of air conditioning systems; Scope 2: electricity consumption; Scope 3: business travel. Data reflects Pikkare in Italy and France, and HTL in Poland and the USA. Voluntary employee turnover at Pikkare was 5.61% and at HTL was 14.36%. Pikkare has a workers council, a waste management policy, and an anti-corruption policy in place – HTL does not. HTL has an environmental policy in place – Pikkare does not.

13 OKA: GHG emissions figure includes the following by scope: Scope 1: stationary and mobile emissions (mobile sources from owned fleet vehicles, assuming standard 12mpg); Scope 2: Location-Based Emissions (as opposed to Market-Based Emissions); Scope 3: including fuel and energy related emissions, employee commute, product transport (based on detailed container movements. Assumed container weight of 27t for exports and road freight, waste management, and purchased goods (assumed paper, wood and plastics are from primary rather than recycled sources). OKA has an Executive Committee Member responsible for CSR and a Corporate Governance Policy – Wisteria does not. Wisteria has supported philanthropic projects – OKA has not. Data relating to total waste and absenteeism is for OKA only. Data relating to water consumption and employee training is for Wisteria only.

14 Perfume Holding: GHG emissions figure includes the following by scope: Scope 1: gas for heating the workplaces; Scope 2: electricity consumption; Scope 3: company fleet emissions. Reported figures are based on Morris Profumi Spa with the exception of 'Total Employees' which is for the Perfume Holding Group.

15 Polynt Reichhold: GHG emissions figure includes the following by scope: Scope 1: estimated based on owned sources. No data are available relating to scope 2 or 3 emissions, water consumption, waste, or employee training as a % of payroll.

16 PortAventura World: GHG emissions figure includes the following by scope: Scope 1: transport of own fleet and the combustion of fossil fuels (ACs/heating boilers), fugitive emissions of fluorinated gases from refrigeration equipment; Scope 2: electricity consumption; Scope 3: treatment of municipal waste and consumption of drinking water.

17 Sergio Rossi: GHG emissions figure includes the following by scope: Scope 1: fuels used for heating and other purposes, fuels used for the Company's car fleet (including long term leasing), refilling of air conditioning systems; Scope 2: electricity consumption; Scope 3: business travel by air, train and car. Data reflects Sergio Rossi S.p.a. (San Mauro Pascoli headquarter and Milan offices) as well as EMEA Direct Retail Network whilst the 'Total Employee' figure reflects total employees globally.

18 Absenteeism rates are calculated as the total days lost due to sickness over the number of total working days for the workforce (this will vary from company to company depending on holiday policies, etc).

19 Voluntary turnover is calculated as the number of departures for the year over the end of year employee headcount or in some cases the peak employee headcount.

20 ESG data from most portfolio companies is independently assured by third party providers, as detailed in their respective annual sustainability reports.

OUR INVESTORS

Investindustrial has an unrivalled position in Southern Europe, a deep track record of investing across 63 companies and a proven ability to generate strong returns across 47 full and partial exits to date.

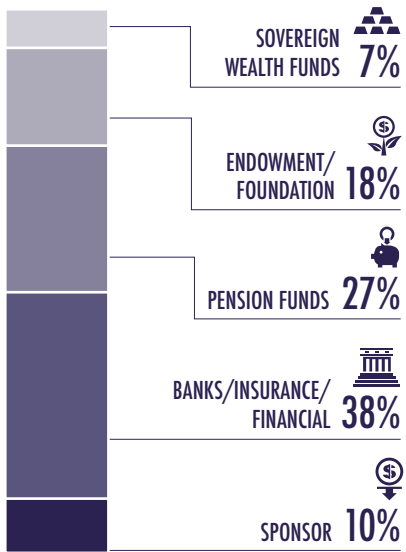
Investindustrial is committed to being strongly aligned with our investors; as such we continue to be the single largest investor across our funds. We are proud to have the support of 100 high-quality institutional investors across all active funds. We are the investment partner of choice

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 US, the Middle East and Asia, with the remainder from Europe.

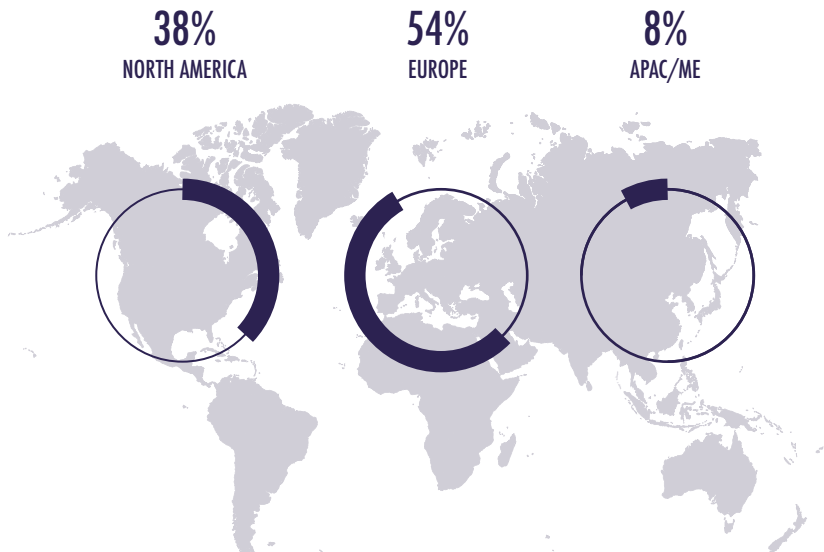
Our objective is to build leading companies by applying industrial expertise, with a strong focus on long-term value creation, an approach that has delivered consistent returns through the cycle to our investors. ♦

BREAKDOWN OF INVESTORS (%)

By type



By region



Note: As of 30th June 2019. Reflects capital raised from all active funds and includes fund VII.

PRI INDEX



I. POLICY, PEOPLE AND PROCESS		REFERENCES WITHIN THIS REPORT
1.1	What updates have you made to your responsible investment policy/guidelines and/or strategy?	<ul style="list-style-type: none">Investindustrial's ESG Evolution timelineInvestindustrial's Approach to responsible investing – An Integrated FrameworkCulture and Ethics
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 reported separately to investors
1.3	How has your responsible investment policy/guidelines and/or strategy been implemented?	<ul style="list-style-type: none">Investindustrial's Approach to responsible investing – An Integrated FrameworkBuilding Better CompaniesCase studies used to illustrate implementation throughout
1.4	How does your firm manage the ESG aspects of its own operations (corporate responsibility)?	<ul style="list-style-type: none">Building Better Companies – Recognised leadership in responsible investingResponsible InvestingBuilding Better Companies – Sharing best practiseSustainable Development Goals (SDGs)Sustainability Strategy and ObjectivesClimate – Measuring and monitoring performanceDiversity and Equal OpportunityCulture and EthicsInvest for children and the Investindustrial Foundation
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?	<ul style="list-style-type: none">Responsible Investing – An Integrated FrameworkMaterial issues
2.2	How are ESG factors managed by the portfolio companies in the fund?	<ul style="list-style-type: none">Responsible Investing – An Integrated FrameworkCase studies used to illustrate implementation throughout
2.3	Report specific ESG indicators for portfolio companies	<ul style="list-style-type: none">ESG Data Reporting
2.4	Describe your approach to assessing the risks and opportunities that climate change poses to your portfolio companies.	<ul style="list-style-type: none">Responsible Investing – An Integrated FrameworkClimate section, including case studies
2.5	Describe your approach to assessing the environmental and social benefits created by your portfolio companies.	<ul style="list-style-type: none">Responsible Investing – An Integrated Framework
III. MATERIAL ESG INCIDENTS		
3.1	Immediate notification of material ESG incidents.	* Details not included in Sustainability Report but reported separately to investors
3.2	Periodic summary of material ESG incidents.	* Details not included in Sustainability Report but reported separately to investors



UNGC INDEX

PRINCIPLES OF THE UNGC		REPORT SECTIONS OR DIRECT RESPONSE
HUMAN RIGHTS		
PRINCIPLE 1	Businesses should support and respect the protection of internationally proclaimed human rights	<p>A written commitment to supporting and respecting the protection of internationally proclaimed human rights is included within Investindustrial's Environmental, Social, Governance, Culture and Ethics Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none">• About Investindustrial – Global Employer• Sustainability Report – An Integrated Framework• Sustainability Report – Supply Chain Management
PRINCIPLE 2	Businesses should make sure that they are not complicit in human rights abuses	<p>A written commitment to supporting and respecting the protection of internationally proclaimed human rights is included within Investindustrial's Environmental, Social, Governance, Culture and Ethics Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none">• Investindustrial Governance
LABOUR		
PRINCIPLE 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<p>Relevant report sections:</p> <ul style="list-style-type: none">• ESG Data Reporting – Social (Workers Council)
PRINCIPLE 4	Businesses should uphold the elimination of all forms of forced and compulsory labour	<p>A written commitment to not using directly or indirectly forced labour is included within Investindustrial's Environmental, Social, Governance, Culture and Ethics Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none">• Sustainability Report – An Integrated Framework• Sustainability Report – Supply Chain Management
PRINCIPLE 5	Businesses should uphold the effective abolition of child labour	<p>A written commitment to not using child labour is included within Investindustrial's Environmental, Social, Governance, Culture and Ethics Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none">• Sustainability Report – An Integrated Framework• Sustainability Report – Supply Chain Management
PRINCIPLE 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	<p>A written commitment to eliminating discrimination in respect of employment and occupation is included within Investindustrial's Environmental, Social, Governance, Culture and Ethics Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none">• About Investindustrial – Global Employer• Sustainability Report – Diversity and Equal Opportunity• Invest for children and the Investindustrial Foundation

PRINCIPLES OF THE UNGC		REPORT SECTIONS OR DIRECT RESPONSE
ENVIRONMENT		
PRINCIPLE 7	Businesses should support a precautionary approach to environmental challenges	<p>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, Culture and Ethics Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none">• Sustainability Report – An Integrated Framework• Sustainability Report – Sustainability Strategy and Objectives• Sustainability Report – Climate and case studies• Sustainability Report – Sustainable Resource Consumption and case studies
PRINCIPLE 8	Businesses should undertake initiatives to promote greater environmental responsibility	<p>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, Culture and Ethics Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none">• Sustainability Report – Sustainability Strategy and Objectives• Sustainability Report – Climate and case studies• Sustainability Report – Sustainable Resource Consumption and case studies
PRINCIPLE 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	<p>Relevant report sections:</p> <ul style="list-style-type: none">• Sustainability Report – Sustainability Strategy and Objectives• Sustainability Report – Climate and case studies• Sustainability Report – Sustainable Resource Consumption and case studies
ANTI-CORRUPTION		
PRINCIPLE 10	Businesses should work against corruption in all its forms, including extortion and bribery	<p>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, Culture and Ethics Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none">• ESG Data Reporting – Governance (Code of Conduct; Anti-Corruption Policy; Corporate Governance Policy)

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