

2019 ANNUAL REVIEW & SUSTAINABILITY REPORT

Building Better Companies



Corporate Governance

Sustainability

Internationalisation

Acquisitions

Digitalisation

Operational Improvement

Investment in Long-term Growth

ANNUAL REVIEW & SUSTAINABILITY REPORT 2019

◆
Building Better Companies



LONDON

LUGANO

BARCELONA

MADRID

NEW YORK

SHANGHAI

LUXEMBOURG

ABOUT THIS REPORT

Reporting Scope and Boundary

This report presents Investindustrial's business and what it means to the Firm to build better companies. It details Investindustrial's portfolio, main achievement and performance during the calendar year 2019, both financially and in relation to the material sustainability issues and impacts of the Firm's activities. Investindustrial has been operating since 1990.

Key Audiences

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

Reporting Frameworks

Investindustrial has used the Global Reporting Initiative (GRI) Standards to help define sustainability report content and to ensure quality and consistency. In addition to GRI, Investindustrial has chosen to link its disclosures to the Principles for Responsible Investment (PRI). Links can be found in the PRI Index on page 111.

Investindustrial is a signatory of the taskforce on Climate-Related Financial Disclosure. A TCFD Index can be found on page 115.

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 112-113.



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

€11bn

of raised fund capital from a long-term investor base

ORIGINATED FROM A SUCCESSFUL INDUSTRIAL CONGLOMERATE

30 YEARS

of investments in leading brands and companies

SUSTAINABILITY PARTNER OF CHOICE

20 YEARS

of charitable foundations

12 YEARS

as carbon neutral firm

carbon positive portfolio from

2020



AN INDUSTRIALLY DRIVEN APPROACH TO BUILD WORLD LEADING COMPANIES

4

main sectors of specialisation:



INDUSTRIAL MANUFACTURING



HEALTHCARE & SERVICES



CONSUMER & LEISURE



TECHNOLOGY

7

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

IN 2019

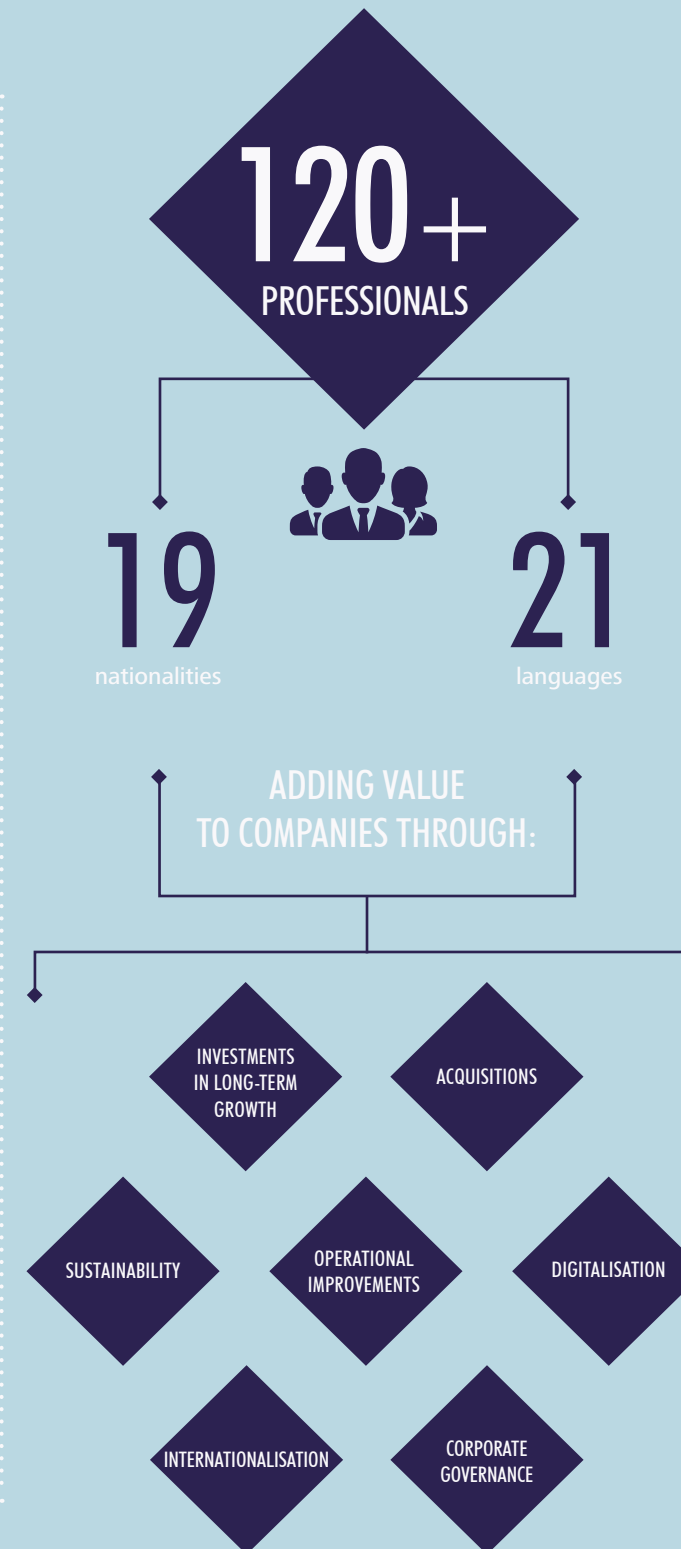
Investindustrial investee companies employed approximately

35,500

people across

20

companies



FIRM VALUES TO ENSURE LONG TERM SUSTAINABILITY

Team

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

Relationships

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

Entrepreneurial mindset

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

Respect

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

SUPPORTING A SUSTAINABLE VALUE CREATION

The leadership position Investindustrial has established in the European mid-market has been achieved through a long-term dedication to selecting and investing in quality companies across economic cycles, and grow and internationalise them through industrially driven and sustainable value creation plans.

For Investindustrial, 2019 was an active year of platform development, capital raising, investment in people and ongoing sustainability leadership.

“Building better companies” is what drives and defines our organisation and investment strategy. As long-term owners, we partner with companies and managers that are leaders in their local markets and have the potential to lead their industries in a larger scale while making a positive impact. This approach has enabled our organisation of more than 120 professionals to support 14 mid-market companies and a further 6 in the lower mid-market, as at the end of 2019, with aggregate sales of €8.0 billion, EBITDA of €1.1 billion and approximately 35,500 employees.

Industrially driven plans and product-led growth are central to the investment thesis for our portfolio companies. In aggregate, our current portfolio companies have invested approximately €3 billion (including expansion capex) in their businesses since Investindustrial's entry.

In 2019 Investindustrial completed four new investments in quality mid-market companies: Italcanditi, a 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. A further three investments were made in lower mid-market companies: Genera, 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 Procemsa – a specialist in the development

and contract manufacturing of vitamins and nutritional supplements. The 2019 investments had a combined enterprise value of €1.4 billion and were successfully completed with moderate leverage.

Platform development

Investindustrial's focus on investing in quality companies creates a portfolio that is well positioned to achieve long-term international growth. In last year's annual report we recognised the late stage of the cycle by setting out how we had prepared for an economic downturn or market correction in deliberately tilting the recent core/upper mid-market portfolio construction towards sectors that were expected to be more resilient i.e. primarily food and beverage and healthcare services.

Investindustrial continued the late-cycle preparation across portfolio companies by: i) diversifying revenue bases and streamlining cost bases of the companies through the acquisition and ongoing integration of no less

2019 KEY EVENTS

€ **3.75** bn
RAISED CAPITAL

FUND VII SUCCESSFULLY RAISED AT €3.75 BILLION

During 2019 Investindustrial successfully closed its Fund VII at the hard-cap of €3.75 billion receiving a strong support from existing institutional investors, coupled with commitments from a new group of high quality investors. Fund VII was the second largest mid-market fund raised by a European firm in 2019, highlighting Investindustrial's leadership position in the region.

7 7 NEW INVESTMENTS AND 51 ADD-ONS

During 2019 Investindustrial completed seven new investments, four in the core mid-market (Italcanditi, Jacuzzi Brands, Natra and Neolith) and three in the lower mid-market (Morgan Motor Company, Procemsa and Ginefiv then rebranded as Genera). In addition 51 transformational add-ons have been executed: Dugdale and Plantura by Benvic, Ferticare and Genera by Ginefiv, Menz & Gasser and Rubicone by Italcanditi, Recaro by Artsana and 44 add-ons by Lifebrain.

14.2% EBITDA MARGIN

A HIGHLY PROFITABLE PORTFOLIO

Investindustrial has a solid portfolio of profitable companies with 2019 sales of €8.0 billion, EBITDA of €1.1 billion and an overall EBITDA margin of 14.2% with a well-diversified sector and geographical exposure.

than 51 add-on investments; ii) completing €2 billion of debt financing/refinancing with attractive and overall covenant-lite terms; and iii) other company specific management actions described below through select examples.

The specialty chemicals combination of Polynt-Reichhold, completed in 2017, created a global leader in composites and coatings and during the year has continued to perform significantly above plan due to its ability to capture strong market demand and embed further synergies. Post year-end the Company completed a refinancing at attractive terms despite the market volatility, reflecting the quality of the business.

In 2019, the Aston Martin DBX utility

sportscar became the fourth new core model, following DB11, Vantage and super grand-tourer DBS Superleggera, to be launched.

Design Holding, one of the world's largest interior design groups, continued the collaboration between and integration of its main brands – B&B Italia, Flos, Louis Poulsen and Arclinea – by significantly strengthening their individual management teams.

Corporate build-ups through add-on acquisitions remain a key investment strategy for Investindustrial and in this respect 2019 was one of the most active ever years. Lifebrain, a leading clinical laboratory operator, led the way by completing 42 add-on acquisitions in 2019

(a total of 49 have been completed since entry in 2017), followed by Italcanditi's acquisitions of Menz & Gasser and Rubicone and Artsana's acquisition of the Recaro child car seat license. Within the lower mid-market programme Benvic, the French specialty chemicals player, strengthened its European presence by completing 6 acquisitions since our investment in 2018, including Alfa PVC in Poland, Dugdale in the UK, Ereplast in France and Modenplast in Italy. The Genera platform, itself acquired during the year, has already completed two acquisitions, including one post year-end. ▶

Capital raising

In December 2019, Investindustrial completed the capital raising for the seventh successive investment programme at the hard cap of €3.75 billion, with strong support from existing institutional investors and high-quality new investors. With our largest fund to date, we were able to successfully grow our investor base in North America and Asia, two regions of key strategic importance for our portfolio companies, as well as the Middle East. Investindustrial is well prepared to capture the opportunity set in our core regions of operation. At year-end, this successful exercise re-established broad parity in the assets under management between investment value and cash. This balance represents Investindustrial’s optimal allocation, as it allows capital growth from existing high-quality investments in parallel to seeking attractive new opportunities, particularly during periods of market dislocation such as the one which materialised post year-end.

Investment in people

In 2019, Investindustrial continued to invest in talent and currently employs more than 120 professionals. The key areas that have been strengthened include sourcing, investment advisory, Asian business development, operational & change management and investor relations, complementing Investindustrial’s already broad and deep teams of functional specialists and investment advisory teams. In Asia, we have added transactional capability to complement our existing business development team in Shanghai.

Together with our local Asian presence, Investindustrial can fully address the significant growth opportunity in the region. Investindustrial is present in the three dominant economic regions – Europe, North America and Asia – in order to bring a truly global perspective to the portfolio companies.

Sustainability leadership

Investindustrial believes that incorporating sustainability considerations in its business decisions is essential to create 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 entailed positioning the portfolio companies to achieve long term sustainability, even 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.

Investindustrial has been carbon neutral as an organisation for the last 12 years, and can now use the aggregate portfolio emissions data to offset the emissions of its share as an investor in the portfolio companies. Post year-end, we announced the pioneering goal of being carbon positive across all investments by the end of 2020.

Investindustrial also reached several other sustainability milestones during 2019 through close engagement with portfolio companies, including our fourth annual Sustainability Summit, thematic webinars

and onboarding visits to all new companies, in addition to launching our quarterly sustainability reporting. Post year-end, Investindustrial became a signatory of The Task Force on Climate-Related Financial Disclosures (TCFD) and was certified B-Corp.

Throughout this annual review 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 further our carbon offset initiatives at the 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 while, Invest for children (www.investforchildren.org), an Investindustrial corporate foundation set up in 2000, is focusing on 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 are increasing their contribution to the foundations to continue their 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



Investindustrial is strongly engaged with leading institutions globally on developing a sustainable approach for its portfolio companies. In the picture Andrea C. Bonomi, Founder and Chairman of Investindustrial Industrial Advisory Board, during a speech at the New York University Stern where the Firm continues to support the Center for Sustainable Business to bring ROSI (the Return on Sustainability Investment) to its portfolio companies and to the wider investment community.

upfront and ongoing investment in best-in-class advisory and functional specialist teams. In a weaker post-COVID-19 macroeconomic environment in Southern Europe and globally, the collective experience of Investindustrial’s professionals and particularly the senior leadership team

will be of critical importance as we steer our existing portfolio companies through operational challenges whilst continuing to make new investments. More than ever, our investment activities need to combine attractive returns for our institutional investors with a strong sense of social

responsibility in order to be sustainable. The Investindustrial team and its portfolio companies are working tirelessly to continue bringing results and drive positive change. We wish everyone good health and look forward to reporting back on further progress next year. ♦

A PROACTIVE AND RESPONSIBLE APPROACH TO THE COVID-19 EMERGENCY

Investindustrial and its portfolio companies have sought to actively and in a timely manner respond to the new and wider needs arising from the COVID-19 pandemic by providing financial and human support to several emergency situations by helping local communities and its wider stakeholders.

Post year-end a downturn materialised, albeit faster and in a different form than we had anticipated due to the outbreak of COVID-19. Overall, due to our timely preparation for a weaker operating environment and our consistently conservative use of leverage, the portfolio companies were able to weather the operating difficulties and the lower levels of economic activity. Across the board, operational efficiency actions have been accelerated and we have been working relentlessly together with management teams to ensure that the companies and their employees are able to operate safely, and that financial liquidity is safeguarded. While it has been an unprecedented and particularly challenging environment for everyone, we are proud of the contributions

made by our companies and their employees. We would like to specifically highlight two portfolio companies that have positively contributed to society through efforts in response to the crisis: Lifebrain and HTG. Lifebrain, our laboratory testing business in Italy received approval to run COVID-19 tests and rolled out medical testing for individuals as well as virus testing for surfaces and work stations to enable businesses to return to work. Companies supported include Ferrari, TIM, Luxottica, SNAM Rete Gas, Siram Veolia, Enel, Italcanditi, Valentino, CEME and Polynt-Reichhold. Employees of the ambulance business in Spain, HTG, continued to put themselves on the front line to continue critical operations. And to all employees that have continued to contribute to their

companies during this difficult time, we would like to express our most sincere gratitude. During this period, the sustainability team has continued to work closely with each of our companies to advance ESG initiatives, and particularly on sourcing necessary personal protection equipment, updating health & safety policies and reviewing safe working procedures based on latest government and WHO advice and guidelines. The team has continued to arrange regular webinars with external experts, with a focus on advising on best practices around health and safety. Investindustrial and its portfolio companies have donated approximately €8 million to numerous hospitals across Europe.



Many leading corporates partnered with Lifebrain to help protect their employees.



PortAventura World donated €500,000 to Pius Hospital de Valls during the COVID-19 crisis post year end.



Morgan Motor Company, donated a new Plus Four to the BBC's 'Big Night in' programme raising more than £1.4 million.

Neolith made significant effort to support its employees and its larger community

Neolith rapidly responded to the pandemic, making a timely and resolute commitment to the fight against COVID-19 while working tirelessly to maintain staff morale high, launching a digital campaign for its team, 'Neolith Stay At Home'. Neolith's distribution partner in China, TechSize, also expressed strong solidarity by sending protective facemasks and participating in the group's motivational activities.

Morgan Motor Company and the BBC's 'Big Night in' initiative

Morgan Motor Company donated a new Plus Four to the BBC's 'Big Night in' programme and raised more than £1.4 million ("the most expensive Morgan ever") that have been donated to the Comic Relief and BBC Children in Need foundations. These charities aim to help disadvantaged children and young vulnerable people of all ages and background across the UK to achieve a better quality of living.

INVESTINDUSTRIAL AND ITS PORTFOLIO COMPANIES HAVE DONATED APPROXIMATELY €8 MILLION TO NUMEROUS HOSPITALS ACROSS EUROPE, AMONG OTHERS:





A LEADING EUROPEAN INVESTMENT GROUP

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

A LEADING INDEPENDENT EUROPEAN INVESTMENT GROUP WITH AN INDUSTRIAL ORIGIN

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

Investindustrial was born out of an industrial conglomerate founded in Milan by Carlo Bonomi at the end of the 19th century. Under his leadership, the Group became one of the leading Italian real estate developers. In the 1940's, Anna Bonomi Bolchini transformed the Group into a diversified industrial and financial conglomerate, with ownership of companies in

sectors such as paper and cardboard production (Sario', Saffa), insurance (Fondiarìa, Milano Assicurazioni), banking (Credito Varesino), manufacturing of household products (Mira Lanza), food & beverage (Sella & Mosca), hospitality (Hotel Splendido Portofino) and chemicals. In addition, the Group created Postal Market, the largest mail order company in Italy.

At the beginning of the 1970's, Carlo Campanini Bonomi took leadership of the Group and started a period of internationalisation and rationalisation and by 2000 the Group's industrial investments had been exited transforming the Group in a pure financial investor.

In 1990 Investindustrial was founded as an independent investment group with financial

backing from the family, with a view that the market lacked an investor with a long-term horizon coherent with the timing of industrial plans, to help build leaders with an active, industrially-driven approach. Building on the long-standing industrial heritage and networks, coupled with an intimate understanding of family-owned businesses, today Investindustrial has a dominant leadership position in Southern Europe with the longest history, the deepest track record (63 portfolio companies), the largest team (more than 120 professionals across three continents), and the largest private equity investor of institutional capital (€11 billion of raised fund capital) in the region.

Investindustrial uses proprietary networks developed over several cycles to identify high-quality, often complex investment opportunities in sectors well-known to 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, operational improvements and/or transformative build-ups. Investindustrial advocates the use of only moderate leverage, commensurate with each company's growth and capex ambitions, to build sustainable businesses. This approach resonates well with industrial trade buyers, often a preferred exit route for portfolio companies. ◆

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

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

After World War II, and during the period of reconstruction and development, the Bonomi Group further consolidated its position in Italy.

From 1971 until 1985 Carlo Campanini Bonomi executed a rationalisation of portfolio companies. From 1985 to 2000 he sold the industrial businesses. In 1990 the private equity business started with the establishment of Investindustrial.

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



Carlo Bonomi founder of the Bonomi Group.



The Pirelli skyscraper, built between 1956-60 by the Bonomi Group, was the tallest in the European Union until 1966 and remains one of the symbols of Milan.



Carlo Campanini Bonomi led the Bonomi Group in the last decades of the 20th century.



Financial Times 2012

The Economist 2012



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

Anna Bonomi Bolchini known as the Lady of Finance "La signora della finanza"



Financial Times 1978

During the seventies' the Bonomi Group was an industrial conglomerate with approximately 50 portfolio companies ranging from insurance, banking, chemicals, paper and cardboard, mail order and household products.



30 years of investing experience as Investindustrial.

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, the management of each portfolio company.

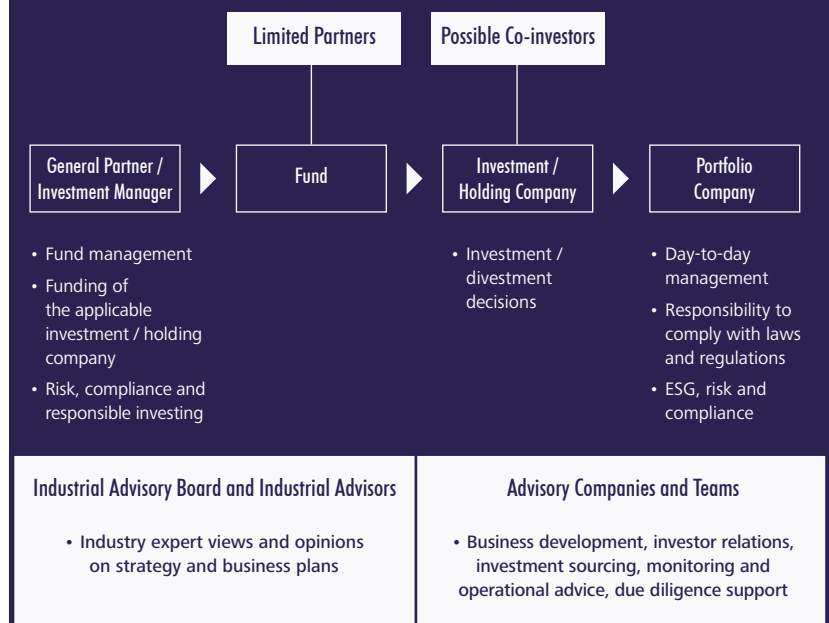
The general partners and investment managers manage each of the funds in the interest of the respective limited partners and therefore in an autonomous and independent manner from other funds and portfolio companies. The investment manager of the funds is an entity regulated and supervised by the Financial 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 systems and procedures.

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

CORPORATE GOVERNANCE MODEL



AN INVESTMENT STRATEGY REFINED THROUGH 30 YEARS OF INVESTING IN MORE THAN 63 COMPANIES

Select prior investments include:



COLLECTIVE EXPERIENCE APPLIED TO THE 2019 PORTFOLIO OF LEADING COMPANIES AND BRANDS



INVEST IN QUALITY BUSINESSES

- Work with best in class management teams
- Focus on reinforcing research and development
 - Optimise and rationalise product mix
 - Improve working capital management
- Reinforce best-in-class sustainability practices
 - Unlock digitalisation potential

DRIVE MARKET LEADERSHIP

- Create international leaders through organic growth and new acquisitions
- Maximise profitability by leveraging synergies and developing restructuring or cost-cutting plans
- Expand into new product lines or business segment

CAPTURE GLOBAL OPPORTUNITIES

- Seize international sales growth opportunities not typically accessible to mid-market companies
 - Leverage the global network to facilitate access to new markets
- Integrate product development, production and supply chain capabilities with international distribution capacity

CREATE TOMORROW'S LEADERS

- Capture both geographical and product growth opportunities
- Build a digital strategy to remain competitive in a changing market
- Retain and strengthen focus on corporate responsibility and sustainability to build long-term businesses

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 2019 sales coming from outside Southern Europe.

Since inception, non-Southern European countries have contributed to 69% of the growth of portfolio companies' sales.

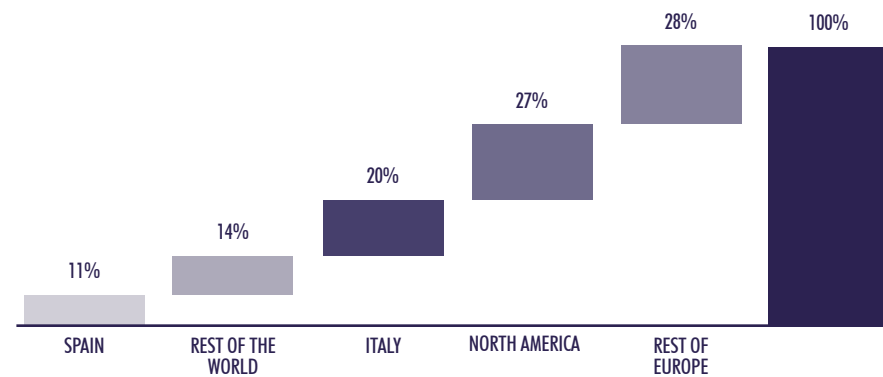
SALES⁽¹⁾ (%)

By region



SALES GROWTH⁽¹⁾ (%)

By region since Investindustrial entry



More than 2/3 of the portfolio growth since inception has come from markets outside of Southern Europe and 41% of this growth has been driven from non-European countries.

⁽¹⁾Sales weighted by shareholding of the companies present in the portfolio at the end of 2019.



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

INVESTINDUSTRIAL IS A GLOBAL PROVIDER OF EMPLOYMENT

Investindustrial's portfolio companies have approximately 35,500 employees, based mostly in Europe, and across a wide range of sectors and countries.

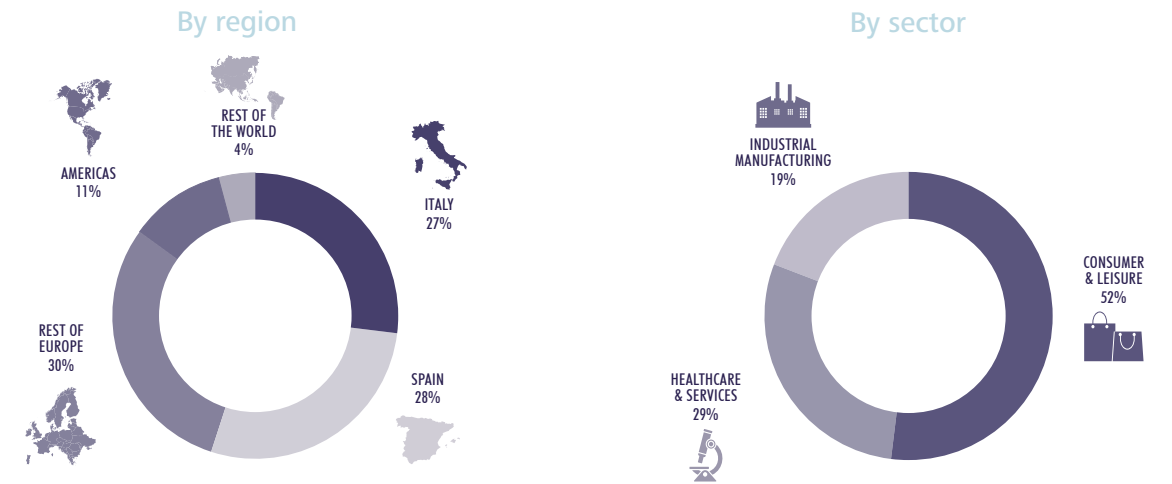
Investindustrial considers the skills of its portfolio companies' employees an asset to be developed and improved while respecting and safeguarding individuals. Furthermore, the Firm is committed to offering equal opportunities in employment and in career development, avoiding every form of discrimination, 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 2019, the total workforce reached approximately 35,500 employees of which more than 15,800 (45%) are outside of Southern Europe. Manufacturing and commercial activities are present across 34 countries and five continents. ◆

Investindustrial investments have a direct presence through manufacturing facilities or subsidiaries in 34 countries.



TOTAL INVESTINDUSTRIAL COMPANIES EMPLOYEES (%)



PORTFOLIO COMPANIES OPERATIONAL AND MANUFACTURING PRESENCE IN 34 COUNTRIES

COMPANY	OPERATIONAL PRESENCE	MANUFACTURING PLANT
ARTSANA	Argentina, Belgium, Brazil, France, Germany, Hong Kong, India, Japan, Mexico, Netherlands, Poland, Portugal, Russia, Switzerland, Turkey, UK, USA	Italy, Romania, Spain
ASTON MARTIN	Australia, China, Germany, Italy, Japan, Singapore, USA	UK
BENVIC	Belgium, Germany	France, Italy, Poland, Spain, UK
CEME	Hong Kong, USA	China, Italy
DESIGN HOLDING	Belgium, China, Denmark, France, Germany, Hong Kong, Japan, Malaysia, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, UK, USA	Denmark, Italy, Spain, USA
DISPENSA EMILIA	Italy	
GENERA	Czech Republic, France, Spain	
HTG	Portugal, Spain, UK	
ITALCANDITI		Italy
JACUZZI BRANDS	Chile, France, Germany, Spain, UK	Brazil, Canada, Italy, Mexico, USA
LIFEBRAIN	Italy	
MORGAN MOTOR COMPANY		UK
MTD	France, USA	Italy, Poland
NATRA	Germany, Hong Kong, UK, USA	Belgium, Canada, France, Spain
NEOLITH	Hong Kong, Italy, Poland, South Africa, UK, USA	Spain
OKA	UK, USA	
POLYNT-REICHHOLD	Australia, Hong Kong	Brazil, Canada, China, France, Germany, India, Italy, Malaysia, Mexico, Norway, Poland, South Africa, South Korea, Spain, Turkey, UK, USA
PORTAVENTURA	Spain	
PROCEMSA		Italy
SERGIO ROSSI	China, France, Germany, Hong Kong, Japan, UK, USA	Italy

A TEAM TAILOR-MADE FOR LONG-TERM VALUE CREATION

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 120 professionals combining local insight with global perspective. Having the right people in the right place at the right time is critical to building better companies. To recruit and retain talented people with the highest ethical standards, and to create an attractive workplace in which to develop them is vital for Investindustrial.

Investindustrial professionals, who typically remain with the Firm for many years, have

demonstrated major achievements in their professional and academic past and are therefore best placed to nurture and integrate the high calibre incremental personnel improvements that are regularly made to the Firm.

Investment professionals speak a combined 14 languages and represent 10 nationalities (with 42% of employees speaking three languages or more), reflecting the importance the Firm places on being a diverse and dynamic organisation with global views and capabilities.

Investindustrial has invested in a broad team of functional specialists who support the Firm's investment activity: globalisation, digitalisation, operational and change management, sustainability, legal and

compliance, investor relations and syndication, debt as well as a finance, risk and operations team.

11 Managing Principals and Senior Principals lead the team of investment professionals of which more than 25% are women with an increasing trend considering that 50% of investment professionals hired in the last two years were women. Post year-end, Michael Guan joined Investindustrial as Senior Principal and Chairman of Asia to support Investindustrial's portfolio companies to capture the business development opportunities in that region. Investment and divestment activity is decided and undertaken by the applicable holding and investment companies pursuant to their respective board of directors' decisions. See "Governance section" for more details. ♦



Investindustrial's leadership team at the Firm's 2019 Sustainability Summit in Copenhagen, Managing Principals and Senior Principals from left to right: Salvatore Catapano, Roberto Ardagna, Maurizio Bottinelli, Roberto Maestroni, Andrea C. Bonomi, Dante Razzano (Vice Chairman), Carl Nauckhoff, Carlo Umberto Bonomi, Antonio Gatti and Michael Karangelen. Not in the picture Michael Guan, Head of Asia.

2019 INVESTINDUSTRIAL INVESTMENT PROFESSIONALS

67

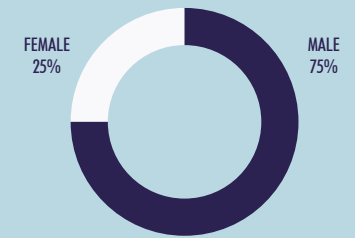
LANGUAGES AND NATIONALITIES

42%
of the employees
speak three
languages or more

14
Languages
spoken

10
Nationalities

GENDER

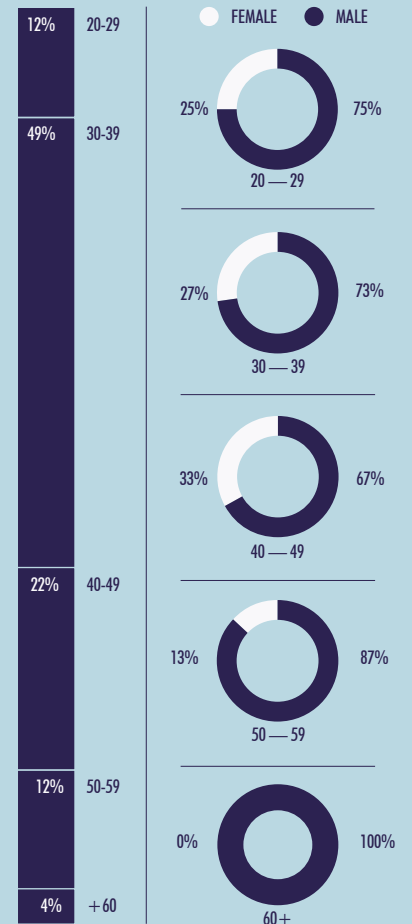


EDUCATION

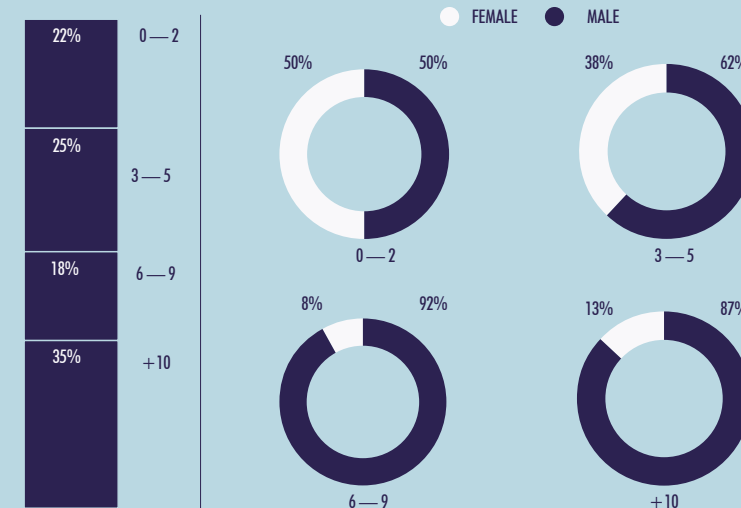
100%
University Degree

74%
Masters/MBA and/or PhD

AGE (YEARS)



TENURE (YEARS)



AN ORGANISATION BUILT FOR ACTIVE OWNERSHIP THROUGHOUT THE INVESTMENT HORIZON

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

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

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

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

offices in New York and Shanghai.

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

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

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

The industrially driven, responsible and

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

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

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



PortAventura is the second largest destination resort in Southern Europe, and has undergone significant investments under Investindustrial ownership to remain a leader in quality and safety.

AN INTERNATIONALLY RECOGNISED SUSTAINABLE INVESTMENT APPROACH

Investindustrial was recognised as Best Private Equity Firm in Italy and Best Fundraising and Investor Relations during the Private Equity Awards 2019.

RECENT RECOGNITIONS OF INVESTINDUSTRIAL EXCELLENCE

- “Best Private Equity Firm in Italy” in the 2019 Private Equity International Awards
- Gold Award as “Best Fundraising and Investor Relations” at the Private Equity Exchange Award 2019
- Silver Awards for “Best Italian”, “Best Spanish” and “Best ESG firm” at the Private Equity Exchange Award 2019
- B Corp™ certification for the Firm’s relentless focus on sustainability and its approach to building better businesses



Carl Nauckhoff, Senior Principal and Head of Investor Relations receiving the award during the 2019 Private Equity Exchange ceremony in Paris.



Natra, a leading B2B international manufacturer of cocoa and chocolate products, recently entered in Investindustrial’s portfolio companies.



PORTFOLIO COMPANIES

30. INTRODUCTION & KEY HIGHLIGHTS

34. CONSUMER & LEISURE

42. INDUSTRIAL MANUFACTURING

54. HEALTHCARE & SERVICES

60. TECHNOLOGY

PORTFOLIO DEVELOPMENTS

Investindustrial's business focus and global growth drivers.



Design Holding brings together Italian furniture brand B&B Italia and lighting company Flos (Arco lamp pictured on the left) with Danish lighting firm Louis Poulsen.

At the end of 2019, Investindustrial's portfolio was well balanced across industry segments and comprised a diversified grouping of 20 quality companies.



Consumer & 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

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



Technology

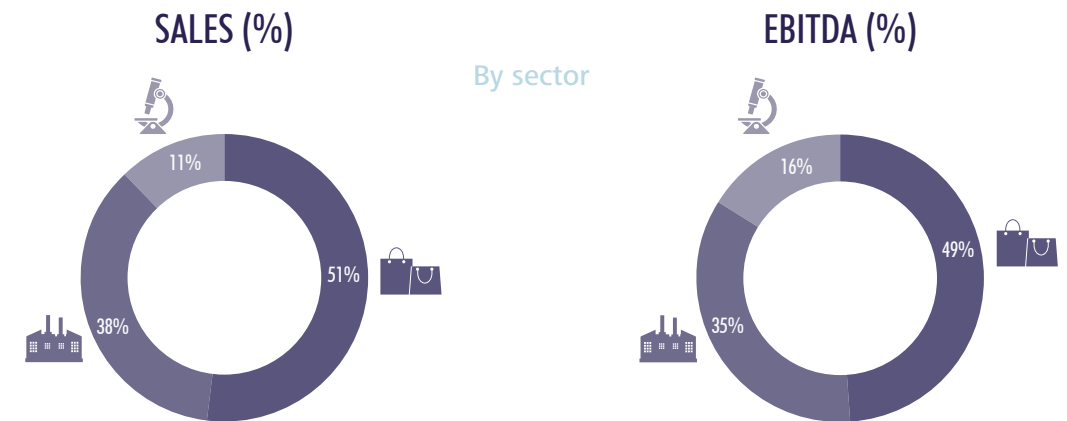
With a dedicated sector team in place, Investindustrial is selectively investing in scaled technology leaders that are transforming traditional business models & driving the ongoing digital transformation across the entire economy. These are businesses which are typically asset light and focused on serving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

GLOBAL GROWTH DRIVERS AND INDUSTRIAL OPPORTUNITIES

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

Consumer & Leisure	Industrial Manufacturing	Healthcare & Services	Technology
GLOBAL GROWTH DRIVERS			
<ul style="list-style-type: none"> Globalisation of consumer trends Aging population Changing consumer purchasing behaviour 	<ul style="list-style-type: none"> Globalisation Growth in new markets Cost efficiency Resource constraints Commodity value 	<ul style="list-style-type: none"> Economies of scale Outsourcing Increased need for information and communication technology Global need for infrastructure investments 	<ul style="list-style-type: none"> Digitally native consumers Everything in the cloud Industrial process automation and digitisation Compliance, transparency, and regulations Data protection and cybersecurity
DIGITALISATION			
<ul style="list-style-type: none"> E-commerce Digital user experience Big Data Internet of Things 			
INDUSTRIAL OPPORTUNITIES			
<ul style="list-style-type: none"> Synergistic add-on acquisitions Capture of growth opportunities in new markets Improvement in marketing mix Product development Digital transformation Traceability and supply chain 	<ul style="list-style-type: none"> Improvement in operational efficiency of mid-market companies Relocation of manufacturing to more value-added jurisdictions Synergistic add-on acquisitions Resource efficiency and supply chains 	<ul style="list-style-type: none"> Expansion of service offering into adjacent fields Synergistic add-on acquisitions Capture growth in developing markets High visibility on concessions 	<ul style="list-style-type: none"> Subscription revenue model transition Platform and product expansions Product and feature development Consolidation and roll-ups
SUSTAINABILITY			

At the end of 2019, Investindustrial's portfolio was comprised of 20 companies, mainly focused on consumer & leisure and industrial manufacturing with the aim to further internationalise the portfolio.

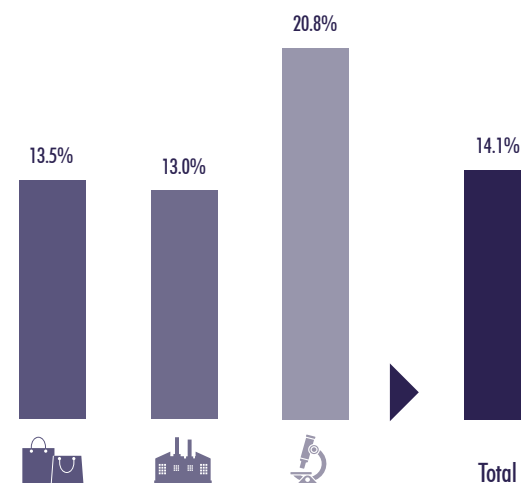


In this section, sales and EBITDA are weighted by Investindustrial's shareholding and reflect the portfolio companies owned as of December 2019.

EBITDA MARGIN (%)

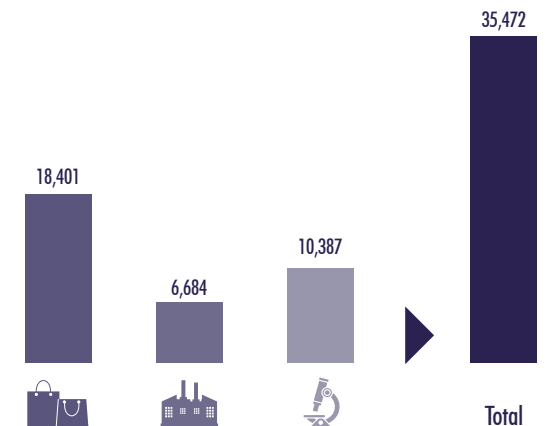
By sector

14% overall EBITDA Margin



EMPLOYEES (nr.)

By sector





CONSUMER & LEISURE

The Consumer & Leisure sector comprises the following nine 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
- **Jacuzzi Brands**, global manufacturer of premium wellness products
- **Morgan Motor Company**, premium sports cars manufacturer
- **OKA**, high-end interiors lifestyle brand
- **PortAventura**, European destination resort
- **Sergio Rossi**, international luxury shoe brand

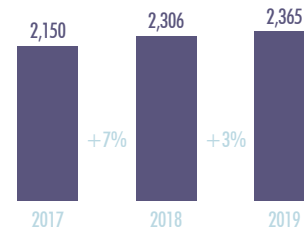
SALES (%)

By segment

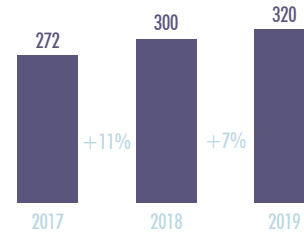
At year-end 2019, seven segments represent Investindustrial's Consumer & Leisure sector.



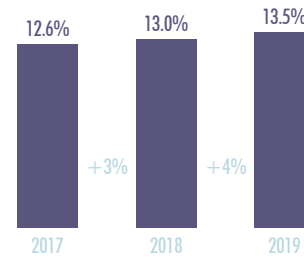
SALES (€m)



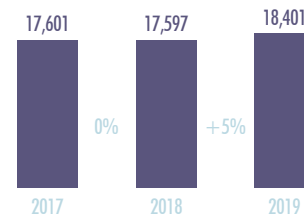
EBITDA (€m)



EBITDA MARGIN (%)



EMPLOYEES (nr.)



In 2019 the increase in sales by 3%, together with the increase in profitability by 7%, brought the overall EBITDA margin of the sector to 14%. Total number of employees increased by 5% compared to the prior year.

2019 MAIN EVENTS IN CONSUMER & LEISURE

During 2019, Investindustrial completed new platform investments: Jacuzzi Brands, the global manufacturer of premium wellness products, and Morgan Motor Company, a niche British sports cars manufacturer.

Artsana

Artsana is a leading international Group with well-established consumer brands in infant care and cosmetic products and solution through a number of consumer brands, most importantly Chicco (infant care) and Prenatal Retail Group (Toys). Investindustrial invested in 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 Solution was spun off as a separate and independent business from the Group leading to the creation of Medical and Technology Devices (MTD); the remaining 50% stake in Prenatal Retail Group was acquired and shortly thereafter the Company completed the acquisition of the car seat and stroller division of Recaro. ♦



www.artsana.com

Aston Martin

Aston Martin is a recognised luxury car manufacturer and one of the most exclusive sports car brands in the world. 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 2019 of the DBS Superleggera Volante and of the Vantage V8 AMR. This is in line with the Company's 'Second Century Plan', which takes the 105-year-old company into its next century of operation. Aston Martin recently started the production of the DBX (SUV) in the new St. Athan (Wales) factory. ♦



ASTON MARTIN

www.astonmartin.com



Aston Martin continues the launch of new models with the DBX.

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 niche champions into global players in design

Design Holding is focusing 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 high importance. For Louis Poulsen, refining wholesale distribution – primarily in Western Europe and Asia Pacific – is expected to 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.

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. 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.

A strong ESG approach

Design Holding is pursuing significant efforts towards a more sustainable development through several initiatives. For example B&B Italia started to assess the product circularity of certain products, Flos is focusing on reduction emissions by substituting existing lighting systems with LED lighting and Louis Poulsen recently launched the OE quasi light which is made of 90% of recycled content.

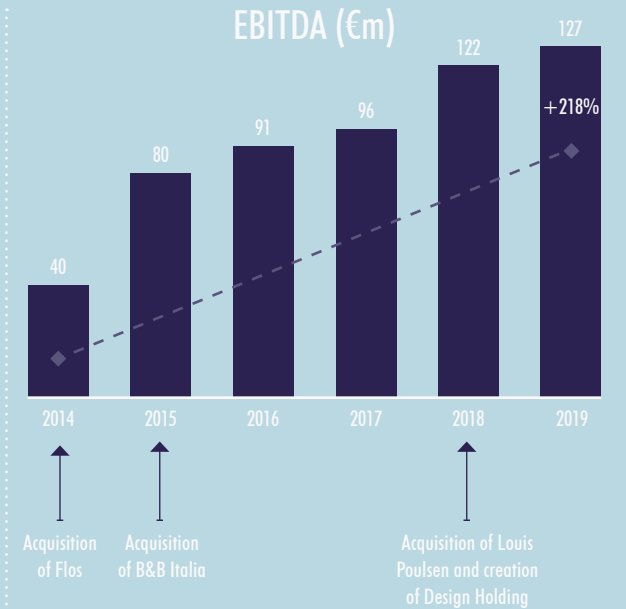
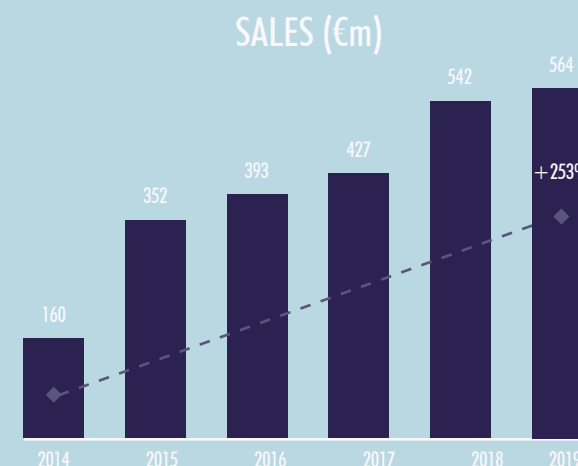
Significant untapped omni-channel growth potential

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



Leading Brands within Design Holding Group:



The artichoke and other iconic products of Louis Poulsen, the latest acquired brand by Design Holding group.

Dispensa Emilia

Founded in 2004, Dispensa Emilia 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 15 restaurants in Northern Italy, of which seven are in the Emilia-Romagna region, six in Lombardy, one in Tuscany and one in Veneto. Eleven 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 snacking (lunch accounts for approximately 60% of revenues). 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. The Company is focused on expanding the brand’s network and five new stores have already been opened since Investindustrial’s entry. ♦



www.dispensaemilia.it

Tigella, the thin round bread of the Emilian tradition, is the main product of Dispensa Emilia.



Jacuzzi Brands

Jacuzzi Brands, headquartered in Chino Hills, CA, is a global manufacturer of premium spas, swim spas, whirlpools, soaker. Soaker and walk-in bathtubs and related bathroom products and accessories. The Company’s flagship brand, Jacuzzi®, is the most recognised in the world for spa and hydrotherapy bathing. Founded in 1956 by an Italian family and with its main European manufacturing plant in Italy near Pordenone, the Company is the leader in the European spa sector, and in the U.S. the Company is the co-leader. Jacuzzi Brands operates through its 8 facilities across North America (Tijuana (2), Valdosta, Roselle, Mississauga), Europe (Vichy, Valvasone) and South America (Sao Paulo) with over one million square feet of manufacturing space. Bought in 2019 by Investindustrial, Jacuzzi Brands has reinforced its management team and is working to strengthen the product offering while optimising the manufacturing capacity. During January 2020, Jacuzzi Brands completed its first add-on transaction by acquiring LMI FLA Holdings, Inc. and Leisure Manufacturing Inc. and further strengthening its leadership on the North American market. ♦



www.jacuzzi.com

During 2019 Investindustrial invested in the global wellness company Jacuzzi Brands.



Morgan Motor Company

Founded in 1909 by Peter Morgan, Morgan Motor Company is an independent premium British sports cars manufacturer that hand-builds to order sports cars with an iconic, “classic” look and a chassis partially comprising the Company’s traditional ash-wood structure. Morgan has a loyal and active owners’ community of “Moggies” with more than 5,000 members and 50 clubs globally. Its products, also comprising a 3-wheeler, are positioned in a niche segment of the automotive sector with limited competition, given Morgan is the only manufacturer of modern cars with a classic look to have a strong brand heritage and a global distribution network. In 2019, Morgan produced 686 vehicles which were sold through a global network of approximately 60 dealers across the UK (39% of sales), Europe (41%), USA (9%) and the rest of the world including Japan and Australia (11%). Following the launch in March 2019 of the new model (Plus Six) based on its all-new platform (CX generation), Morgan has recently launched a new, lower-powered version based on its new CX architecture. This new model is expected to form the bedrock of Morgan’s new product range, replacing the previous Plus 4 and Roadster models which are being discontinued in 2020. The Company is headquartered in Malvern, UK, where it continues to manufacture cars in its historical facility opened in 1914, which attracts approximately 30,000 visitors each year. ♦



www.morgan-motor.com

The recently launched Morgan Plus Six is underpinned by an all-new platform and industry leading powertrain technology.



OKA

The Company is renowned for creating interior designed homes featuring curated collections of British designed furniture and home accessories. OKA’s philosophy centres on the entire finished article, the ‘room set’, which combines not only the larger furniture pieces but also a rapidly growing home accessories collection that brings a room to life. OKA has a strong omnichannel direct to consumer offering. The destination retail portfolio of 14 strategically placed showrooms is supported by a successful interior design service, a well-established online platform representing, after the 2018 acquisition of Wisteria, a Dallas (TX) based traditional furniture and home décor business, approximately 50% of sales, a strong mail order catalogue offering and a complementary trade division. In September 2019, OKA US launched online and through a nationally distributed magazine.

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. ♦



www.oka.com

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





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

PortAventura

PortAventura World, with approximately 5 million visits per year and located in the heart of the largest single tourism destination in Southern Europe of 816 hectares, is a leading and fully integrated destination resort catering to the whole family. It covers the full spectrum of entertainment and hospitality comprising six themed hotels, two theme parks, a water park and a convention centre with 5,500 seats.

PortAventura World is Europe's second largest resort and theme park by number of hotel rooms (2,230 rooms). It is ideally located by the beach, with three adjacent golf courses and beach club access, just an hour south of Barcelona. The location benefits from privileged connectivity, well-developed infrastructure and attractive weather conditions. PortAventura has achieved approximately 90 million visits since its opening in 1995.

In recent years the Company has implemented a development strategy based on product innovation (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.

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 – since opening in 2017 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 2019, PortAventura opened the new hotel Colorado Creek, the new dark ride Street Mission and the expansion of the convention centre. ♦



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 globally including Mount Street in London, Madison Avenue in New York and prior to that in Rome, the Dubai Mall, a concession at Bloomingdale's in NYC and three new franchised stores with LuxBa in China as well as several in-store activities and events including pop-up shops in Shanghai, Beijing and Los Angeles, it continues to strengthen its commercial network. ♦

sergio rossi

www.sergiorossi.com

A moment of craftsmanship during the manufacturing of a Sergio Rossi shoe, an example of Italian style and design.





INDUSTRIAL MANUFACTURING

The Industrial Manufacturing sector comprises the following six companies:

- **Benic**, developer and producer of innovative PVC-based thermoplastic solutions
- **CEME**, global manufacturer of highly engineered, precision fluid control solutions
- **Italcanditi**, supplier of fruit-based ingredients
- **Natra**, manufacturer of cocoa derivatives and chocolate products
- **Neolith**, manufacturer of stone performance surfaces
- **Polynt-Reichhold**, producer of specific polymer intermediates and derivatives

SALES (%)

By segment

At year-end 2019, five segments represent Investindustrial's Industrial Manufacturing sector.



SPECIALTY CHEMICALS

64.5%



FLUID CONTROL SOLUTIONS

8.7%



FRUIT-BASED INGREDIENTS

4.7%



CHOCOLATE PRODUCTS

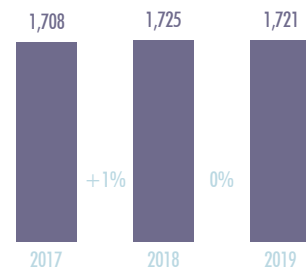
16.7%



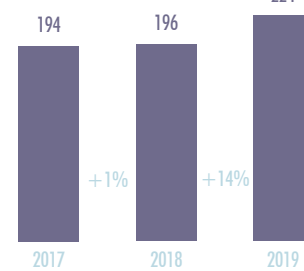
SPECIALTY BUILDING MATERIALS

5.4%

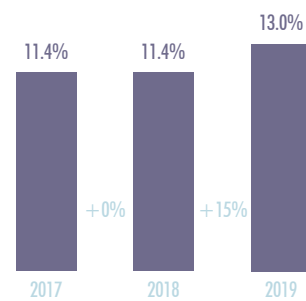
SALES (€m)



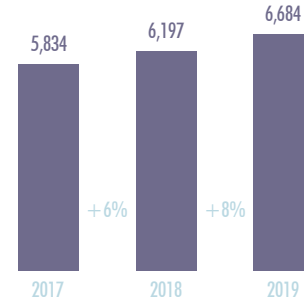
EBITDA (€m)



EBITDA MARGIN (%)



EMPLOYEES (nr.)



In 2019 sales remained stable while EBITDA increased by 14% reaching an overall EBITDA margin of 13%. The number of employees increased by 8% at approximately 6,700 people.

2019 MAIN EVENTS IN INDUSTRIAL MANUFACTURING

During 2019, Investindustrial completed the investment in three platform companies: **Italcanditi**, a leading Italian supplier of fruit-based ingredients, **Natra**, an international manufacturer of cocoa derivatives and chocolate products, and **Neolith**, the pioneer and leader in the technical sintered stone sector.

Benic

Founded in 1963 as a subsidiary of Solvay, Benvic develops, produces and markets highly customised, innovative thermoplastic solutions based on PVC, TPE and bio-polymers. They are available in the form of powders and compounds and are utilised across a wide range of rigid and flexible end-applications including building and construction, automotive, medical, aerospace, cabling, packaging and fluid transport. The Company has a broad portfolio of formulations to ensure it meets clients' requirements in terms of (i) technology conversion (i.e., extrusion, injection moulding, blow moulding, etc.) and (ii) the features of the final product including aspect and colour.

Benic's production facilities in France (Chevigny and Porcieu-Amblagnieu), Italy (Ferrara and Modena), Spain (Montornes), Poland (Raciąż) and UK (Sowerby Bridge) are strategically located

in or near the main end-markets enabling the Company to supply its customers quickly and efficiently.

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). During 2019 Benvic completed the acquisition of Dugdale, a British PVC compounding company. Benvic intends to become, especially through its recent acquisition of Ereplast, an ESG leader in the PVC industry and capitalise on the ongoing trend towards higher recycling targets. ♦

A birds-eye view of the Benvic plant in Chevigny-Saint-Sauveur (France).



www.benic.com



CEME

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



CEME is a global leader in providing solutions for the fast growing coffee machines business.



Italcanditi

Founded in 1963, Italcanditi is a leading Italian supplier of fruit-based ingredients and creams and dairy industries. The Company is the undisputed leader in the food B2B industrial channel in Italy and France, which are among the most sophisticated and advanced food markets worldwide, serving leading international food groups. In particular, Italcanditi is one of the top fruit ingredient suppliers in several categories, including fruit preparations for yogurt, jams, candied and semi-candied fruits and water-based creams, in Italy and France, with a growing presence in other European countries as well as a clear leadership on a European level in high margin niches. Over time, the Company has been able to preserve its leadership position as a result of its focus on products and recipes.

innovation and state-of-the-art manufacturing and R&D capabilities, which have allowed the Company to be at the forefront of new market trends and become a trusted and long-lasting solutions provider for global food players. The Company is pursuing a strategy of geographical expansion, strengthening the international sales force and acquiring production facilities to enable entry to new markets. ♦



Italcanditi is an undisputed southern European leader in the production of fruit-based ingredients and creams for the food and dairy industries.



CASE STUDY

NATRA

A leading, global manufacturer of chocolate products and cocoa derivatives.



Investindustrial identified Natra in 2019 as a public to private investment opportunity, with the Company ideally positioned to benefit from the ongoing, favorable chocolate trends and increased private label penetration.

Founded in 1943 and headquartered in Spain, Natra is a global manufacturer specialised in cocoa and chocolate products for private labels and co-manufacturing for other brands. The Company is vertically integrated across the chocolate value chain through its industrial division (focused on

cocoa processing and industrial chocolate manufacturing) and its consumer division (producing chocolate spreads, count lines, tablets and gifting products). Natra employs approximately 1,000 people and has a global manufacturing footprint with 6 facilities of which 2 in Spain, 1 in France, 2 in Belgium and 1 in Canada, totalling approximately 200,000 metric tons of production capacity.

Natra produces over 440 chocolate varieties and its products are sold in over 90 countries in five continents supplying over 80% of the main distribution chains worldwide.

Expanding top line growth in the consumer division

In the coming years, Natra is expected to further expand, leveraging its established positioning in the spreads segment

and by boosting to create cross-selling opportunities in the tablets, gifting and snacks categories. Innovation, premiumisation of products and customers and geographical focus remain key drivers for growth as well as co-manufacturing to capture incremental growth in B2B following the growing manufacturing outsourcing trend from leading brands.

Implementing further efficiencies in operations, logistics & manufacturing

Natra is committed to implementing additional efficiency and excellence policies oriented to operation (Health & Safety, Quality), planning, cost and human resources. The firm is also dedicated to developing state-of-the-art S&OP and IT systems and ensure best in class service levels for its customers. ♦



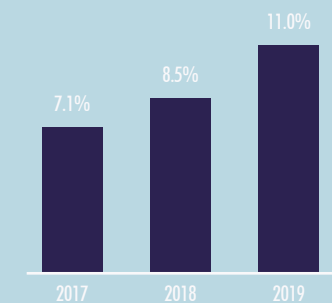
DOMINIQUE LUNA TUDELA
NATRA CEO

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

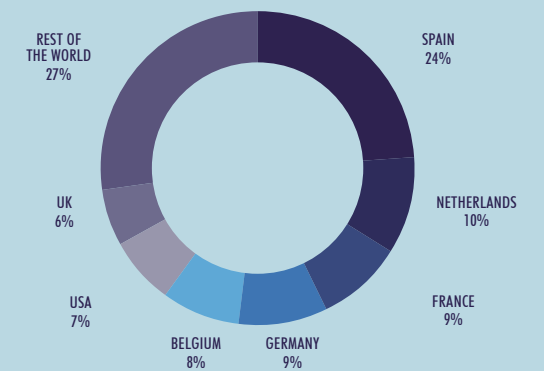
NATRA 2019 EBITDA MARGIN

11.0%

EBITDA MARGIN (%)



2019 SALES BREAKDOWN BY COUNTRY



Natra produces 440 chocolate varieties which are sold in over 90 countries worldwide.



A restaurant in Barcelona built with technical sintered stones manufactured by Neolith, a 2019 addition to Investindustrial's portfolio companies.

Neolith

Neolith is a pioneer and leader in the technical sintered stone sector, which is the fastest growing segment of performance stone surfaces. The Company, headquartered in the industrial ceramic heartland of Spain (Castellón), was founded in 2009 with the aim of designing and producing large format sintered surfaces created from 100% natural raw materials and with unique characteristics serving multiple end-markets, including bathrooms, wall claddings, furniture, floorings, facades and with a particular focus on high-end kitchens. The Company's success and rapid development can be attributed to 40 years of experience of the founders, the Esteve brothers, in the natural stone sector. Neolith has a state-of-the-art plant for the

design and manufacturing of its products, an international commercial footprint distributing its products in more than 80 countries. Investindustrial invested in the Company in 2019 and the market is expected to continue to grow strongly supported by the substitution trend of sintered stone compared to other materials due to its superior technical, environmental and aesthetic features. ♦



www.neolith.com

Neolith headquarters in Shenzhen.



CASE STUDY

POLYNT-REICHHOLD

Specialty chemicals manufacturer
with full global coverage.



www.polynt.com
www.reichhold.com

Having successfully completed and integrated several add-ons, Investindustrial has built a global leading manufacturer of composites, coatings resins and specialty chemical polymers.

Polynt-Reichhold is a vertically integrated specialty chemicals manufacturer with more than €2 billion sales, and a strong global presence and market positioning both in Europe and North America. Polynt-Reichhold's top holding company is headquartered in the UK with operations managed through three regional headquarters located in Italy (Polynt's historical headquarters), in the US (Carpentersville, Illinois) and in China (Changzhou). The Company operates 40 manufacturing facilities worldwide with a total workforce of more than 3,000 employees.

Major transformation over the last decade

Polynt-Reichhold has experienced a major transformation in the last decade. The group is a result from the successful implementation of a growth strategy, initiated by Polynt with the acquisition and integration of PCCR and CCP, in 2011 and 2014, respectively. In 2017 the build-up was further reinforced through a combination with Reichhold, a global player in the composites and coating business with an extensive product portfolio and renowned R&D competencies.

Through organic growth and add-on acquisitions, the Company has transitioned from a local to a global leader; significantly decreasing exposure to commodity like products and growing turnover by more than three times while improving profitability. In particular the most recent combination of Polynt and Reichhold has generated significant synergies from workforce efficiencies, logistical costs and manufacturing

footprint rationalisation as well as purchasing power improvement and vertical integration.

Value creation going forward

The value creation plan continues with further actualisation of synergies from the merger of Polynt and Reichhold and further organic and inorganic growth. The Company's strong market position and vertically integrated business model allows for multiple growth opportunities, including to further support the expansion in the higher value-added specialties businesses with new UPR capacity the EU and Asia and greenfield MA and PA plants in the US to replicate vertical integration in the region. To further the value creation plan, several attractive add-on acquisitions are also being explored.

Cash conversion continues to improve over time and in March 2020, Polynt-Reichhold successfully priced a refinancing transaction to replace its existing debt in an oversubscribed issue. ◆



ROSARIO VALIDO
POLYNT CEO

"Through our strong partnership with Investindustrial and our combined dedication and hard work, we have transformed the business to the global leader in specialty chemicals and continue our path to further growth and expansion. Throughout the years, our aim has been to grow our business together with our customers and to drive the quality of our products toward the highest expectations of the industry".

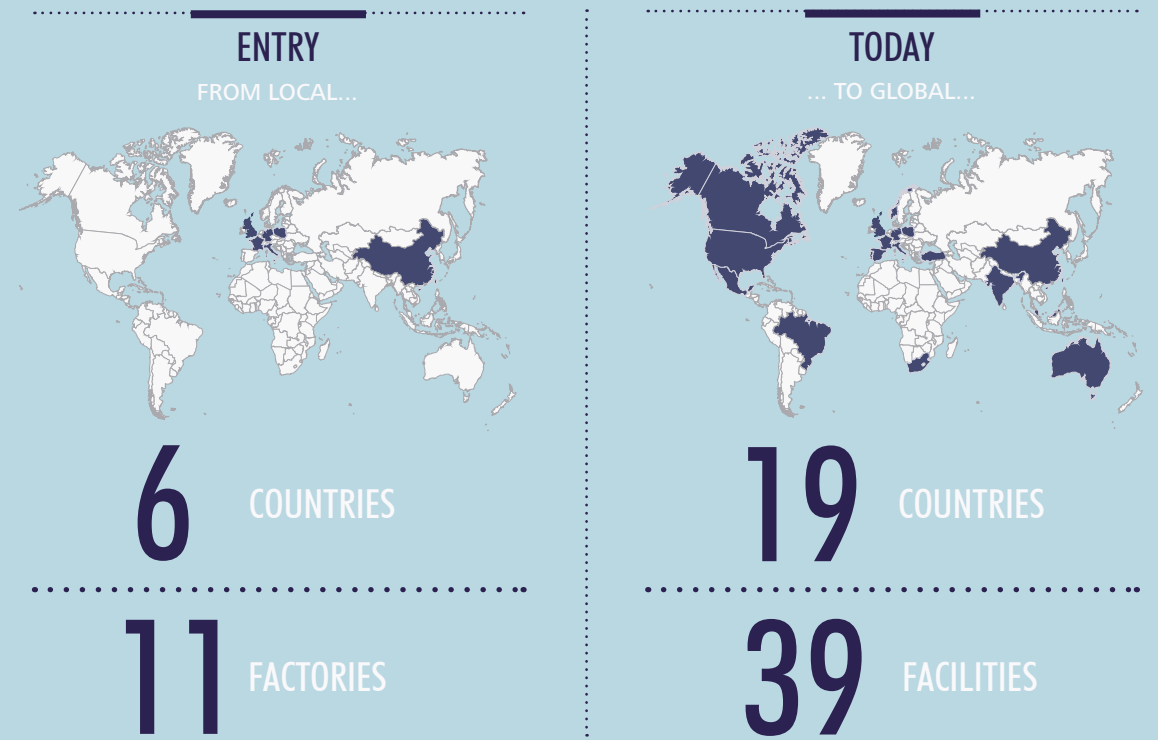
Polynt Group operates as an integrated global player in the coating and composite resins industry with a variety of end markets: construction, transportation, housing appliances, electrical, marine, food and others.





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

A MAJOR TRANSFORMATION OVER THE LAST DECADE



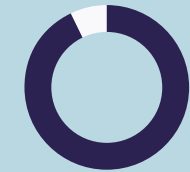
...while decreasing exposure to commodity like products ...

25%
COMMODITY LIKE
PRODUCTS



75%
SPECIALITIES AND
TAILOR MADE
FORMULATIONS

7%
COMMODITY LIKE
PRODUCTS



93%
SPECIALITIES AND
TAILOR MADE
FORMULATIONS

...and growing turnover by >3x and improving profitability

€ 0.6 bn
SALES

€ 2.0 bn
SALES

8.4 %
EBITDA margin

11.8 %
EBITDA margin



HEALTHCARE & SERVICES

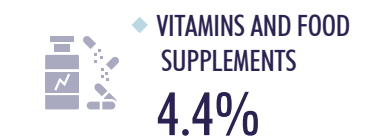
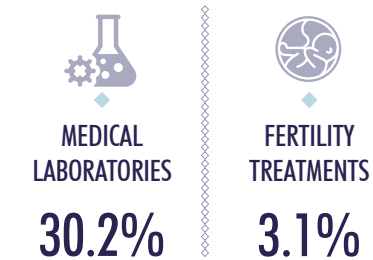
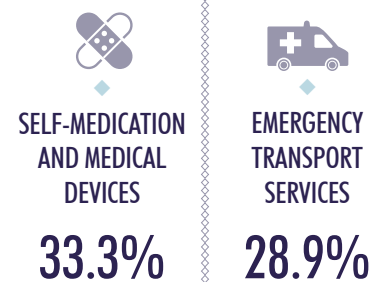
The Healthcare & Services sector comprises the following five companies:

- **HTG**, European ambulance services business
- **GENERA**, European operator in fertility treatments
- **Lifebrain**, medical and specialty laboratory testing operator
- **MTD**, manufacturer of self-medication products and medical devices
- **Procemsa**, Italian producer of nutritional supplements

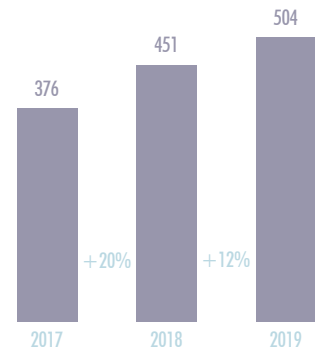
SALES (%)

By segment

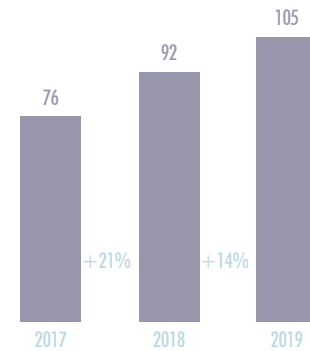
At year-end 2019, five segments represent Investindustrial's Healthcare & Services sector.



SALES (€m)



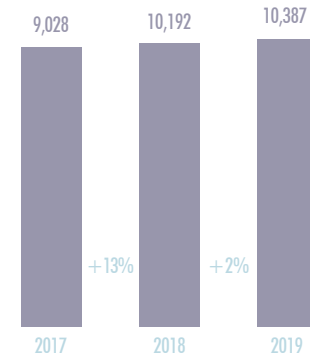
EBITDA (€m)



EBITDA MARGIN (%)



EMPLOYEES (nr.)



In 2019 sales increased by 12% and EBITDA by 14% with a resulting overall EBITDA margin of 21%. The number of employees increased by 2% at approximately 10,400 people.

2019 MAIN EVENTS IN HEALTHCARE AND SERVICES

During 2019, Investindustrial further consolidated its presence in the healthcare sector by investing in Procemsa, the leading Italian producer of nutritional supplements, and through the acquisition of Ginefiv (now rebranded as Genera), a European leader in fertility treatments.

Genera

Genera, the reference name for the investment platform in the fertility treatments industry that Investindustrial is currently developing, is one of the largest groups of fertility clinics in Europe, with 9 clinics across 3 countries: Spain, Italy and Czech Republic. The group carries out approximately 10,000 fertility and non-fertility treatments per year across its different brands: Ginefiv in Spain, Genera in Italy, and FertiCare in the Czech Republic. Other group brands include MyFertile (for fertility preservation) and B-Woman (a multi-disciplinary wellness brand catering to women during their pregnancy).

Founded in 2007, Genera is the largest group of fertility clinics in Italy with operations in Rome (headquarters with a training centre), Umbertide, Marostica and Naples, as well as with collaborations in Ostia and Dubai. Founded in 1987, Ginefiv is the largest Madrid-based fertility clinic and one of the pioneering IVF centres in the region. Ginefiv employs almost 100 people in 5 facilities in an upscale Madrid area and has a clinic in ramp-up in Barcelona, as well as information offices in London and Paris. Founded in 2007 by Dr. Petr Uher, FertiCare is one of the fastest-growing groups of fertility clinics in the Czech Republic. The group currently has three clinics (Karlsbad, Prague and Znojmo) of which the latter two are in ramp-up, serving Czech patients and foreign patients (mostly from Germany).



The Genera Group benefits from an advanced and best in class R&D department.

HTG

HTG, the combined group following the merger between Emeru and Ambuibérica, is the largest provider of outsourced mission-critical ambulance services in Spain now rebranded as the number two in Europe also with an operational presence in Portugal and the UK and with a total fleet of approximately 3,000 vehicles and 7,300 employees. The Company provides emergency and scheduled patient transportation services for Spanish regional governments and the British National Health Service under a portfolio of more than 50 long-term contracts ranging from four to 10 years that represent over 90% of the Company's total sales as well as for private customers predominantly in Spain and the UK.

HTG is the leader in patient transportation, with the fleet equipped with the latest dispatching, communications and tracking technology. The Company handles all stages of the process: call handling, resource planning, staff training, scheduling and delivery of emergency, urgent and non-emergency patient transport services. Working in partnership with a wide range of public entities, trusts, hospitals and private clinics, the Company has considerable experience of developing patient centred frameworks that deliver service excellence.

Following the merger, the new group has a more diversified contract portfolio, and additionally this has enhanced the Company's position as a leading provider of mission-critical ambulance services in Europe.



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

CASE STUDY

LIFEBRAIN

A well-established Italian laboratory diagnostics operator.



www.lifebrain.it

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

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 160 companies since its inception.

Lifebrain is a leading operator in the routine and specialty medical laboratory testing business in Italy. 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 300 laboratories in Italy, performing more than 28 million tests annually.

The Company offers a wide spectrum of core laboratory diagnostics services, from routine to specialised tests, performing tests for the private and the public sectors with B2B (e.g. hospitals or other laboratories) and B2C end clients (i.e. individual patients).

At its core, Lifebrain is predisposed to contribute positively to the global challenges posed by the Sustainable Development Goals (SDGs) by providing health and environmental services designed to meet the needs of individuals and the collective public. In doing so, the Company actively supports SDG 3, Good Health and Well Being, SDG 6, Clean Water and Sanitation, and SDG 9, Industry, Innovation and Infrastructure.

The strong focus on laboratory diagnostic services as the core business, allows the Company to simplify the organisational structure ensuring operational efficiency and maximising the synergy potential.

Buy-and-build: a strategy deeply rooted within 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 5% market share.

Investindustrial's expertise is increasing 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, Lifebrain will continue to focus on optimising its services and increasing its operational efficiency to strengthen its current position as a preferred partner in laboratory services – providing an effective solution to budget constraints in the national healthcare system.

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 47 small-sized acquisitions from the time of closing to 31st December 2019. They total an enterprise value of approximately €180 million and cumulative EBITDA post-synergies of approximately €25 million.

Furthermore, management is currently carrying out due diligence activities on more than 15 additional targets, most of which are in an advanced stage of negotiations and are expected to be completed in the coming months.

In the strongly fragmented Italian market, the overall acquisition pipeline continues to be strong for Lifebrain, allowing for further consolidation. ♦



MICHAEL HAVEL
LIFEBRAIN CEO

"Investindustrial is the ideal investor for Lifebrain. The Firm 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 2019 EBITDA MARGIN

34.7%

DEVELOPMENTS SINCE ENTRY:

Sales growth

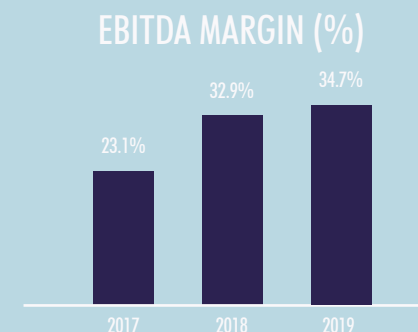
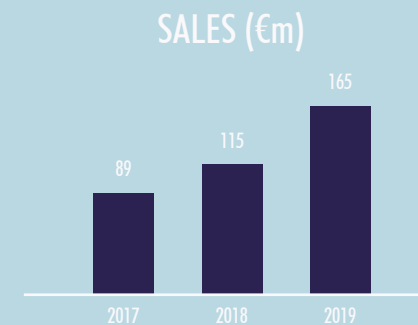
85%

EBITDA growth

179%

EBITDA Margin growth

50%





Lifebrain owns and operates approximately 300 laboratories in Italy and performs more than 28 million tests annually.

MTD

Medical Technology and Devices (“MTD”) is the group resulting from the combination of HTL Strefa and PIC, the self-medication business spun-off from Artsana in 2018. PIC is a leading manufacturer of self-medication products including diabetes pen needles, venepuncture and dressing products, blood pressure monitors and thermometers based in Italy. HTL is a leading global provider of proprietary capillary blood sampling and hypodermic injection devices, with a core expertise in safety devices. The combination of HTL’s long-standing med-tech heritage with PIC’s well-known consumer health DNA allowed Investindustrial to build a recognised international leader in the diabetes management industry. The group, 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 allow the group to further consolidate its market leadership. ♦

MTD
 Medical Technology and Devices
www.mtdglobal.com



The group born on the merger of PIC and HTL-Strefa is a global leader in the self-medication sector.

Procemsa

Founded in Turin in 1939, Farmaceutici Procemsa (“Procemsa”) specialises in contract development, manufacturing and packaging (“CDMO” or Contract Development and Manufacturing Organisation) of vitamins, food supplements, proprietary formulations classified as medical devices and cosmeceuticals for third parties. Procemsa offers its clients best in class R&D capabilities to develop tailored made products and a broad innovative proprietary offering. Procemsa’s products are distributed worldwide in more than 50 countries with approximately 70% of sales generated outside Italy. The Company’s client portfolio includes leading multinationals active in the pharma, personal care and well-being industries with whom the Company enjoys excellent relationships. ♦


www.procemsa.it



Procemsa, a recent addition to Investindustrial’s portfolio companies, operates in the very promising sector of vitamins and food supplements.



TECHNOLOGY

Accelerating technological and digital change

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

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

Investindustrial has a dedicated team of experienced technology-focused professionals seeking new investment opportunities as well as

supporting the digital transformation of portfolio companies, including benchmarking of digital strategies and add-on acquisitions.

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

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



For OKA, the leading British interior design brand, the online channel represents almost 50% of sales.

SUSTAINABILITY REPORT

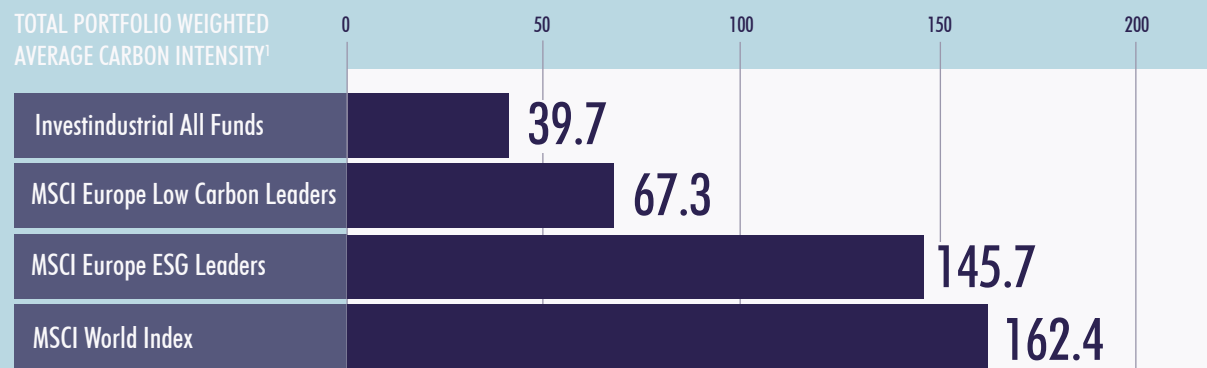
64.	HIGHLIGHTS
66.	ESG EVOLUTION
68.	INVESTINDUSTRIAL APPROACH
78.	INVESTINDUSTRIAL SUSTAINABILITY OBJECTIVES
80.	CLIMATE
88.	SUSTAINABLE RESOURCE CONSUMPTION
92.	SDI ¹ PORTFOLIO COMPANIES
96.	SUPPLY CHAIN MANAGEMENT
98.	OUR FOUNDATIONS

¹ Sustainable Development Investments

RESPONSIBLE INVESTING HIGHLIGHTS

CARBON EMISSIONS

Total Investindustrial and portfolio companies GHG Emissions (scopes 1, 2 and 3 tCO₂e): **1,234,721**

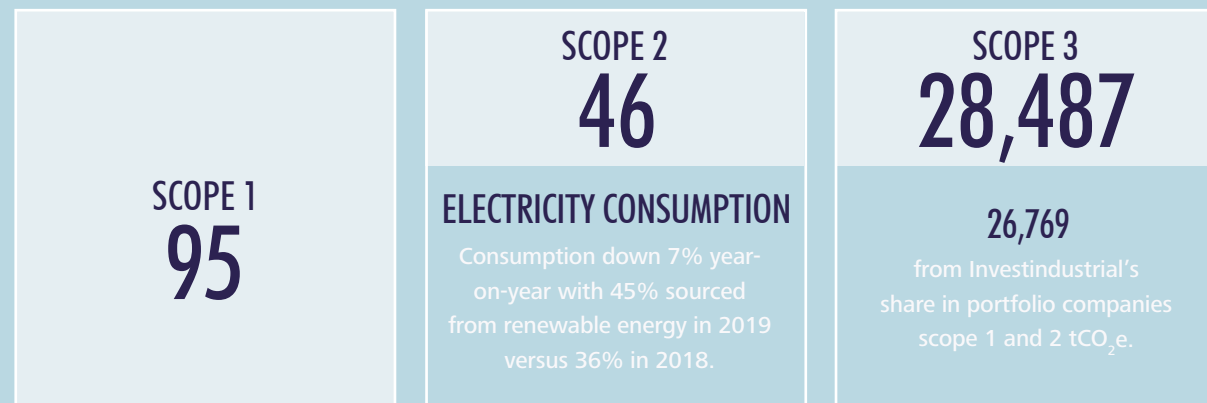


¹ Carbon intensity (scope 1 and 2) tCO₂/USD M sales

When considering like-for-like portfolio companies reported in 2018 versus 2019, year-on-year scope 1 and 2 absolute emissions reduced by over 2.4% on track with Science Based Targets.

INVESTINDUSTRIAL GHG EMISSIONS BREAKDOWN (tCO₂e)

A Carbon Neutral Firm



ENVIRONMENT

65%

of the portfolio companies are pursuing renewable energy sourcing for their electricity consumption needs.

SOCIAL

50%

increase in training hours per employee across the portfolio from 2018 to 2019.

GOVERNANCE

65%

of the portfolio companies have an Executive Committee member responsible for sustainability.

The majority of portfolio companies audit their suppliers either directly themselves or via internal or external parties.

DIVERSITY AND INCLUSION AT INVESTINDUSTRIAL

26%

female board members

25%

female investment professionals

UN PRI RATING

A+ / A+

Strategy & Governance

Private Equity

4th

annual Sustainability and Legal Summit and 1st annual CFO Summit with over 150 delegates.

13th

Annual Review and Sustainability Report.

12th

year as a carbon neutral firm.

GRANTS AND FUNDING

€6.8
MILLION

Distributed in grants and funding by Invest for children since its inception.

€3
MILLION

Distributed in grants and funding by the Investindustrial Foundation since its inception.

OVER €1.3
MILLION

was donated by portfolio companies in 2019.

INVESTINDUSTRIAL'S SUPPORT FOR INDUSTRY ENGAGEMENT

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



Investindustrial has an extensive history in responsible investing. The Firm is proud of the milestones it has achieved over two decades and continues to prioritise ESG and sustainability throughout the investment cycle. Incorporating these 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 firm 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 and receiving top rating in 2020 with an A+ / A+ in Strategy & Governance and Private Equity. In 2019 Investindustrial further expanded the scope of its sustainability mission by pursuing B Corporation™ certification¹ which culminated in 2020 by achieving the highest B Corp™ certification score, 116.2, of any private equity buy-out firm, a recognition of the Firm's relentless focus on sustainability and its approach to building better businesses. Other activities post year-end include becoming supporters of the Taskforce for Climate-Related Financial Disclosure (TCFD) initiative² whose aim is to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders, as well as becoming a signatory of the Climate Action 100+ initiative³ whose aim is to ensure the

world's largest corporate greenhouse gas emitters take necessary action on climate change. Investindustrial is proud to actively engage with these bodies and believes that public participation is essential to drive collective change. ♦

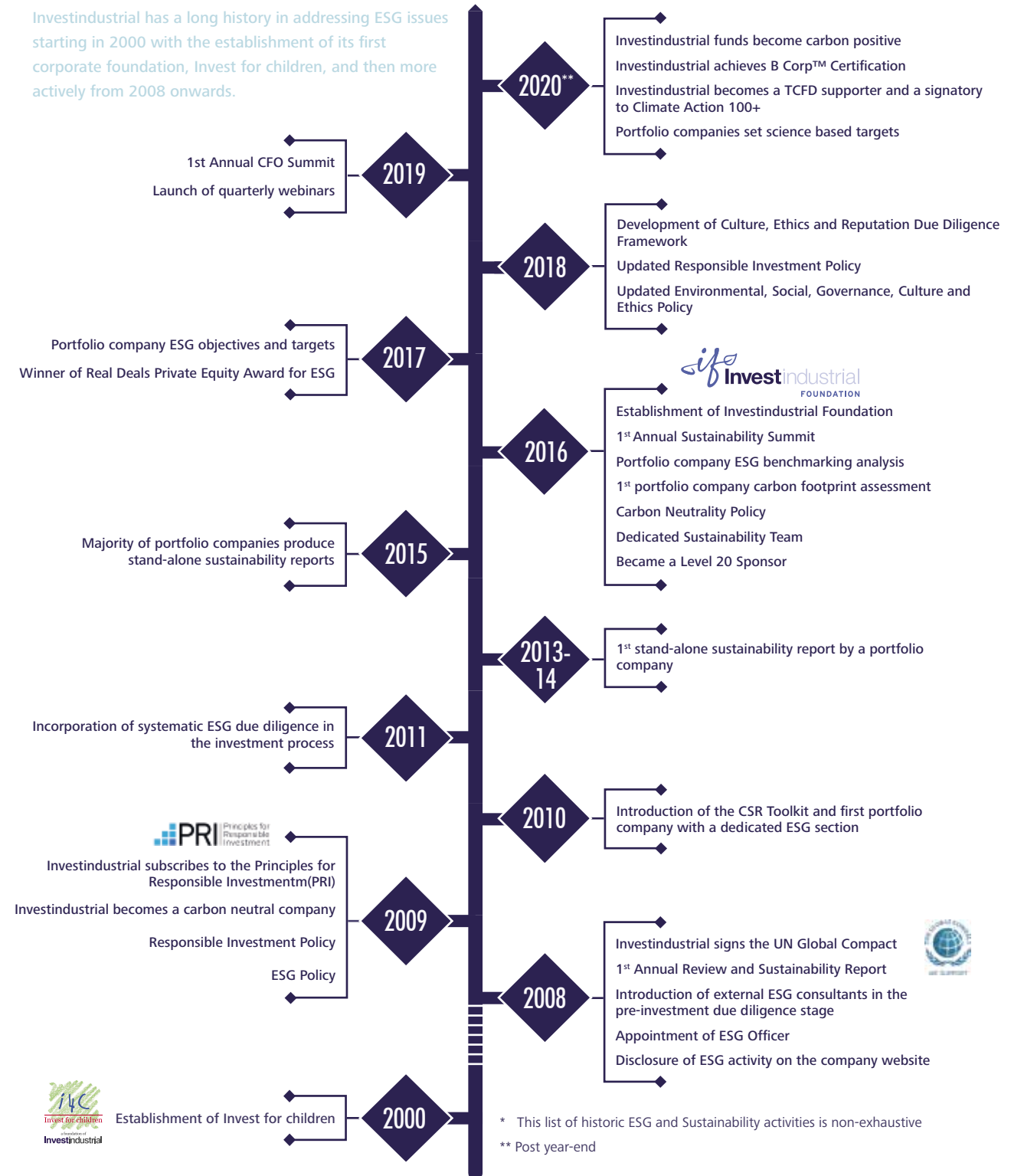
INVESTINDUSTRIAL'S UN PRI ANNUAL ASSESSMENT REPORT RESULTS

YEAR	STRATEGY & GOVERNANCE	PRIVATE EQUITY
2020	A+	A+
2019	A	A+
2018	A	A+
2017	A	A+
2016	A	A+

1 www.bcorporation.net/directory/investindustrial
 2 www.fsb-tcdf.org
 3 www.climateaction100.org

INVESTINDUSTRIAL'S ESG EVOLUTION

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



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

RESPONSIBLE INVESTMENT APPROACH

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

Investindustrial follows a systematic approach to incorporating sustainability throughout the full deal cycle, from pre-investment activities through the post-investment holding period and exit. The driving factor behind this approach is to maximise stakeholder value by identifying material risks and opportunities associated with sustainability issues and to allocate the appropriate attention and resources needed to resolve any risks or capitalise on potential opportunities. The combined impact of sustainability, climate, governance and corporate culture initiatives on the value of each portfolio company is assessed against revenue, cost, risk and reputation. This approach is underpinned by the Firm's Responsible Investment Policy and Environmental, Social, Governance Policy, first issued in 2009¹. Both of these policies were updated post year-end in 2020, to reflect emerging ESG topics and trends and the Firm's increased maturity in managing ESG and responsible investment. Investindustrial's Sustainability team works closely with the advisory teams to support them in pre-investment and exit activities, as well as in the post-investment holding period by engaging them and portfolio company management on sustainability matters.

¹ www.investindustrial.com/social-responsibility/responsible-investing/Principles-for-Responsible-Investments

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 organisation from liabilities and potential fines or making the business more resilient.

Growth and Profitability

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

Members of Investindustrial's Legal team at the 2019 Sustainability and Legal Summit in Copenhagen, Denmark.



INVESTINDUSTRIAL SUSTAINABILITY FRAMEWORK

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 and engage in the noted activities as an integral way of building better businesses.

Vision, Mission, Strategy

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

Financial & Operational Monitoring

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

Active Participation

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

Memberships and Certifications

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

Portfolio Companies

Reporting

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

Governance

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

Establish Committees / Key Roles

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

KNOWLEDGE EXCHANGE

Investindustrial promotes a culture of working together to share experiences and best practices across the Firm, and the portfolio companies in order to learn from each other as well as from subject matter experts. One of the key ways that this is achieved is through Investindustrial's established Portfolio Company Summit series that includes forums on sustainability, legal and compliance, finance and cyber-security and are attended by the relevant professionals from each of the portfolio companies (i.e. CFOs, Legal Counsel, Sustainability Representatives, CIO/CTO).

Sustainability and Legal Summit

In 2019 Investindustrial's fourth Sustainability and Legal Summit was held in Copenhagen, Denmark and brought together 85 representatives from portfolio companies, investors, and the Firm including the entire senior management team. The event began with Investindustrial's Sustainability team who presented the 2018-19 highlights, and key actions for 2020 including ESG objectives and targets, and climate risk. This was followed by NYU Stern's Centre for

Sustainable Business (CSB)¹ who facilitated an ESG workshop on creating a culture of sustainability and innovation; learning to apply the Stern CSB's sustainability monetisation framework (ROSI); and communicating the value of sustainability to internal and external stakeholders. The agenda then moved to sharing best practices with a presentation by Artsana on their sustainability journey. In parallel, the Firm's Legal and Compliance team ran a breakout session with the Legal Counsels from across the portfolio which covered ESG, GDPR, compliance, cybersecurity and other trends affecting the industry. The Summit concluded with a cyber-security workshop and scenario role-play facilitated by Hakluyt Cyber for all participants.

Finance Conference

Earlier in the year Investindustrial hosted its first Finance Conference in Lugano, Switzerland. Senior finance officers from each of the portfolio companies, along with the Firm's senior leadership, were invited to come together to network with their peers and provide an opportunity to share experiences, challenges and solutions. A key theme of the conference was on

'Building a Recession Ready Organisation', which identified a number of areas the portfolio companies should consider in advance of a recession, such as; knowing their market and the political landscape that shapes it, the importance of stakeholder and supply chain relationships, effective corporate governance and efficient cash management. Also invited were external speakers from McKinsey & Company, Deutsche Bank and Willis Towers Watson, who spoke on a variety of topics, ranging from, the importance of value creation, managing and structuring systematic risks and the importance of technology within the Finance Department.

Quarterly Webinars

Throughout the year, Investindustrial also ran a series of quarterly webinars facilitated by external experts focusing on climate change, human rights, health & safety and post-year end on managing the COVID-19 pandemic. ♦

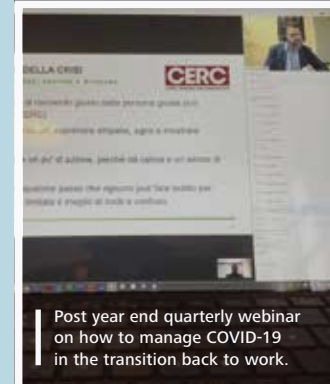
¹ www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/center-sustainable-business



Photos are from the 4th Annual Sustainability Summit held in Copenhagen, Denmark.



Investindustrial team member presenting at the 2019 Finance Conference in Lugano."



Post year end quarterly webinar on how to manage COVID-19 in the transition back to work.



SUSTAINABILITY MILESTONE, PROJECTS AND INITIATIVES

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

Artsana

Given the focus of Artsana's business, producing and retailing (both via Chicco or Prenatal stores) 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 four years, and with the support of Investindustrial's Sustainability team, Artsana has worked across the organisation and functions to further broaden the scope of sustainability within the business and to maximise the impact of these issues at every step of the value chain.

2016

- ◆ Attended Investindustrial's annual Sustainability Summit (and subsequent Summits).
- ◆ 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 in history.
- ◆ 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 two factories.

2018

- ◆ Prioritised 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.
- ◆ Implemented an energy metering system in all Artsana plants.
- ◆ Completed a life cycle assessment for packaging of two products.
- ◆ Obtained ISO 14001 certification for Artsana's cosmetics plant.

2019

- ◆ Incorporated sustainability criteria into performance assessments (behaviour/values).
- ◆ Established sustainability as a pillar in the new brand positioning.
- ◆ Implemented ISO 14001 certification at the Verolanuova plant.
- ◆ Continued improvement on Artsana's environmental footprint through the application of the LCA methodology and changes to material sourcing.
- ◆ Improved integration of circular economy principles in product development via the use of a bespoke sustainability assessment tool.
- ◆ Launched 1st circular economy pilot project: Ecodown jackets.
- ◆ Implemented new crash test laboratory for car seat development & production monitoring.

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. More recently, sustainability has become the cornerstone in PortAventura's communication strategy which allows the resort to better engage and connect with customer's sensibilities to sustainable tourism.

2011

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

2012

- ◆ Convention Centre became member of the Green Meeting Industry Council.
- ◆ 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) & Energy Committee.
- ◆ 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 into its reporting.
- ◆ Launched the Supplier Portal including environmental, human rights and labour practice criteria.

2016

- ◆ Attended the Investindustrial annual Sustainability Summit (and subsequent Summits) 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 the year 2020.
- ◆ ISO 9001:2015 Quality Management System Certification.
- ◆ ISO 27000 Food Safety Management Certification (hotels: PortAventura and El Paso).

2019

- ◆ Launched PortAventura Dreams in Q4 as well as a cybersecurity project.
- ◆ Committed to install the largest solar photovoltaic plant in a European resort which will supply 1/3 of the annual energy demand.
- ◆ Obtained the AENOR Zero Waste certification for activities in managing the resort thus supporting the resorts circular business initiative.

Polynt Reichhold

With a large global manufacturing presence, Polynt Reichhold was already using sustainability principles as a driver for growth and risk management across its operations. Over time, and with the help of Investindustrial's Sustainability team, the Company has expanded its sustainability focus to new products, resource efficiency and circular business models as well as continued waste reduction and mitigation as well as resource maximisation activities.

PRE 2016

- ◆ Joined the "Responsible Care" a global Chemical Industry voluntary Program to promote sustainable development.
- ◆ Recognised with the "Product Stewardship" Award by Federchimica for the category "Large Enterprises" in 2013.
- ◆ Leading sustainable technologies such as low emissions, cobalt-free products, use of bio-based materials, use of recycled materials, enhance LCA capabilities and GMP-compliance materials and plants.
- ◆ Compliant with REACH regulations since 2007 with over 100 new substances registered and active engagement across the supply chain through the Polynt Product Stewardship, Chemical Management and REACH experts to inform and support customers about correct and safe use of products (Material Safety Data Sheet, Exposure Scenario reading and interpretation), specific REACH norms and legislation on Classification, Labelling and Packaging.

2016

- ◆ Investindustrial ESG due diligence with focus on environmental impact and health and safety.
- ◆ Attended the Investindustrial annual Sustainability Summit (and subsequent Summits).
- ◆ Renewal of EMAS registration for San Giovanni Valvano site (first registration in 2000).
- ◆ Renewal of ISO 14001 certificate for Ravenna site.
- ◆ Engaged with local communities to support various philanthropic initiatives (also in 2017 and 2018) such as mental health and disaster relief.
- ◆ Installed cogeneration units as per key sustainability initiatives reference.

2017

- ◆ Implemented lighting upgrade projects at different sites.
- ◆ Renewal of EMAS registration for Ravenna site (first registration in 1998).
- ◆ Installed inverters on electrical motors to reduce the energy consumption of cooling water pumps at different sites.

2018

- ◆ Worked with customers in the promotion of solvent or monomer free product technologies as well as product technologies using recycled materials.
- ◆ Developed a new joint project to advance Wind Turbine recycling in partnership with Cefic, Wind Europe and EuCIA.
- ◆ Published CEO statement on sustainability.
- ◆ Joined the working group for EMAS registration for the Ravenna industrial chemical park.
- ◆ Renewal of ISO 14001 certificate for Scanzorosciate and San Giovanni Valdarno plants.
- ◆ Updated Ethical Code.

2019

- ◆ Renewal of EMAS registration for the San Giovanni Valvano Site (first achieved in 2003).
- ◆ Renewal of ISO 14001 certification at the Ravenna Site.
- ◆ Improved energy and resource efficiency globally via several initiatives such as, but not limited to, switching to LED lighting, upgrading equipment, improved storage insulation and installation of co-generation systems (see the Polynt Reichhold case study on pages 86 and 87 for more details).
- ◆ Launched program to provide all Polynt S.p.A. employees with free medical examinations. Prioritised SDGs where the company has the greatest opportunity to contribute (SDGs 7, 12, 13)
- ◆ Continued and active participation in "Responsible Care" a global Chemical Industry voluntary Program to promote sustainable development.
- ◆ Expanding the Implementation of Life Cycle Assessment methodology to improve the eco-footprint of composite materials produced.
- ◆ Continued Process Improvement research manned by over 100 researchers globally focussing on CO/CO₂ emissions reduction through catalyst technology improvement, heat recovery from self-generated power, recovery of by-product to minimise and eliminate waste and utilisation of non-hazardous raw materials.

MATERIAL ISSUES

In 2018, Investindustrial undertook a materiality assessment to update and prioritise the topics that shape Investindustrial’s sustainability strategy and reporting. The materiality process undertaken was informed by the Global Reporting Initiative (GRI) and 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). Additionally, an impact mapping exercise was undertaken, followed by internal validation of the assessment findings, informed by continual dialogue with investors.

In 2019 the original assessment was reviewed and updated in order to make two noteworthy changes: i) ‘Supply chain management’ moved up in importance for Investindustrial and, ii) the material issue ‘Employee health and wellbeing’ was added. With the advantage of hindsight in the wake of the Coronavirus pandemic, as well as the increasing focus on climate risk for key assets, these additions very much reflect some of the main challenges facing businesses today. Investindustrial will continue to 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

- Environment**
Reduce environmental harm
- Social**
Employer and partner of choice
- Governance**
Professional corporation
- ESG**
Cross-cutting issues

Importance to stakeholders

	Risk Management	Bribery and corruption Diversity and equal opportunity Human rights and labour standards
Fair tax contribution	Regulatory compliance Transparency Employee attraction and retention Employee health & wellbeing Employee training and development	Climate Sustainable resource consumption Digital responsibility Culture and ethics Supply chain management
Waste & hazardous materials management Water & wastewater management Philanthropy	Domestic industry & industrial skills retention Indirect economic impact Product quality & safety / customer welfare Workforce relations	Occupational health & safety

Importance to Investindustrial



Investindustrial and Natra teams in Ghana with a cocoa bean farming community.



The Investindustrial Sustainability team at the Jacuzzi factory in Tijuana, Mexico.



Design Holding Senior executives along with Investindustrial at the Sustainability Strategy Workshop in Copenhagen.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

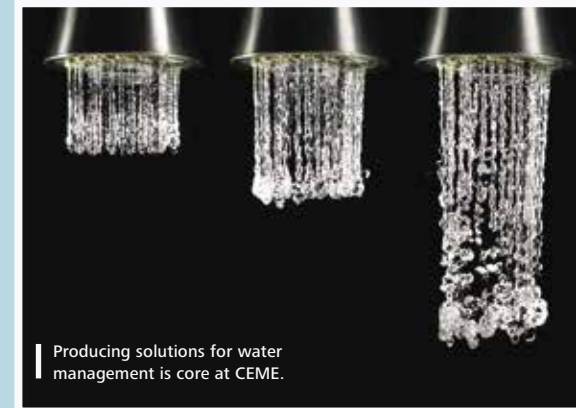
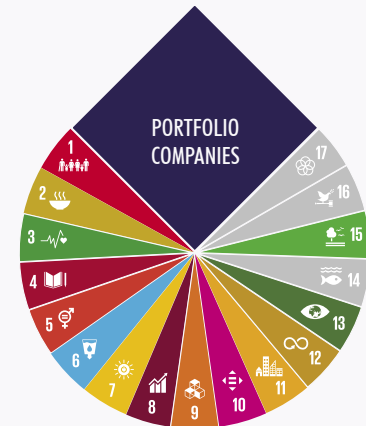
Developed by the UN in 2015, these 17 Global Goals and 169 targets aim to stimulate urgent action by all countries to achieve peace and prosperity for people and planet. Whilst initially aimed at governments, it is recognised that business has a key role to play in meeting the SDGs, and that they can 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 contribution to selected SDGs in their own sustainability reports and have sustainability objectives and targets in support of specific SDGs;
- **Investindustrial's own operations**; and
- **Invest for children** and the **Investindustrial Foundation**.

In further support of the SDGs, Sustainable Development Investments (SDIs) were developed as an investment thesis to show how selective investments can support the SDGs by defining which SDG targets are most capable of generating a return. Please refer to pages 92 and 93 for Investindustrial's current SDI position. ♦

INVESTINDUSTRIAL'S CONTRIBUTION TO THE SDGs



Producing solutions for water management is core at CEME.



Image from Sergio Rossi's sustainability social media campaign.



Sustainability at the heart of Artsana's new brand positioning strategy.



Sustainable product qualities are a key selling point for Neolith.



Choni Fernandez, PortAventura World's Head of Sustainability, at the UN Climate Convention COP 25 in Madrid where the Company received an award in recognition for having one of the best business initiatives #FortheClimate of Spain.

SUSTAINABILITY STRATEGY & OBJECTIVES

Investindustrial’s sustainability strategy builds on the company’s mission statement and firm values presented on page 5. 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 and monitored on an annual basis for their impact on the business, community and the environment, were reviewed and updated following completion of the materiality assessment in 2018 and again reviewed in 2019. Where objectives 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.

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. Furthermore, their carbon footprint along with other key ESG metrics, are included in Investindustrial’s Annual Review and Sustainability Report and are presented on pages 108 and 109. ◆

INVESTINDUSTRIAL’S SUSTAINABILITY OBJECTIVES

	TOPIC	SUB-TOPIC	RELEVANT SDG		OBJECTIVE	YEAR TO REACH OBJECTIVE	STATUS UPDATE
ENVIRONMENT Reduce environmental harm	Climate	GHG Emissions ¹	13		Achieve carbon neutrality at Investindustrial ² at the 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 2008 and is currently set to become carbon positive across all its funds by the end of 2020.
		Renewable Energy ³	9		Reduce greenhouse gas emissions from Investindustrial and all active portfolio companies by sourcing: - 75% of electricity requirements from renewable energy by 2020; and - 100% of electricity requirements from renewable energy by 2025.	2020, 2025	In progress – Investindustrial is on track by achieving 45% renewably sourced electricity consumption for 2019. For portfolio companies, they are currently behind target, however over 65% of the portfolio companies are pursuing renewable electricity sourcing solutions including one coming online post year-end.
		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.
	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 88 - 91.
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%	2020 ⁴	Behind target - Investindustrial entities and the relevant active portfolio companies for the 2020 goal have 25% women on boards, however, further work remains to be done and continues to be a priority for Investindustrial.
			10				
	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	Behind target – There remains five companies that have not become UNGC signatories whereas the balance of active portfolio companies are either signatories or are on track to do so within the stated timeline, however, most companies have incorporated the spirit of these principles into their policies and procedures.
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.	Behind target – There remains five companies that have not become UNGC signatories whereas the balance of active portfolio companies are either signatories or are on track to do so within the stated timeline, however, however, most companies have incorporated the spirit of these principles into their policies and procedures.
	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 2019, all active portfolio companies, but two, were compliant with GDPR requirements where relevant whilst the majority have a cyber security policy, plan or insurance in place.
	Risk management	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.	In progress, the Sustainability team continues to work with the portfolio companies to identify and close any certification gaps.
			12				
Transparency	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.	In progress – Whilst three active portfolio companies have missed their publishing deadlines or the continuation of their report, many of the more recent entries are ahead of schedule and all active portfolio companies measure, monitor and publish their carbon emissions.	

¹ Absolute GHG Emissions.

² For Investindustrial scopes 1, 2 and 3, scope 3 includes scopes 1 and 2 for all the active portfolio companies which are those companies that are in the portfolio during the first half of the year and still in the portfolio at year end.

³ Objective was set for year ending 2016 and the timeline pertains to the active portfolio companies at that time: HTG, PortAventura, Aston Martin, Design Holding, Sergio Rossi, Artsana and Polynt Reichhold. For all other active portfolio companies, the timeline is accelerated with a target of sourcing 50% of electricity requirements from renewable energy within three years of entry and 100% within five years of entry.

⁴ Objective was set for year ending 2016 and the target year pertains to the active portfolio companies at that time: HTG, PortAventura, Aston Martin, Design Holding, Sergio Rossi, Artsana and Polynt Reichhold. For all other active portfolio companies, the timeline is the same, reaching 33% within four years of entry.

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.

As a signatory to the Task Force on Climate-related Financial Disclosures (TCFD), Investindustrial understands the impact that climate can have on a business over its holding period and beyond and assesses the related risks and opportunities throughout the deal cycle.

At the pre-investment stage, climate-related risks and opportunities are assessed by the Sustainability team with support from climate change experts as a standard part of the due diligence process; during which, a deep-dive climate risk analysis contrasts the identified risks and opportunities in a moderate versus rapidly decarbonising economy. In the context of the TCFD framework, these risks and opportunities pertain to transition risks (risks typically arising from changes in technology, regulation, market preferences and behaviour), physical risks (climate change related risks creating acute threats, like tornadoes or floods, or more slowly evolving challenges (i.e. increasing temperatures)), 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 where the issues are prioritised, and budget is apportioned vis-a-vis the other business needs and overall strategy, thus marking climate a part of Investindustrial's on-going monitoring activities.

Post-investment, Investindustrial's Sustainability team works 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. The Sustainability team also provides support in implementing climate initiatives, including Investindustrial's climate mitigation strategy, 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. Sitting at the heart of these objectives and targets is a comprehensive carbon and climate change mitigation strategy which considers both technological and nature-based solutions and follows a three-pronged approach:

1 Reducing carbon emissions at source.

Since 2016, all portfolio companies have embarked on energy efficiency projects to both reduce operating costs as well as their carbon footprints. Starting from 2019, all portfolio companies have started the work to set science-based carbon targets with a view to have these completed by the middle of 2020.

2 Sourcing renewable and low carbon energy solutions.

Portfolio companies are encouraged to source low carbon and renewable energy sources via either on-site (e.g. photovoltaic panels) or off-site solutions (e.g. power purchase agreements or green energy supply contracts). Currently, the target is for 75% of electricity consumption to be sourced from renewable energy across the portfolio by 2020 with the goal of reaching 100% by 2027.

3 Offsetting remaining carbon emissions via nature-based climate solutions.

Since 2009, Investindustrial has been working towards sourcing quality proprietary nature-based solutions working directly with project developers in their local markets. Investindustrial believes that by investing in solutions that provide direct access to global carbon projects, the Firm has more control over quality projects, which helps to improve value, whilst reducing risk and generate tangible social, climatic and biodiversity outcomes. Current nature-based climate solutions include the Blue Carbon Project and the Guatemala Conservation Coast Project. For more details on both projects see pages 82 and 83.

By pursuing the structured climate mitigation strategy outlined above, Investindustrial's active funds are set to become carbon positive¹ by the end of 2020.

¹ Remaining more carbon from the atmosphere than we emit.

CARBON INTENSITY

tCO₂e/\$M sales

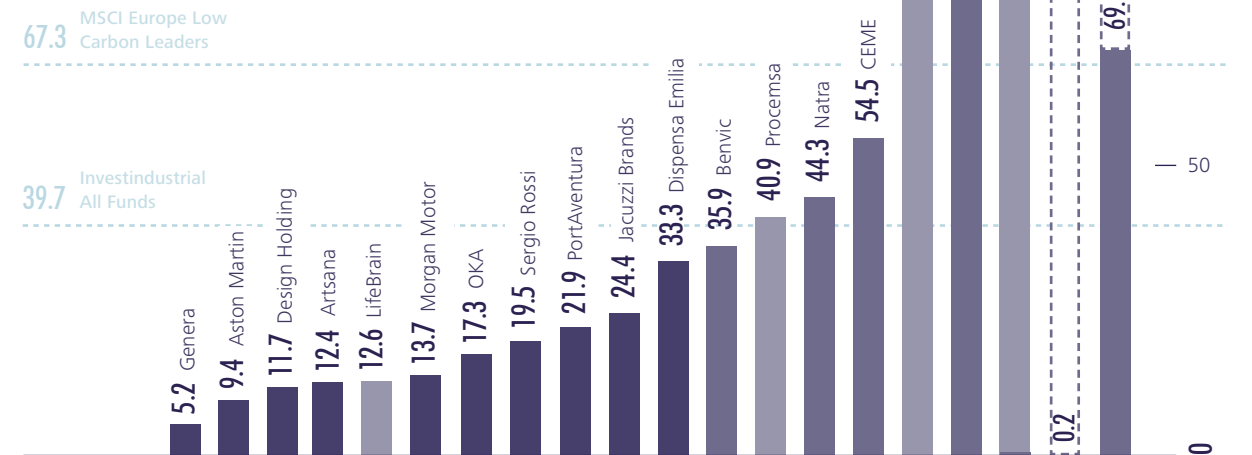
- Consumer, Retail & Leisure
- Industrial Manufacturing
- Healthcare Services
- Emissions included within EU Emissions Trading Scheme (ETS)

In addition to collecting and monitoring the data as presented on the previous page, Investindustrial also benchmarks portfolio companies' carbon intensity against industry and market/location-based benchmarks as provided in the below graph. In comparison to MSCI Europe ESG and Low Carbon Leader index¹, most of the portfolio companies outperform these indices as shown in the below graph. In total, Investindustrial's portfolio has a weighted average carbon intensity² of 39.7 versus the MSCI Low Carbon Leader index at 67.3.

Ultimately, the portfolio companies are driven by their value creation strategy and with this, routine energy and carbon audits are carried out to identify areas of improvement and where possible, low carbon technologies implemented and raw materials replaced resulting in reduced energy and raw material consumption. Case study examples illustrate how PortAventura, Polynt Reichhold and Italcanditi are saving energy and costs, increasing resilience and decarbonising their operations. ◆

¹ Source of the data www.msci.com/index-carbon-footprint-metrics. Data used for comparison is taken from April 30, 2020.

² Weighted average carbon intensity is defined as: tCO₂e/\$M sales.



¹ Weighted Average Carbon Intensity Level as defined by MSCI and excluding EU ETS allowances and credits. Additionally, the full scope of the business operations are reflected for all companies with the exception of Design Holding, Artsana, Benvic, Genera, Italcanditi, and Sergio Rossi who continue to expand their scope to reach full coverage.

NATURE-BASED CLIMATE OFFSETTING PROJECTS

GREAT BEAR BLUE CARBON PROJECT

<p>LAND Coastal area on Canadian pacific coast</p> <p>LOCATION Great Bear Rainforest, British Columbia, Canada</p> <p>STANDARDS A new British Columbia protocol being developed</p>	<p>COMMUNITY First Nations</p> <p>CLIMATE ZONE Cfb Oceanic</p> <p>SPECIES Blue eel grass and coastal shrubland</p>	<p>SDGs¹</p>
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Project Background

Blue carbon, ecosystems which can remove ten times more CO₂ per hectare from the atmosphere than forests, is the name given to carbon stored in tidal wetlands, which includes tidally influenced forests, mangroves, tidal marshes, and seagrass meadows, within soil, living biomass, and non-living biomass carbon pools. Wetlands primarily store carbon in the soils, where it can remain for centuries, however drained and degraded coastal wetlands can release this stored carbon back into the atmosphere.

As such, there is a growing global appreciation for these carbon sinks which provide multiple benefits for the environment and society such as:

- Habitat for fishes and crustaceans, migrating birds and waterfowl, and some mammal species. For example, the preservation of the habitat helps to protect both the juvenile salmon on their way out and the older salmon before starting to spawn which in turn preserves the cycle of life dependent on the salmon run and the nutrients this provides to the Great Bear Rain Forest;
- Storm and flood protection;
- Improved water quality; and
- Tourism and jobs.

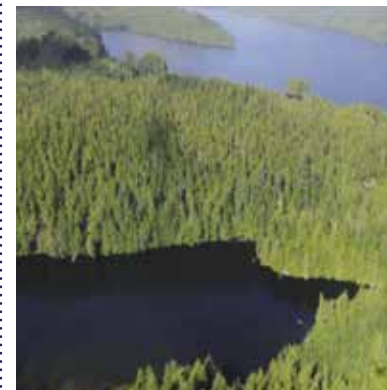
Globally, wetlands are being lost at an unsustainable rate of 0.7-7% per year, primarily due to commercial fishing activity, dredging, loss of sediment and damage from logging.

Project Description

Located in the Great Bear Rainforest on the western coast of Canada in British Columbia, the project aims to avoid degradation of existing coastal marine and wetland habitats through conservation regulations and marine parks. The project includes three distinct stages which will evolve over a three-year period; these stages are: i) creation of a Blue Carbon Protocol; ii) identification of areas for protection and rehabilitation; and iii) development of carbon projects.

As an investor in this project, Investindustrial will sponsor a feasibility study to identify potential estuary protection project sites, to establish a scientific foundation, and to develop and validate a project protocol under the British Columbia carbon mechanism that, if proven successful, has the potential to unlock significant economic and conservation opportunities. Furthermore, if successful, the feasibility study progresses to a project development phase.

As the sole sponsor of the project, Investindustrial enables this study to move forward and by doing so will greatly contribute to the scientific advances in an emerging area of significant interest. Investindustrial will also benefit from carbon credits produced over the 30-year lifetime of the project assuming the 'study phase' is successful.



¹ United Nations Sustainable Development Goals, www.un.org/sustainabledevelopment/sustainable-development-goals.

GUATEMALAN CONSERVATION COAST PROJECT



Project Background

The Guatemalan Conservation Coast Project is in the Izabal region and spans the entire Caribbean coastline of Guatemala. A trend along the Guatemalan Conservation Coast has been increased deforestation, degradation and fragmentation coinciding with the expansion of industrial agriculture, such as palm oil, and the movement of subsistence farmers and cattle ranchers deeper into forested areas, including protected areas. As a result, it has lost 65% of its original forest cover. This is one of the highest global deforestation rates in the last decade.

Project Description

Climate finance works to protect the remaining forests of the Guatemalan Conservation Coast region by addressing the drivers of deforestation through

effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. As a direct result of the project activities, a REDD+, VCS and CCB Standards certified project with a Gold Level status for biodiversity, over four million tCO₂e will be avoided by 2021, the equivalent of taking over 440,000 homes off the grid for a year. When considering the lifetime of the project over 30 years, the tCO₂e avoided will be closer to approximately 22 million. There are also important biodiversity benefits. Over 400 species of birds have been documented in the project area and 120 species depend on the corridor to sustain their great journeys. The Guatemalan Conservation Coast project protects the habitat of an abundance of mammals and reptiles, including 30 High Conservation Value (HCV) species.

Additionally, there are numerous social benefits as Izabal is home to a diverse community of some of Guatemala's lowest income communities. Over 100 local and indigenous communities are impacted by the project and they play a pivotal role in maintaining the integrity of the work through active participation in consultation, decision-making, and implementation of activities. The lives of 3,250 families are being transformed by job creation, agricultural training, and increased access to legal and financial resources. The project aims to support nearly 720 jobs (30% of which are held by women) with some of the key benefits realised by women (access to education and healthcare) and individuals/ communities by obtaining land ownership. ◆

<p>LAND over 59,941 hectares protected</p> <p>LOCATION Guatemalan Caribbean coastline, Izabal region, Guatemala</p> <p>EMISSIONS¹ c. 22 million tCO₂e avoided</p>	<p>STANDARDS² VCS-CCB, Gold Level for biodiversity</p> <p>COMMUNITY over 100 local and indigenous communities and c. 3,250 families</p> <p>CLIMATE ZONE Tropical rainforest (AF)</p> <p>SPECIES 30 High Conservation Value and over 400 birds</p>	<p>SDGs³</p>
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¹ c. 22 million tCO₂e reflect the avoided deforestation for the lifetime of the project (30 years).
² Verified Carbon Standard (VCS), www.verra.org and The Climate, Community & Biodiversity Alliance: CCBA, www.climate-standards.org, 3rd Edition Standard.
³ United Nations Sustainable Development Goals, www.un.org/sustainabledevelopment/sustainable-development-goals.

CASE STUDY

PORTAVENTURA WORLD

Renewable Energy – Solar Power.



www.portaventuraworld.com

In 2018, PortAventura World developed a medium-term Sustainability Strategy based on those sustainability issues identified as critical to all stakeholders during the materiality assessment. These key issues span across the three pillars, environmental, social and governance, and are linked to the relevant Sustainable Development Goals (SDGs) that they support.

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

When considering how best to approach their energy transition PortAventura World recognised that the resort is ideally positioned to pursue a solar photovoltaic solution. This is in part due to the excess of unused land, up to 60 hectares, some of which is not well suited for the further development of entertainment or hospitality venues. In addition, in November 2019, a government decree promoted the use of renewable

energy which helped to simplify the installation of both solar and wind power plants. Finally, the location of PortAventura World, solar was the preferred solution over wind given due to the abundance of sunshine during the resort's operating months.

With the final decision taken in 2019, the construction of the photovoltaic plant is set to commence in the third quarter of 2020 and will cover 89,000 square metres, or roughly the size of 14 football fields. The 7.5 MW plant, which will be the biggest in a European resort, will contain 22,000 solar panels and will provide up to a third of the resort's electricity consumption needs per year. The annual energy savings of the project is expected to be significant with a ROCE of 20%. In terms of avoided tonnes of carbon emissions, this is estimated to be 4,000 annually or the equivalent of planting 930,000 trees throughout the life of solar plant. ◆



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

Sergio Feder, Chairman of PortAventura World's Executive Committee

PortAventura World's Photovoltaic plant will be the largest in a European resort.





The co-generation plant at Polynt Reichhold's Scanzorosciate, Italy site.

CASE STUDY

POLYNT REICHHOLD

Operational Excellence.



www.polynt.com
www.reichhold.com

The Polynt Reichhold Group ("Polynt Reichhold") is one of the world's largest manufacturers and suppliers of specialties, intermediates and composites for the industrial, transportation, building and construction, marine, medical, consumer and food additive markets.

With 37 manufacturing facilities globally throughout North and South America, Europe and Asia, sustainability is at the core of operational efficiency and is an important driver of both growth and risk management.

With an eye on long-term value and a commitment to contribute to a world that provides a viable future with enhanced

quality of life for everyone, Polynt Reichhold creates solutions that make the best use of available resources whilst continuously striving to improve on their environmental performance. By implementing key sustainability measures, the Company has been able to reduce pollution (carbon intensity level is approximately 40% less than some of the best performing industry peers) and waste by applying best practice approaches in resource efficiency and circular economy, whilst also meeting important business objectives. Some examples of these value accretive initiatives, albeit not exhaustive, are highlighted below.

Globally

The replacement of traditional lighting systems with LED lighting at Polynt Reichhold sites worldwide resulted in an annual drop in electricity consumption of more than 400 MWh. This program is on going and is planned to double the energy savings already achieved in the next few years.

North America

In 2019, the Chatam site was able to reduce its annual electricity consumption by more than 70MWh by upgrading the chiller compressor unit, upgrading the cooling tower with a more efficient water distribution system and improving the insulation of storage tanks.

Another measure taken in North America was a waste reduction program

implemented in different US sites whose aim was to optimise batch sizes, resulting in a decrease of 100 tons per year of non-hazardous waste disposal.

Europe

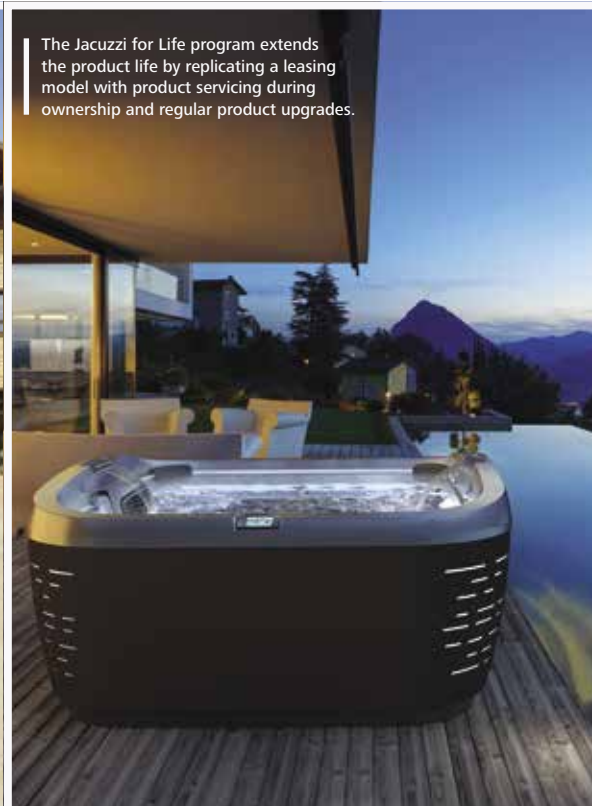
In Norway, the Company launched a major energy efficiency project to improve the insulation of its storage tanks. The result was a reduction of the storage temperature for finished products which contributed to the reduction of the thermal dispersion, providing an annual energy savings of more than 800 MWh.

Further energy savings were achieved at the Scanzorosciate site in Italy where the Company installed two cogeneration units. The total electrical power generated by the two units is 8.8 MW supplying approximately 75% of the electrical energy needs of the site. The overall efficiency of the two units is close to 80% and the ROI has been 2.5 years. Additionally, seven million cubic meters of natural gas is saved every year thanks to the heat recovered from the cogeneration units reducing the overall carbon emissions by 14 thousand tons or roughly 8% of the site's total carbon footprint.

Looking forward, Polynt Reichhold strives to improve upon its existing operational excellence by focusing its research team's efforts on solutions that will contribute to improving the sustainability of the production processes itself and thereby further increasing efficiency whilst reducing carbon emissions. ◆



Colorado Creek, PortAventura
World's first carbon neutral hotel.



The Jacuzzi for Life program extends the product life by replicating a leasing model with product servicing during ownership and regular product upgrades.



Neolith sintered stone solutions are more sustainable with greater durability, hygienic qualities and environmentally friendly materials.

SUSTAINABLE RESOURCE CONSUMPTION

The integration of circular business models.

In 2018, a materiality assessment was completed by the Firm to better understand which issues are material to Investindustrial and how these issues are considered by the Firm's stakeholders. This exercise was reviewed again in 2019 with only a few changes made, however, the importance of sustainable resource consumption remained a constant over both years.

For Investindustrial, sustainable resource consumption is about promoting resource and energy efficiency through portfolio companies manufacturing and operations and manifesting it in their products and services. This material issue, which is critical to value creation, is at the center of a global conversation on the over-consumption of resources, focus on short-term thinking and profits and the strain the generated waste has on the environment and health. As such, whilst the immediate impact on companies that pursue sustainable resource consumption might be reduced cost of goods sold or a competitive positioning through their services and products, the real opportunity for a company is in its long-term sustainability and its ability to transition to a different set of customer expectations and increasing regulatory requirements and to react and innovate given resource constraints.

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, and over the past year many companies have started executing against these plans. Ongoing is the implementation of supplier questionnaires and portals to better engage with suppliers whilst most companies have been looking at material substitution and circular supply chains (Sergio Rossi, Design Holding, Artsana, CEME, Neolith, Benvic), phasing out single-use plastics (PortAventura, Dispensa Emilia), reduced packaging and recycling (all portfolio companies), and product life extension or product-as-a-service (Artsana, Oka, Jacuzzi). Case study examples included focus primarily on how some of the portfolio companies are working to achieve greater circularity in their business models. ♦

CASE STUDY

DESIGN HOLDING

Circular Economy in Design.

Design Holding

www.flos.com
www.bebitalia.com
www.louispoulsen.com



Icelandic-Danish artist Olafur Eliasson's OE Quasi large-scale pendant created for Louis Poulsen with 80% recycled content.



B&B Italia's Ayana outdoor sofa designed by Naoto Fukasawa has a product circularity of 69%.

As Design Holding continues to explore ways in which to better integrate circular business principles into their operations, B&B Italia more recently assessed the circularity properties of two products: Hybrid, designed by Antonio Citterio and Ayana, designed by Naoto Fukasawa.

Through a set of indicators, like the recyclability of the input materials and of the

products, B&B Italia assessed that Hybrid's circularity is equal to 66% whereas Ayana is 69%. These results can be ascribed to the totally dismantlable structure and to the presence of natural and recyclable materials like wood and aluminium.

In addition to this, in 2019 Louis Poulsen launched the OE Quasi Light which is made of 80% recycled content and as already well established, Flos uses eco-friendly materials (certification Cradle to Cradle) in some of their product lines which has a low impact on the environment.

Further circularity work is being done across the portfolio of companies with more sustainable products and solutions coming online. ◆



Flos' La Plus Belle which uses LED lighting.

CASE STUDY

ARTSANA

In Pursuit of Circularity.



www.artsana.com

Artsana is committed to developing a comprehensive culture of sustainability within its organisation and to communicate this with its stakeholders. In 2019 it launched a significant and extensive training project throughout the organisation to spread sustainability principles and foster sustainability integration via inter-functional working groups.

Artsana aims to continuously improve its environmental footprint in line with circular economy principles and thus is implementing different approaches and tools, both at the process and product level. This includes the research and evaluation of material usage from sustainable or certified supply chains, and the evaluation of raw materials impact profile.

Chicco's Ecodown jacket made from 100% recycled PET plastic bottles.



Artsana is always seeking to improve the sustainability profile of products, both existing and for those in development. In keeping, in 2019, the Company performed a Life Cycle Assessment (LCA) study to determine the environmental footprint associated with the production of different types of Chicco Cosmetic products (bath foam and shampoo), in collaboration with Bocconi University in Milan. The objective of the LCA was mainly to build competences about the methodology and to quantify and compare, from a cradle to grave perspective, the environmental performance factors associated with the life cycle of different components used. The results of the LCA showed where improvements could be made to reduce the environmental footprint and gave some useful outcomes for ongoing developments.

As this study also confirmed, since raw materials have a significant impact on their product's environmental footprint, the Company's attention needs to be focused on product input. As such, where possible, Artsana tries to substitute the current use of plastics for other alternatives such as regenerated or recycled materials, or compostable, biodegradable, organic materials. For new products, Artsana is progressively introducing a 'green approach', in terms of materials, design and communication. An example of this is Chicco's Ecodown jacket which is a quilted jacket for kids made with 100% recycled PET (polyethylene terephthalate) plastic bottles.

PET is the most widely used plastic in the world and is highly recyclable. The jacket was released during Winter 2019 in limited quantities, but given the positive customer reaction, there are plans to introduce new models in 2020 along with other product categories which are currently under development.

As part of the work done to date, Artsana has developed a circularity measurement tool, as part of a multi-stakeholders round table in 2019, coordinated by GS1 and the Sant'Anna School of Advanced Studies (an Italian research university, focused in applied sciences), which allows them to measure the circularity of each product development stage, from design and sourcing to recycle, therefore aiming to improve the profile of the whole value chain. This sustainability assessment tool will enable the improvement of a circular mindset approach in product development and will support the creation of KPIs and target setting.

Lastly, since quantitative and full scope LCA are complex and can normally only be done once the product and the process have been fully developed, Artsana is currently exploring a more focused approach. For example, they are currently evaluating specific tools which lend more attention to materials assessment and selection and sustainability profile comparison at the design stage. This approach helps Artsana in studying solutions together with their suppliers which helps them to build a responsible value chain. ◆

SUSTAINABLE DEVELOPMENT INVESTMENTS

How Investindustrial portfolio companies are supporting the advancement of the United Nations Sustainable Development Goals (SDGs).

As noted earlier, SDGs are a set of global goals created by the United Nations to stimulate urgent action in the protection of people and planet. In pursuit of these goals it is recognised that Business, with its access to capital and talent, its ability to pursue a more singular focus and its leaner, more linear management structure (as compared to government institutions) can play a significant role. With this in mind, a group of investors turned their attention to define how business can specifically contribute to the UN SDGs. In doing so they created the taxonomy of Sustainable Development Investments (SDIs) which relate to investments that meet a set return requirement and support the generation of

positive social and/or environmental impact through their products and services, or at times through acknowledged transformational leadership. Whilst Investindustrial's investment strategy does not currently target SDIs, contributing to SDGs is core business for several portfolio companies. Overall, in Investindustrial Growth LP and Investindustrial V LP, 29% and 36% of capital invested, respectively, relates to an SDI, whereas capital invested is an SDI in Investindustrial VI LP is 82%. This is due to the nature of the portfolio companies in health and childcare products and services, as well as lighting and infrastructure products, primarily relating to SDGs 2, 3, 4, 6, 7, 9 and 11. A further overview of SDIs across the portfolio is presented in the below table. ◆

INVESTINDUSTRIAL'S SUSTAINABLE DEVELOPMENT INVESTMENTS

COMPANY NAME	PRIMARY SDGs	BUSINESS DESCRIPTION	SDI DESCRIPTOR ¹
Investindustrial IV Build-Up LP			
Health Transportation Group		Provider of ambulance services	3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.
Investindustrial Fund V LP			
Artsana		Maternity and childcare products	3.2 End preventable death of newborns & children under 5 years. 4.2 Access to early education.
Medical Technology & Devices		Provider of blood sampling, injection devices and personal health & diagnostics equipment	3.8 Achieve universal health coverage.
Design Holding		LED lighting solutions and other luxury interior design furnishings	7.3 Double the global rate of improvement in energy efficiency.
Investindustrial Fund VI LP			
Artsana		Maternity and childcare products	3.2 End preventable death of newborns & children under 5 years. 4.2 Access to early education.
Medical Technology & Devices		Provider of blood sampling, injection devices and personal health & diagnostics equipment	3.8 Achieve universal health coverage.
Lifebrain		Laboratory diagnostics service operator & environmental testing sector	3.3 End the epidemics of AIDS, tuberculosis, malaria & other communicable diseases. 3.5 Prevention and treatment of substance abuse. 3.9 Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution. 3.D Strengthen the capacity for early warning and risk reduction. 6.3 Improve water quality. 9.4 Water infrastructure.
CEME		Water treatment components	6.3 Improve water quality.
Design Holding		LED lighting solutions and other luxury interior design furnishings	7.3 Double the global rate of improvement in energy efficiency.
Jacuzzi		Manufacturer of hydrotherapy products	3.4 By 2030, reduce premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
Neolith		Manufacturer of sintered stone surfaces and facades	11.6 Reverse the adverse environmental impact of cities.
Investindustrial Growth LP			
Genera		Provider of fertility treatment and reproductive care	3.7 Ensure universal access to sexual and reproductive healthcare services.
Procemsa		Manufacturer of probiotics, vitamins and food supplements	2.2 End all forms of malnutrition. 3.8 Access to safe, quality and affordable medicines.

¹ Investindustrial define an SDI as an investment in a portfolio company whose main business is solving one or more SDGs.

CASE STUDY

PROCEMSA

Good Health and Well Being.



www.procemsa.it

Procemsa, established in 1939 in Turin, Italy, specialises in the contract development, manufacturing and packaging (“CDMO” or Contract Development and Manufacturing Organisation) of vitamins, food supplements, proprietary formulations, oral and gel medical devices and cosmeceuticals for third parties.

Over its 80-year history, Procemsa has become the point of reference in the production of safe and cutting-edge health-food products, thus positioning itself as a key supplier to multinational pharmaceutical companies and other company that approach food supplement market in Italy and abroad.

Over the years the company has grown their premise to better cater to their evolving business scope which has more recently expanded into the production of medical devices and cosmetics as well as the development and packaging of probiotics, vital charge substances (i.e. lactobacillus) with an impact on well-being.

With a renewed focus on research and innovation, namely as it concerns the creation of new probiotic formulas and technology, Procemsa is in direct support of Sustainable Development Goal #3, Good Health and Well Being, and has realised several patents and trademarks as a tangible benefit from their work over the past four years.

Probiotics, a type of food supplement which targets microbes that reside in the large intestine, provide an important nutritional and therapeutic benefit to humans which has been supported through various studies. Intestinal flora affects the function of the immune system, cholesterol

metabolism, carcinogenesis and aging. Probiotic supplements can be used to promote a state of general well-being by creating a healthy intestinal environment that combats some of these intestinal floral conditions and can also be used as a post-antibiotic therapy.

In order to become a market leader in the field of probiotics, Procemsa’s R&D team is working closely with different universities and private laboratories in order to develop specific strains and to guarantee the efficacy and the quality of their products.

Additionally, in 2011 the Company built a dedicated facility for the production of probiotics in order to avoid cross contamination between probiotic products and other food supplements sensitive to microbial contamination, and at the same time to ensure better thermo-hygrometric conditions in the processing of probiotics. In doing so, Procemsa has been among the first company in EU to have a segregated manufacturing plant for probiotic production. Finally, Procemsa is also able to guarantee the highest quality of products through the application of specific procedures in all critical processes that are modelled on total quality management programs such as ISO 9001:2015, 13485:2016, 45001 and GMP for food supplements. ◆

CASE STUDY

NEOLITH

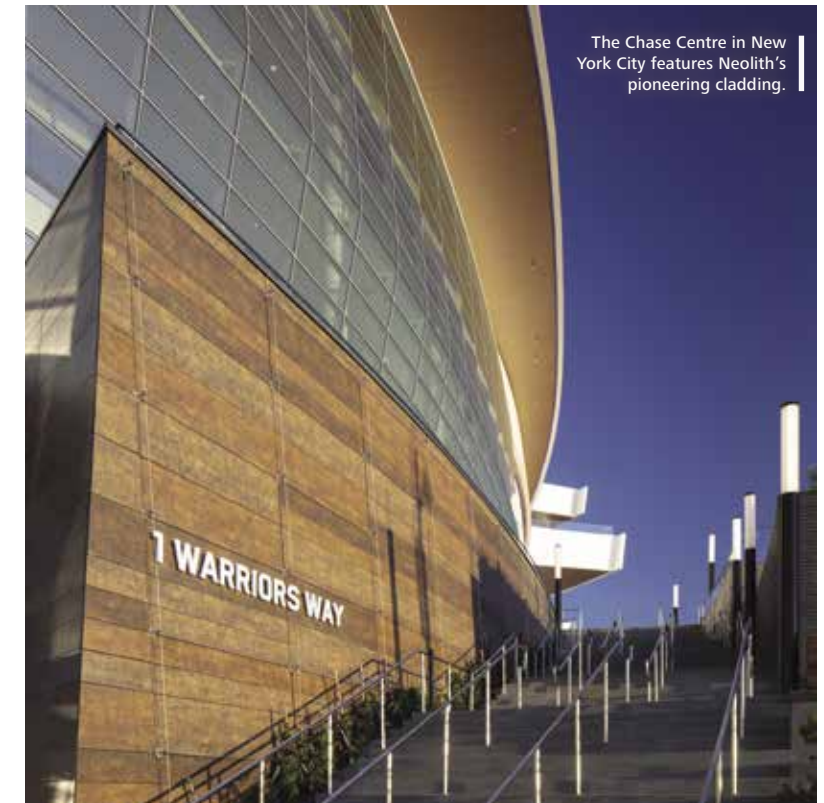
Sustainable Cities and Communities.



www.neolith.com

Neolith, the pioneering brand of Sintered Stone, is at the forefront of eco-friendly material manufacturing.

It has become a very popular surfacing solution for architects and designers looking to specify products which meet the UN’s Sustainable Development Goals #11, Sustainable Cities and Communities, and US Green Building Council’s LEED rating system. Neolith delivers a safe, low quartz, zero emission, zero waste and 100% raw surface. As one of the greenest materials on the market, it is ultra-thin and lightweight making it perfect for any interior or exterior



The Chase Centre in New York City features Neolith’s pioneering cladding.

application. Furthermore, for fabricators and installers, Neolith is also one of the safest surfaces to cut and install given the very low quartz content.

Perfect for facade cladding in dense urban areas, its minimal impact means that it passively helps to improve air quality in towns and cities. When finished with PURETI photocatalytic film, exclusive to Neolith, the slabs actively contribute to better air quality by breaking down dangerous greenhouse gases into harmless compounds, easily cleaned. Each full slab specified represents the equivalent of taking a fossil fuelled car off the road or planting a tree.

Also suitable for interiors, Neolith is an easy to install, eco-friendly material which can be applied on a large spec making a

significant contribution to the attainment of crucial LEED points which is fast becoming a core requirement in many construction projects globally. Neolith surfaces are also incredibly hygienic due to their non-porous, easy to clean design which makes them a leading choice for professional kitchens, medical clinics and hospitals as well as for use at home. As households strive to keep a clean environment and minimise health risks during the COVID-19 outbreak, Neolith highlights the ways in which its surfaces offer peace of mind.

Fundamentally, Neolith is a surfacing material with a social conscience, the perfect solution for responsible architects and designers when specifying green solutions. ◆

SUPPLY CHAIN MANAGEMENT

Continuously improving standards within the supply chain.

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 guidelines (i.e. ILO MNE Guidelines) and 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 74), supply chain ESG risks and opportunities are assessed as part of pre-investment due diligence. Post-investment, portfolio companies are encouraged 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 the 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 company's code would apply to direct suppliers (Tier 1) as well as their further removed suppliers (Tier 2 and 3), labour agencies and brokers as well as employment recruiters.

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

CASE STUDY

NATRA

The road towards fully traceable chocolate, from cocoa plantations to supermarkets shelves.



www.natra.com

Traceability is about knowing where a product comes from. It's about making sure there are rigorous systems behind the scenes to ensure that sustainable products are truly linked to sustainable sources. Ultimately this translates into transparent business practices that show consumers they can trust companies' sustainability claims.

Knowing where products come from and the conditions in which they are grown, extracted or developed is difficult, even more so when considering those products, like cocoa, that have long supply chains. Fortunately, consumers are increasingly

conscious of the origins of their favourite products and the complex supply chains that can hide unsustainable practices. Company commitments are no longer enough to satisfy consumers who want to see the proof behind company actions. That's where traceability and certification, especially within the chocolate industry, play a pivotal role.

In 2019, 30% of the cocoa beans purchased by Natra were certified against international sustainable cocoa standards (UTZ, Fairtrade, EU Organic, NOP, ...). In addition, for sourcing within the more robust certification standard called UTZ-Identity Preserved (i.e. fully segregated UTZ certified cocoa beans), Natra was one of the leading purchasers. This means that Natra produced products sourced completely from cocoa beans that were known, or traced, at each step of the supply chain from the cocoa plantations themselves in tropical countries, through to the farmers' association, exporters, importers, all the way through to the chocolate factory. This process is achieved via a separate and verified physical flow. Under this strict full-traceability approach, Natra produces more than 23 million tablets annually from 10 cocoa farmers associations in the Dominican Republic, Peru and Ivory Coast which account for more than 5,500 farmers.

This full-traceability approach is the highest level of traceability in the sustainable certification world where currently, the most common approach is "mass-balanced" (i.e. sustainable cocoa beans are mixed with the rest of cocoa beans in the chocolate factory). Whilst less complete than that of the UTZ-Identity Preserved, the UTZ international standard (mass-balanced) products are still beneficial as this type of certification guarantees that the chocolate factory keeps strict book-accountancy of total cocoa consumed and that an external auditor checks that this volume equals the total end-chocolate product. ♦



JOAQUÍN MUÑOZ MARTINEZ, CORPORATE SUSTAINABILITY DIRECTOR

"Traceability is becoming more and more the norm in the chocolate industry. Customers interest in knowing the origin of the ingredients inside the chocolate they eat has increased over the past years. Natra's target is to increase sustainable cocoa sourcing in the coming years. Adding to sustainability, full-traceability till the "first-mile" (farmers' association and cocoa plantations) is the future trend and our experience with UTZ-Identity Preserved traceability is a first milestone for Natra."

OUR FOUNDATIONS



www.investforchildren.org



Investindustrial established its first corporate foundation, Invest for children (i4c) in 2000, with a mission to help differently-abled people and under-privileged children achieve a better quality of life. i4c works directly with individuals and their families, as well as in collaboration with different Foundations related to health & research, employment, education and sport. A total of €6.8 million has been distributed in grants and funding since i4c was established.

In 2016, the Investindustrial Foundation was established to complement 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 broad objectives include heritage and land stewardship, animal and forestry conservation, clean energy and sponsorships. More than €3 million has been distributed in grants and funding since Investindustrial Foundation was established.

Both foundations are committed to making a meaningful contribution to the Sustainable Development Goals (SDGs) and between the two are aligned most closely to the following:



Andrea C. Bonomi with the Investindustrial Foundation and Sustainability team as well as the NYU Centre for Sustainable Business team at NYU Stern School of Business.



Family checking in at PortAventura Dreams.



Invest for children's 2019 Somos Uno event in Barcelona.



GiGi's Playhouse Down Syndrome Achievement Centre in NYC.



Aura Foundation work placement participant.

INVESTINDUSTRIAL FOUNDATION

For year ending March 2020, more than €1.2 million 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. Level 20's mission is to encourage greater female representation across the private equity industry with the goal of having 20% of senior positions in the industry held by women and with a particular focus on increasing the number of women in investment roles.



Center for Sustainable Business

NYU Stern Centre for Sustainable Business (CSB)

The Investindustrial Foundation continues its charitable donations to the Center for Sustainable Business at NYU Stern, working to bring ROSI (the Return on Sustainability Investment) to the public. Led by Professor Tensie Whelan, Director of CSB, NYU Stern is developing open source tools that can be used by private equity to better assess and create financial value through stepping up investments in sustainability. The aim of ROSI is to assist companies with monetising the return on their investments in sustainability and improve corporate and investor decision-making. CSB continues to make progress on testing the ROSI methodology with different industries, including agribusiness, pharmaceuticals, utilities, and apparel, and was cited prominently for ROSI in the 2019 Financial

Times survey of business school research on corporate sustainability. CSB's work on ROSI has also been featured in publications such as Barron's and GreenBiz and at global conferences.

ROSI proved instrumental in the decision of a Canadian utility to exit coal earlier than had been required by the government and has been helping a pharmaceutical company make the case for an internal price on carbon. It has been used by a large agribusiness to better understand the financial benefits to suppliers of helping farmers embrace more sustainable agriculture practices and currently is being used by apparel companies to monetise the impact of purpose and sustainability on employee recruitment, retention and productivity. CSB also released groundbreaking consumer research in 2019, which found that consumer purchasing of sustainability marketing consumer packaged goods was responsible for more than 50% of the growth in that sector from 2013-2018. ♦



Investindustrial team participating in a lecture on sustainability at the NYU Centre for Sustainable Business at NYU Stern School of Business.



Investindustrial on location for the Blue Carbon Project in British Columbia, Canada.



Investindustrial is into its 4th year of sponsoring Level 20 and engages in the mentoring and coaching program.

INVEST FOR CHILDREN

Helping thousands to lead better quality lives.



AURA

Work Placement Integration

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

With the support of the Aura Foundation, more than 340 people having joined the ordinary working world. Currently there are over 200 leading companies participating in the programme to help facilitate the integration of differently-abled people into the working environment and since 2012, i4c has supported the Aura Foundation both

financially and operationally.

In 2019, a total of 339 individuals have been supported by the Aura Foundation, with 202 individuals in work placement programs, 115 undergoing training and have joined 22 people in supported living.

Additionally, 52 new contracts were signed in 2019, a 30% increase over 2018, and 59 internships launched.

Furthermore, during 2019, the Aura Foundation and Santander Bank signed an agreement to improve the inclusion and the occupations in the labour market for people with intellectual disabilities. ◆



The Aura Foundation continues to expand its reach and impact on hundreds of lives with the support of Invest for children.

HOSPITAL SANT JOAN DE DÉU

Paediatric Cancer Centre

The Hospital Order of Sant Joan de Déu provides comprehensive care for vulnerable people. With the support of Invest for children, The Hospital Order of Sant Joan de Déu have launched a major project to create a Paediatric Cancer Centre, which will be at the forefront of paediatric cancer care in Europe. The construction of the Paediatric Cancer Centre Barcelona started in 2018. It

covers 5,137m² and is designed to treat 400 new patients every year. It will have more than 40 rooms (radiopharmacy, non-assistential spaces), 8 TPH rooms (radiotherapy), cubicles (laboratory) and 20 outpatient clinics (Teaching).

In addition, as in previous years, Invest for children has also made a contribution to research into serious children's diseases which is carried out at the same hospital. ◆



THE BARRAQUER FOUNDATION



Ophthalmological Care for People at Risk

The Barraquer Foundation facilitates access to ophthalmological care for people at risk of social exclusion amongst other activities. Patients are treated at the Barraquer Ophthalmology Centre and abroad through regular medical expeditions.

Cataracts are the leading cause of avoidable blindness in the world. According to the World Health Organisation, there are 2.2 billion people in the world with cataracts, 1 billion of whom can recover their vision with a cataract surgery. The main cause of blindness among children is also

cataracts. 90% of visually impaired people live in low-income countries. For these people, access to prevention, education and treatment services, as well as rehabilitation, is not always available.

Invest for children's donation has been used to finance medical equipment needed to perform cataract surgery on their patients. In 2019 they carried out 9 medical expeditions, performing a total of 2,631 cataract operations. Additionally, 26 ophthalmologists have joined this project as well as surgeons, anaesthesiologists and countless volunteers. ◆

FUNDACIÓN QUIERO TRABAJO

Coaching to Empower Women

i4c supports Fundación Quiero Trabajo for the third year in a row, a charity whose aim is to promote the employability of women at risk of social exclusion. This charity offers a styling session and one-to-one coaching to empower women and offer them the tools to believe in themselves and go through the job-search process successfully.

Last year, thanks to the help of Invest for

children, they were able to continue financing the structure of Fundación Quiero Trabajo both in Barcelona and Madrid, where they opened an office in January 2019.

Between the two offices, they have helped over 800 women and have carried out group training to more than 1,200 people (training is available to both men and women). ◆





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SUMMARY GROUP INFORMATION

During 2019, sales remained substantially stable while EBITDA increased by 1% and 3% mainly due to the positive performance of the Healthcare and Services and Industrial Manufacturing sectors that increased their profitability by approximately €60 million. This growth has been driven by a combination of organic expansion and follow-ons / merger events.

The overall financial position is a Net Debt/EBITDA ratio of 3.8x for the companies in the portfolio as of the end of 2019. The increase compared to prior year is related to some refinancing and financing acquisitions mainly for transformational platforms.

The total number of employees increased by 4%, or by more approximately 1,500, of which more than half were in the Consumer and Leisure sector.

For the fourth consecutive year, during 2019 Investindustrial and its portfolio companies assessed their carbon footprint, estimating total GHG emissions of approximately 1,2 million of tCO₂e.

Note: aggregate numbers considering 100% of the companies present in the portfolio at the end of 2019. Investindustrial's funds typically own a majority position.

SALES (€M)

HEALTHCARE & SERVICES
CONSUMER & LEISURE
INDUSTRIAL MANUFACTURING
TOTAL

TOTAL

2018	2019
666	721
4,215	4,264
3,040	2,998
7,921	7,984

VARIANCE

€m	%
56	8%
-17	1%
-9	-1%
8	1%

EBITDA (€M)

HEALTHCARE & SERVICES
CONSUMER & LEISURE
INDUSTRIAL MANUFACTURING
TOTAL

TOTAL

2018	2019
119	133
649	621
338	383
1,107	1,137

VARIANCE

€m	%
14	12%
-28	-4%
45	13%
31	3%

NET DEBT (X)

NET DEBT / EBITDA

RATIO

2018	2019
3.4x	3.8x

VARIANCE

X	%
0.4x	13%

EMPLOYEES (NUMBER)

HEALTHCARE & SERVICES
CONSUMER & LEISURE
INDUSTRIAL MANUFACTURING
TOTAL

TOTAL

2018	2019
10,192	10,387
17,597	18,401
6,197	6,684
33,986	35,472

VARIANCE

EMPLOYEES	%
195	2%
804	5%
487	8%
1,486	4%

ESG DATA REPORTING

	INVESTINDUSTRIAL ¹	ARTSANA ²	ASTON MARTIN ³	BENVIC ⁴	CEME ⁵	DESIGN HOLDING ⁶	DISPENSA EMILIA ⁷	GENERA	HTG	ITALCANDITI ⁸	JACUZZI ⁹	LIFEBRAIN ¹⁰	MORGAN MOTOR ¹¹	MTD ¹²	NATRA	NEOLITH ¹³	OKA ¹⁴	POLYNT REICHHOLD	PORTAVENTURA ¹⁵	PROCEMSA	SERGIO ROSSI ¹⁶	
ENVIRONMENT	GHG emissions (tons) – Scope 1	95	10,783	8,981	428	975	3,498	88	46	35,885	12,947	5,090	685	401	3,060	9,181	24,332	633	505,658	6,020	428	258
	GHG emissions (tons) – Scope 2 *	46	11,813	3,485	7,796	8,580	3,890	666	47	341	3,839	7,367	1,540	197	35,946	10,053	0	530	0	0	1,046	1,195
	GHG emissions (tons) – Scope 3	28,487	21,388	8,807	415,759	1,715	4,804	223	0	179	5,788	3,063	1,592	231	5,911	0	236	6,188	0	1,821	0	680
	Total GHG emissions (tons)	28,628	43,984	21,273	423,983	11,270	12,192	977	93	36,405	22,574	15,520	3,817	829	44,917	19,234	24,568	7,351	505,658	7,841	1,474	2,133
	Electricity Consumption (kWh)	225,807	30,479,348	33,973,010	37,175,696	16,673,406	11,853,347	2,231,544	256,900	2,993,005	8,096,000	19,035,308	3,186,265	859,932	54,567,706	56,990,444	18,756,393	1,884,299	390,306,320	40,858,823	4,264,779	3,019,075
	Electricity Consumption met via Renewable Energy (%)	45%	0%	66%	0%	0%	6.5%	0%	20%	70%	3%	n/a	0%	0%	13%	0%	100%	26%	2%	100%	44%	16%
	Water Consumption (m ³)	18,752	78,117	59,234	7,232	6,100	69,061	16,800	738	53,783	151,000	57,240	79,601	661	54,023	161,764	18,462	3,063	6,234,013	1,379,128	40,871	11,300
	Total Waste (tons)	275	3,502	1,566	1,224	3,220	1,931	n/a	2	154	1,976	3,447	714	n/a	2,106	3,852	29,939	1,526	58,226	4,075	3,338	37
	Total Waste to Recycling or Reuse (% of total Waste)	98%	80%	66%	82%	34%	85%	n/a	n/a	32%	67%	0%	2%	n/a	87%	77%	90%	22%	17%	91%	64%	80%
	Environment Management System (Yes/No)	No	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	No	No	No	Yes	No	Yes	No	Yes	Yes	Yes	No
Environmental Manager on staff (Yes/No)	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No	
SOCIAL	Male Employees (%)	65%	32%	84%	82%	50%	59%	34%	15%	76%	67%	73%	36%	89%	46%	54%	74%	40%	84%	35%	56%	38%
	Female Employees (%)	35%	68%	16%	18%	50%	41%	66%	85%	24%	33%	27%	64%	11%	54%	46%	26%	60%	16%	65%	44%	62%
	Total Employees (number)	122	8,239	2,565	470	867	1,688	360	122	6,951	379	2,595	1,263	202	1,937	1,088	521	357	3,359	1,874	114	521
	Employee Training (hours)	552	29,214	91,867	5,769	3,485	7,978	22,883	606	112,446	2,554	1,125	20,000	5,000	3,832	20,346	3,617	234	95,700	50,052	2,868	3,941
	Abenteeism (%)	0.5%	2.4%	24.3%	5.5%	4.5%	3.1%	2.7%	6.4%	5.6%	7.3%	1.7%	1.3%	2%	6.6%	9%	2.1%	3%	4.5%	3.7%	1.9%	3.1%
	Voluntary Turnover (%)	1%	5.7%	16%	n/a	7.4%	6.8%	52.0%	8.6%	1.3%	10.0%	11.2%	15%	5%	17.4%	4.2%	2.9%	32.5%	3.6%	17%	7.6%	14%
	Workers Council (Yes / No / n/a)	n/a	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
	Philanthropy (Yes/No)	Yes	Yes	Yes	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
GOVERNANCE	Code of Conduct/Ethics (Yes/No)	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
	Diversity Policy (Yes/No)	No	Yes	Yes	No	Yes	No	No	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes
	Female Board Members (%)	26%	11%	27%	14%	17%	6%	20%	33%	0%	33%	0%	33%	14%	22%	0%	13%	14%	0%	13%	14%	0%
	Health and Safety Policy (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
	Environmental Policy (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	No	No	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes
	Executive Committee Member responsible for CSR (Yes/No)	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Anti-corruption Policy (Yes/No)	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
	Corporate Governance Policy (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes
	Sustainability Report (Yes/No) **	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes

01 Investindustrial: Scope 3: Includes business travel (air and car), employee commuting, waste disposal, water, outbound deliveries and investments.
 02 Artsana: Scope 3: Includes business travel (air and train) and inbound and outbound logistics.
 03 Aston Martin: Scope 3: Includes business travel (air and car) and employee commuting.
 04 Benvic: Scope 3: Includes purchased goods and services, capital goods,

fuel-and-energy-related activities not included in Scope 1 or 2, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution and end of life treatment of sold products.
 05 CEME: Scope 3: Includes business travel (train, car and air) and outbound logistics (excludes any intercompany or spare parts flow).
 06 Design Holding: Scope 3: Includes business travels (air, car and train), logistics of purchased goods and logistic of sold products.

Where management, systems, policies or guidelines at the individual company level of Design Holding differ from the answer provided in the table, they are noted here: Environment Management System (EMS) - none for Flos & Louis Poulsen (LP); Environmental Manager - none for B&B Italia and Flos; Code of Conduct - none for LP; Environmental Policy - none for LP; Exec. Committee Member responsible for ESG - none for B&B Italia and Flos; Anti-corruption and Corporate Governance - none for LP.
 07 Dispense Emilia: Scope 3: Employee commuting.

08 Italcanditi: Scope 3: Includes business travel (air and train) and outbound logistics (ship and truck).
 09 Jacuzzi: Scope 3: Includes employee commuting, waste disposal & water supply and business travel (taxi, train and air).
 10 Lifebrain: Scope 3: Includes business travel (air, train, car) and employee commuting.
 11 Morgan: Scope 3: Includes business travel (air and train), employee commuting, inbound logistics for Italy, outbound logistics for Italy, France

and Poland.
 12 MTD: Scope 3: Includes business travel (air and train), employee commuting, inbound logistics for Italy, outbound logistics for Italy, France and Poland.
 13 Neolith: Scope 3: Includes business travel by air.
 14 OKA: Scope 3: Includes upstream emissions from energy production (e.g. transmission and distribution losses), business, disposal of waste, employee commuting and embodied carbon in purchased goods.

15 PortAventura World: Scope 3: Includes other indirect emissions, treatment of municipal waste and consumption of drinking water.
 16 Sergio Rossi: Scope 3: Includes business travels (air, train and car), logistics of sold products by considering all shipments from San Mauro Pascoli.
 * Scope 2 emissions are reported on a market basis except where data is unavailable in which case location based data is used.
 **Reflects all companies that are producing a 2019 Sustainability Report.

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 more than 100 high-quality institutional investors across all active funds. We are the investment partner of choice for blue-chip investors

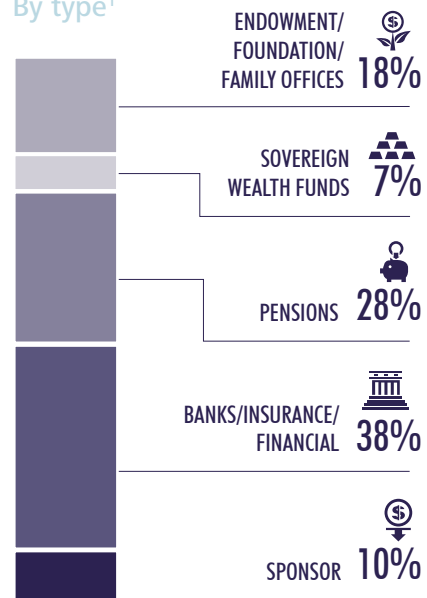
– including pension funds, government and financial institutions, endowments, insurance companies and family offices – from around the world.

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

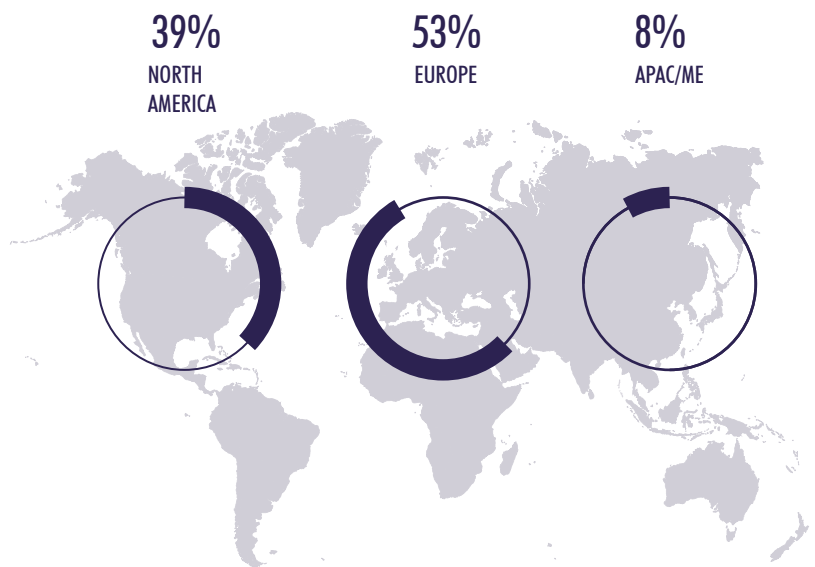
Our objective is to build leading companies by applying industrial expertise, with a strong focus on long-term value creation, an approach that has delivered consistent returns through the cycle to our investors. ◆

BREAKDOWN OF INVESTORS (%)

By type¹



By region^{1 2}



Note:
 1 ◆ As of 31st December 2019. Reflects capital raised from all active funds including Fund VII.
 2 ◆ Excluding Sponsor.

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 Approach Climate
1.2	What changes have you made to how responsible investment is resourced and structured at the firm?	* Details not included in Sustainability Report but are available via the Responsible Investment Policy on Investindustrial's website
1.3	How has your responsible investment policy/guidelines and/or strategy been implemented?	<ul style="list-style-type: none"> Introduction Investindustrial Approach Case 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"> Introduction Investindustrial Approach Investindustrial Sustainability Objectives Climate SDI Portfolio Companies Our 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"> Investindustrial Approach Climate SDI Portfolio Companies
2.2	How are ESG factors managed by the portfolio companies in the fund?	<ul style="list-style-type: none"> Investindustrial Approach Case 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"> Investindustrial Approach Climate 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"> Investindustrial Approach SDI Portfolio Companies, including case studies
III. MATERIAL ESG INCIDENTS		
3.1	Immediate notification 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 Policy and Modern Slavery Act Statement.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none"> • A Leading European Investment Group – Global Employer • Sustainability Report – Investindustrial Approach • Sustainability Report – Investindustrial Approach • 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 Policy and Modern Slavery Act Statement.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none"> • A Leading European Investment Group – Who we are
LABOUR		
PRINCIPLE 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<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 Policy and Modern Slavery Act Statement.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none"> • Sustainability Report – Investindustrial Approach • 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 Policy and Modern Slavery Act Statement.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none"> • Sustainability Report – Investindustrial Approach • 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 Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none"> • Sustainability Report – Our Foundations

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 Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none"> • Sustainability Report – Investindustrial Approach • Sustainability Report – Investindustrial Sustainability Objectives • Sustainability Report – Climate • Sustainability Report – Sustainable Resource Consumption
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 Policy.</p> <p>Relevant report sections:</p> <ul style="list-style-type: none"> • Sustainability Report – Investindustrial Approach • Sustainability Report – Investindustrial Approach • Sustainability Report – SDI Portfolio Companies • Sustainability Report – Investindustrial Sustainability Objectives • Sustainability Report – Climate • Sustainability Report – Sustainable Resource Consumption
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 – Investindustrial Sustainability Objectives • Sustainability Report – Climate • Sustainability Report – Sustainable Resource Consumption • Sustainability Report – Supply Chain Management
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 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)

FIRM CARBON REPORTING

INVESTINDUSTRIAL GHG EMISSIONS (tCO ₂ e)					
SCOPE 1	95	SCOPE 2 (MARKET BASED)	46	SCOPE 3	28,487
Office fuel use	66	Electricity consumption	46	Business travel	1,648
Owned/leased vehicles	29			Employee commuting	55
		SCOPE 2 (LOCATION BASED)	54	Waste disposal	8
		Electricity consumption	54	Water	6
				Outbound deliveries	1
				Investments ¹	26,769

¹ Sponsor share of portfolio companies scope 1 and 2 tCO₂e.

FUND CARBON REPORTING

FUND	FUND EMISSIONS tCO ₂ e (Scope 1 and 2) ¹			FUND CARBON FOOTPRINT tCO ₂ e/\$M invested (Scope 1 and 2) ¹		
	2018	2019	variance 19/18	2018	2019	variance 19/18
IV BUILD-UP	24,215	24,935	3%	40.0	40.6	1%
FUND V	211,065	198,328	-6%	126.1	131.3	4%
FUND VI	38,168	91,940	141%	30.2	45.7	51%
GROWTH FUND	3,254	10,331	217%	29.0	32.6	12%

FUND	FUND CARBON INTENSITY tCO ₂ e/\$M sales (Scope 1 and 2) ¹			FUND EXPOSURE TO CARBON RELATED ASSETS ²	
	2018	2019	variance 19/18	2018	2019
IV BUILD-UP	68.0	75.0	10%	0.0%	0.0%
FUND V	126.3	122.9	-3%	40.7%	20.3%
FUND VI	36.0	45.5	26%	0.0%	2.8%
GROWTH FUND	11.0	30.8	181%	0.0%	15.3%

¹ Based on the TCFD advised metrics for Asset Managers (www.fsb-tcdf.org/wp-content/uploads/2017/06/FINAL-TCFD-Annex-062817.pdf) in which the fair market value of the company is used for the current value of the investment and the equity value of the company is used in place of the company's market capitalisation.

² Based on the TCFD advised metrics for Asset Managers (www.fsb-tcdf.org/wp-content/uploads/2017/06/FINAL-TCFD-Annex-062817.pdf) for which only the Automotive sector is considered a carbon related asset as defined by the Science Based Target Initiative (SBTI).

TCFD INDEX



TCFD DISCLOSURE GUIDELINES	REFERENCES WITHIN THIS REPORT
GOVERNANCE	
Describe the board's oversight of climate related risks and opportunities.	CLIMATE
Describe management's role in assessing and managing climate related risks and opportunities.	CLIMATE
STRATEGY	
Describe the climate related risks and opportunities the organisation has identified over the short, medium, and long term.	CLIMATE
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	CLIMATE
Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	CLIMATE
Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	CLIMATE
RISK MANAGEMENT	
Describe the organisation's processes for identifying and assessing climate related risks.	CLIMATE
Describe the organisation's processes for managing climate related risks.	CLIMATE
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	CLIMATE
METRICS AND TARGETS	
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	CLIMATE Investindustrial Sustainability Objectives ESG Data Reporting
Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	CLIMATE Investindustrial Sustainability Objectives ESG Data Reporting Firm & Fund Carbon Reporting Highlights
Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.	CLIMATE Investindustrial Sustainability Objectives

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"Professionals", "Chairman", "Managing Principal", "Partner", "Principal", "Senior Partner" and "Senior Principal" in this document have been used only for practical ease of reading and do not intend to imply any specific reference to an entity or a legal definition of any activity of control by any company or individual with respect to other companies. Terms such as "control", "ownership" and their synonyms are also used for case of reference and illustrative purposes only and may not imply, from a juridical perspective, full or partial control of certain companies due to limitations by any shareholders' agreements, co-investment vetoes and other third party rights, management stock option and any other incentive scheme. In addition, shares in portfolio companies are held by the applicable investment and/or holding company of the relevant fund and rights over such shares are exercised by the board of directors of the investment and/or holding company in an independent manner. References to "Lugano" or "Switzerland", "Barcelona" "Madrid" or "Spain", "London" or "the UK", "Luxembourg", "Netherlands", "Shanghai" or "China" and "New York" or "the USA" when used in the context of Investindustrial's activities (whether together with the words "team" or "office") are intended to refer where the context requires, to the respective independently managed advisory or investment companies as applicable. The Investindustrial website and any other company's website, information and links contained therein are not part of this document and should not be considered as incorporated by reference herein. For any queries on the information contained within this report, the reader should contact Investindustrial.

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◆ 2019

Building Better Companies