UNIGESTION

PRIVATE EQUITY
ESG REPORT 2021

CONTENT

PRIVATE EQUITY FACTS AND FIGURES

€9.7bn

assets under management
in Private Equity

49

private equity employees

9

offices worldwide

A+

UN PRI grade
for Unigestion

73%

fund managers assessed
on ESG in 2021

67%

of fund managers improved
their ESG score in 2021

39%

of energy used by our companies
is from renewable sources

100%

of companies assessed
on ESG in 2021

100%

of companies
improved their
ESG score in 2021

Figures as of 31st March 2022

ABOUT UNIGESTION

Unigestion is an independent, specialist asset management company with $21.1bn* in assets under management providing innovative, tailored solutions for investors worldwide. All our portfolios are underpinned by a common investment DNA which has remained at the heart our investment approach across our three areas of investment expertise - private equity, equities and multi-asset & wealth management – since we were founded in 1971.

Our investment DNA combines core convictions around active risk management, the combination of human insight with technology, research-led investment and ESG integration.

We believe intelligent risk-taking is key to delivering consistent returns over time. Active risk management is the engine of performance. It allows us to target rewarded risk more precisely, permits us to assess the risk-return profile of each investment and enables us to adapt to different market conditions and tailor portfolios to investors' risk appetite.

We believe combining mind and machine helps us make smarter, faster decisions. We use sophisticated proprietary tools to process market data in a robust, repeatable and scalable way, combining this with the human insight of our experienced investment teams, who use discretionary and forward-looking analysis to assess future risks.

Unigestion believes in innovation. Our culture of research, supported by close links with academia, enables us to constantly evolve our processes as the market develops, driving new investment ideas that we can share with clients to meet their requirements as they evolve. ESG principles are deeply rooted across all our investment lines, with 77% of all our assets currently covered by ESG considerations. We believe that investing in well-governed businesses with responsible practices can make a positive contribution to our clients' portfolios over the long term.

We strive to be responsible stewards of our clients' assets within a framework of strong governance and transparency. Effective stewardship benefits companies, investors and society as a whole. Our stewardship and engagement activity focuses on the ESG factors we believe will have the greatest impact for long-term investors and we take an active approach to our ownership of both public and private companies. Consistent with our commitment to being a responsible long-term investor and our duty to act in our clients' best interests, Unigestion is a signatory to the UN Principles for Responsible Investment (PRI).

Headquartered in Geneva, we have an independent and stable ownership structure that benefits all our stakeholders: clients, employees and society at large. Our largest shareholder is the Famsa Foundation, a charitable foundation established by Unigestion's Chairman Bernard Sabrier in 2011, which makes substantial contributions to a wide range of projects in the charitable, educational, cultural and medical fields. Unigestion's management team and other institutions are also shareholders, ensuring both an alignment of interests with clients and high standards of corporate governance.

*source: Unigestion 30.3.21

European Pensions AWARDS 2021 WINNER European Pensions Private Equity Manager of the Year

privateequitywire EUROPEAN AWARDS WINNER 2021
Best Secondaries Manager (fund size <$1bn)
Unigestion

1. EXECUTIVE SUMMARY

Attention to environmental, social and governance (ESG) factors in the finance industry has reached a new peak – a situation that is highly welcomed by Unigestion. It has become clear that integration of ESG metrics into the investment process and portfolio construction can have a positive impact on financial returns across most asset classes, including equities, fixed income and private markets. Private equity forms a very special case, as we are proud to detail on in our first annual ESG Report.

This report summarises the methodologies and results of our ESG integration and engagement efforts within our private equity business in 2021, and highlights some interesting case studies. In addition, it also describes how our private equity activity goes beyond ESG integration and focuses on driving impact via our direct investment programme (SFDR Art.8) and our soon to be launched, climate impact programme (SFDR Art.9).

When it comes to creating long-term value, we do not only aim to implement sustainable value creation in our products and portfolio companies but also take responsibility at the corporate level. The importance of Corporate Social Responsibility (CSR) has become even greater over the past two years with the Covid-19 pandemic affecting every part of our business and our stakeholders in a myriad of ways.

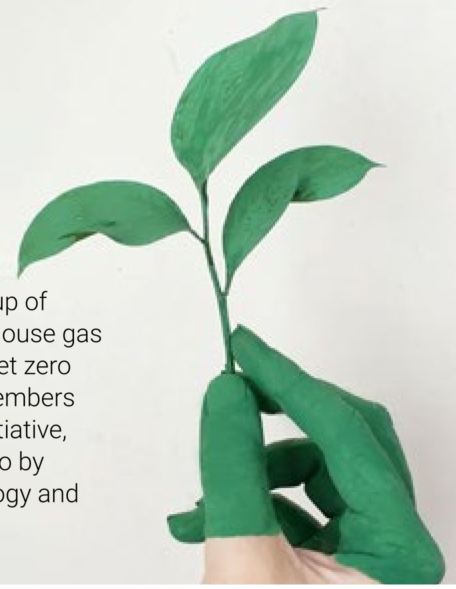
As a people business, our priority during the pandemic has been to ensure both the wellbeing of our staff and business continuity. If you are interested to learn more about Unigestion's CSR, please click on the following link to access our latest CSR Report.

In terms of regulation and policy, 2021 was a milestone for the financial world. In order to bring all financial firms up to a minimum level of ESG integration, the EU introduced a new package of regulations, the Sustainable Finance Disclosure Regulation (SFDR). Its objective is to ensure that financial market participants, in our case private equity firms, are able to finance growth in a sustainable manner over the long term while combating 'greenwashing'.

A key part of these regulations is also to promote transparency, requiring firms to explain how they: (i) integrate E, S and G into their investment decision-making process and manage their ESG-related risks, (ii) take into account the adverse impacts of their investments on sustainability, and (iii) justify any investments, products or services labelled as 'sustainable'. At Unigestion, we welcome the new normal of stricter policies to regulate ESG and sustainability.

NET ZERO ASSET MANAGERS INITIATIVE

Unigestion is also delighted to announce it has joined the Net Zero Asset Managers Initiative, which brings together an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, and to support investing aligned with net zero emissions by 2050 or sooner. Some 236 asset managers are now members of the initiative, with USD 57.5 trillion in combined AUM. Under the initiative, Unigestion has committed to have 30% of its AUM in line with net zero by 2030, based on the Science Based Targets initiative (SBTi) methodology and using 2019 as a baseline.



2. OUR APPROACH TO INTEGRATING ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS AND DRIVING POSITIVE IMPACT

Unigestion integrates ESG considerations across all business lines. From research and sourcing up to analysis and engagement, we go the extra mile to ensure the best possible outcome for our clients. To harmonise our ESG efforts, we have developed a four-pillar approach (see chart below) which is applied to all asset classes managed by Unigestion. This includes strict screening criteria at the early stage of opportunity research, employing norm-based and exclusionary screenings (Pillar I & II). By doing this, we ensure that, for example, tobacco producers, controversial weapons or excessive carbon emitters will not be found in any Unigestion product, be it equities, cross asset solutions or private equity. For the opportunities that pass our norm-based and exclusionary screenings, we review ESG considerations pre-investment and during our holding period in accordance with our proprietary scoring methodology (Pillar III). We aim to improve the ESG profile of our investments via engagement initiatives with clear objectives and timelines (Pillar IV).

OUR PRIVATE EQUITY RESPONSIBLE INVESTMENT APPROACH

Pillar I

Norm-based screening

- Controversial weapons
- Tobacco producers
- Adult entertainment producers
- Thermal coal exposure
- Predatory lending
- UN Global compact non-compliant

Pillar II

Exclusionary screening

- Companies or funds with no ESG policy or plans to develop one
- Companies or funds with ESG related litigation
- High carbon emitters

Pillar III

ESG guidelines

- Annual review of ESG scores
- Portfolio ESG score higher than pre-investment score

Pillar IV

Engagement

- Board representation in companies and funds
- Implementation of engagement plan in companies

Bottom-up screening (Pillar I and II)

Top-down guidelines (Pillar III)

Parallel process (Pillar IV)

ESG INTEGRATION IN THE PRIVATE EQUITY INVESTMENT PROCESS

Our private equity investment process integrates ESG at every step of the way.

Sourcing

Long-term trend

- Growth potential underpinned by our seven investment themes

Preliminary review

ESG screening
(ESG deal screening)

- Exclusion list based on UN PRI
- Negative screening: no ESG policy or no intention to develop one, ESG related litigations, excessive carbon emitters

Scoring and early warning memo

Preliminary ESG analysis
(ESG deal cockpit & Early Warning Memo)

- Preliminary ESG score
- Qualitative assessment of material ESG risks
- Material ESG risks documents in Early Warning Memo for consideration by the Investment Committee

Modelling and due dilligence

ESG due dilligence
(ESG deal cockpit)

- Completion of ESG questionnaire
- Quantitative assessment of material ESG risks – KPIs definition and financial imapact
- Final ESG score
- Engagement potential analysis
- Determination of engagement plan (path to "best in class")

IC decision and execution

Final ESG validation
(Investment recommendation)

- Approval of ESG due diligence outcome by Investment Committee

Portfolio management and engagement

Ongoing ESG engagement
(ESG deal cockpit)

- Implementation of engagement plan
- Ongoing monitoring
- Annual update of assessment / scoring
- Annual report to investors

For each new direct investment we actively exclude opportunities that do not meet key ESG norms, including investments in tobacco, adult entertainment and UN Global Compact non-compliance. Furthermore, we also exclude from our investment universe companies that (i) have no ESG policy or no intention to develop one during our ownership, (ii) have major ESG related litigations or (iii) are high carbon emitters.

As for risk mitigation, we conduct a qualitative and quantitative assessment of the material ESG risks, with the support of data provided by the Sustainability Accounting Standards Board (SASB) and determine the financial impact on the investment should substantial ESG risks materialise. As part of our ESG due diligence for a new investment, we measure companies against stringent ESG standards using 20 quantitative and qualitative criteria, using our proprietary scoring methodology.

This is an important tool allowing the investment team to gain a thorough understanding of the level of the ESG integration of a company, as well as to determine specific key performance indicators (KPIs) and the potential engagement plan on issues. Therefore, KPIs we see as most significant and track on an annual basis include the measurement of carbon footprint, tracking health & safety or percentage of female board members.

Once the Investment Committee has approved an investment, the engagement plan is implemented and closely monitored alongside the annual update of the ESG score. Our goal is to develop our investments into ESG leaders in their respective industries, as this will be a core feature of the leading companies of the future.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD ("SASB")

Unigestion has been a member of the SASB Alliance since April 2021 with a view to enhance our ESG risk assessment for specialist funds and direct investments. The SASB Standards guide the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the Standards identify the subset of ESG issues most relevant to financial performance in each industry.

DRIVING POSITIVE IMPACT IN PRIVATE EQUITY

Unigestion has identified several industries where we perceive the most interesting investment opportunities exist. We believe that these **seven investment themes**, illustrated below, will play a major role in the future and are therefore most relevant for private equity investors.

Climate Transition	Resource Efficiency	Sustainable Cities	Service Efficiency	Future of Work	Personal Well-being	Healthcare Reengineered
Energy transition	Circular product design	Utilities	Tech-enabled services	Education & reskilling	Nutrition	Cost efficiency
Industrial/ Materials/ Chemicals	Efficient production	Smart mobility	Software – B2B applications	Teleworking	Emerging consumer	Value healthcare spend
Agriculture & forestry	Localization of supply chain	Smart cities	Software – B2X applications	Crowd-sourcing	Leisure	Preventive health
Green transportation	Distribution & logistics	Inclusive cities	Public administration and NGOs	Fair workplace	Personal safety & data security	Health tech
Green construction	Responsible consumption	Security systems			FinTech	Mental health
	Re-use/ Repair/Recycle				Pets	

UNIGESTION DIRECT II CONTRIBUTION TO THE SEVEN INVESTMENT THEMES

Investment themes	Climate Transition	Resource Efficiency	Sustainable Cities	Service Efficiency	Future of Work	Personal Well-being	Healthcare Reengineered
Portfolio examples	CEDES, POLARA, CITRI&CO, FORM			HealthTech BioActives, Evaluate, LMG, FORM, Ascenda, ACADEMIA, CERTANIA, SUANFARMA, infobip			
Main impact	Environmental			Social			

3. ESG IN FUND INVESTMENTS

Unigestion started to invest in private equity funds in 1996 and has closed more than 500 fund investments to date. Thanks to our wide network, we are able to scan hundreds of fund opportunities every year. As outlined in the previous section, fund investments are assigned an overall ESG score as part of the due diligence process. Throughout the holding phase, we engage with the fund managers to monitor their progress on ESG factors. In 2021, we completed the annual ESG review of our existing fund investments, which led to ESG data collection from 99 fund managers.[1] We increased the number of ESG features under review from 33 to 42 in 2021, including new topics such as the **fund classification as per SFDR, inclusion of climate risk assessments** and **gender pay gap**.
We analysed all obtained data and additional documentation such as responsible investment policies, relevant climate risk assessments and ESG reports. The highlights from our fund manager evaluation are shown in the following graphic.

HIGHLIGHTS OF THE 2021 ESG REVIEW OF FUND INVESTMENTS

67% of fund managers **improved their ESG** score

Only 1% of fund managers had a **slight decrease** in their ESG score

EU managers scored higher than their US and APAC counterparts

Emerging managers scored highly on ESG process and governance factors

North American managers scored **lowest on environmental factors**

Unigestion's fund portfolio is composed of:

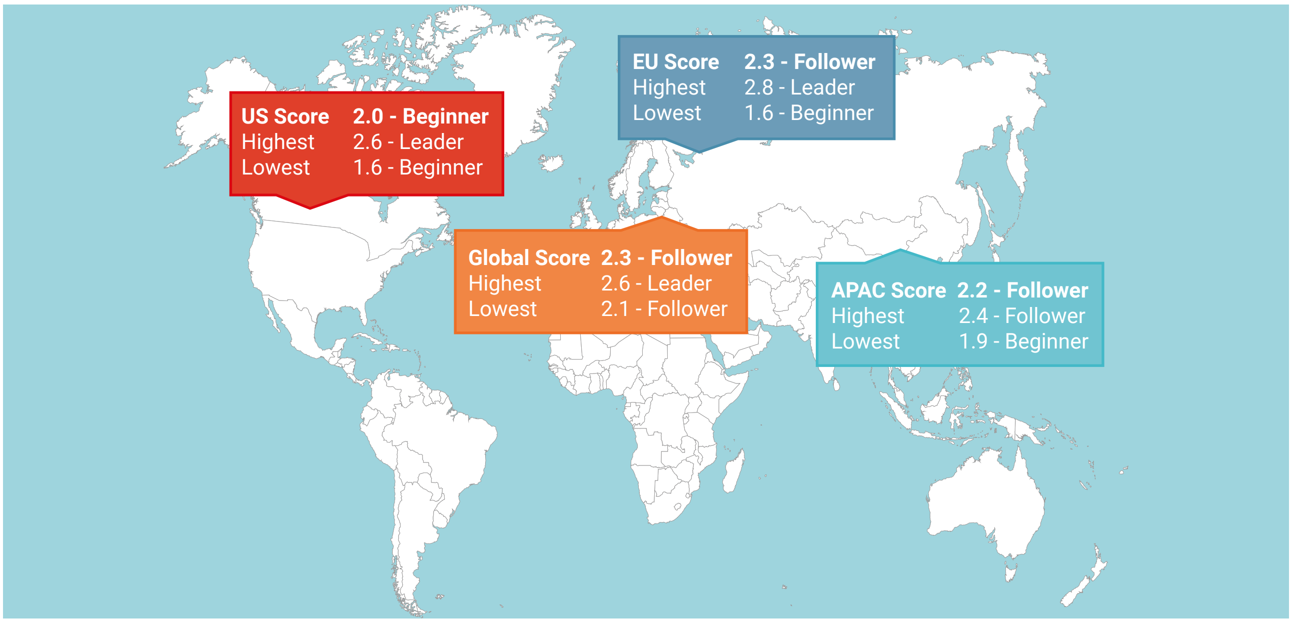
17% Leaders

68% Followers

15% Beginners

OVERVIEW OF FUND MANAGERS' 2021 ESG SCORES

The map below shows the average 2021 score of the fund managers by their target regions, as well as the best and worst scores in each region.



[1]Excludes fund managers of funds with only a small exposure in our portfolio, or in liquidation as well as fund managers for which due diligence was done in the last 12 months.

ESG KPIS BY GEOGRAPHY

Relevant KPIs on ESG factors have been summarised and are used for ongoing monitoring purposes to demonstrate the evolution and progress fund managers are making. Most of our managers are already integrating ESG factors into their operations and plan to improve them going forward. With stricter regulations to define and invest according to sustainable factors, we see a trend for the further integration of ESG factors and this should build greater confidence among investors.

In 2021, 93% of fund managers reviewed had a **Responsible Investment Policy** in place, with European managers clearly leading and US managers somewhat lagging.

	All	EU	US	APAC
% of GPs with a Responsible Investment Policy	93%	94%	88%	91%

On the ***Environmental*** side, 65% of the managers reviewed are tracking their environmental footprint, an increase from 57% the year before. European managers also lead the way with 72%, which we assume is attributable to stricter environmental policies and requirements from financial regulators based in Europe. A similar picture can be seen in the assessment of **climate risks**, where 71% of European GPs reviewed have incorporated processes to assess relevant risks that derive from climate change in their portfolios.

	All	EU	US	APAC
% of GPs tracking their environmental footprint	65%	72%	27%	65%
% of GPs assessing climate risks	70%	71%	57%	70%

One of the most relevant ***Social*** factors is health & safety, which aims to protect the workforce from accidents and fatalities. We are glad to report that 90% of reviewed fund managers already monitor health & safety incidents within their portfolios. In APAC, 100% of managers reviewed consider this as an important factor, followed by 89% of European-based managers. The US has also caught up with 81%, compared to 71% in 2020. Employee turnover rate was assessed by close to 80% of European GPs reviewed across the Unigestion portfolio and 73% each of US and APAC managers.

	All	EU	US	APAC
% of GPs monitoring health & safety incidents	90%	89%	81%	100%
% of GPs assessing employee turnover rate	79%	80%	73%	73%

As for ***Governance***, we asked our GPs whether they assess board independence and to disclose the percentage of women in senior positions. Interestingly, for board independence, this is the only measure where, with 87%, US fund managers are leading and APAC managers are considerably lagging. Regarding women in senior positions, 8% of all fund managers reviewed have more than 30% of women in such roles, with APAC fund managers leading the way.

	All	EU	US	APAC
% of GPs assessing independence of board members	69%	68%	87%	45%
GPs with >30% of women in senior positions	8%	7%	8%	14%

SFDR CLASSIFICATION

In 2021, we introduced a new KPI to see to what extent fund managers have adopted the SFDR classifications. In Europe, 38% of the managers reviewed manage Article 6 funds and 14% manage Article 8 funds which promote social and/or environmental characteristics in the investment strategy. Since the SFDR is a binding regulation for EU-based managers, it did not come as a surprise that more than half of US and APAC managers did not provide any information on the SFDR, particularly those that have not fundraised for a new fund in 2021. Nevertheless, 6% of US managers and 18% of APAC mangers classified their products as Article 6.

EXAMPLES OF FUND MANAGERS' 2021 ESG REVIEW AND ENGAGEMENT PRIORITIES

The following sections showcase some of our investments in terms of our 2021 ESG review and engagement priorities. Polaris is a good example of a fund manager that already performs well and which we therefore classify as an "ESG Leader". In general, our objective is to engage with all fund managers, especially those with a lower classification and thus with more potential to improve. We actively identify ESG topics for potential engagement, customising our approach to each fund manager.

POLARIS

Industry: Mid-sized companies

Market: Nordics

UNIG ESG Score: 2.5 / 3 («Leader»)

Polaris Private Equity is a Danish-based Fund Manager investing in Nordic mid-sized companies. Unigestion has invested in 4 of its funds since 2010. During this time, we have observed Polaris build a leading position when implementing ESG factors into its investment processes and organization.

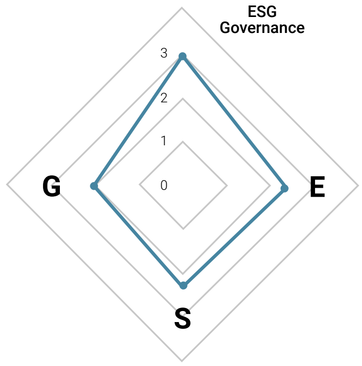
2021 snapshot of the GP's ESG Joumey

Environment
- Evaluating potential impact of climate change risks/opportunities, applying the TCFD framework, into investment decision process
- Measuring CO2 emissions according to GHG protocol on Scope 1, 2 and 3

Social
- Promoting gender diversity on firm and portfolio company level (min. 40% target)
- Inclusion of the OECD Guidelines for Multinational Enterprises on responsible business conduct

Governance
- Independent board membership in portfolio companies, incl. independent Chairman
- Additional committees (e.g. audit, remuneration) where applicable
- Policies: anti-money laundering, anti-bribery, etc.

Unigestion ESG Radar 2021



Unigestion engagement priorities

2021 Support the development of evidence-based, integrated and standardised ESG reporting

2023 Encourage gender diversity and promote women in senior positions with min. 40%

2025 Support the development of the ESG agendas of co-investments

NEXT CAPITAL

Industry: Generalistt

Market: Australia

UNIG ESG Score: 2.2 / 3 («Follower»)

Next Capital is a leading buyout investor based in Australia focusing on companies with strong sustainable competitive advantages, primarily in the services sectors.
The GP customises its ESG risk management approach as appropriate to each portfolio company. This however leads to a lack of standardised reporting on ESG for the full portfolio.

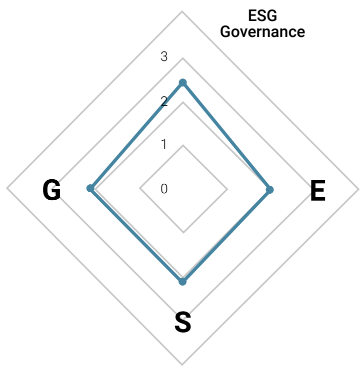
2021 snapshot of the GP's ESG Joumey

Environment
- Reducing energy intensity, paper usage, and non-essential travel on GP level
- Initial efforts on improving energy efficiency, reducing waste, tracking and reducing carbon footprint for portfolio companies

Social
- Actively promotes gender diversity from board to junior level and equal pay
- Workplace environment and safety policies in line with Australian standards, selectively extending them to overseas subsidiaries

Governance
- Staff is trained annually to adhere to ESG policy and recognize potential issues
- The Audit and Risk Committee is responsible for managing ESG risks, ESG related KPIs are incorporated into reporting for all portfolio holdings

Unigestion ESG Radar 2021



Unigestion engagement priorities

2021 Support systematic ESG reporting at portfolio company and GP level

2023 Encourage measurement of environmental footprint of each portfolio company

2024 Provide guidance on EU Taxonomy in reporting entire holding period

4. ESG IN DIRECT INVESTMENTS

Even before the term ESG became as widely popular as it is today, the role of **Governance** was already of significant importance to private equity investors. As value creation and good governance are closely correlated with each other, internal processes, corporate culture and accountability have a direct impact on value.

Today, Unigestion has closed over 100 direct and co-investment deals and manages three vehicles dedicated to direct opportunities. Investors in our latest SFDR Article 8 vehicle, **Unigestion Direct II**, benefit from ESG considerations such as exclusions, risk mitigators and value creation pillars and so will our upcoming vehicle, **Unigestion Direct III** – to be launched in summer 2022.

As part of our annual ESG review, all direct investments were analysed, except for exits and new investments in 2021, where recent due diligence has already been conducted. Highlights from the 2021 ESG review can be found below.

HIGHLIGHTS OF THE 2021 ESG REVIEW ON DIRECT INVESTMENTS

All direct companies **improved their ESG score**

59% of direct companies upgraded their "Beginner" classification

Direct companies scored **highest on social matters**

US companies scored particularly well on social and governance

APAC companies scored lowest on ESG process

Unigestion's direct portfolio is composed of:

21% Leaders

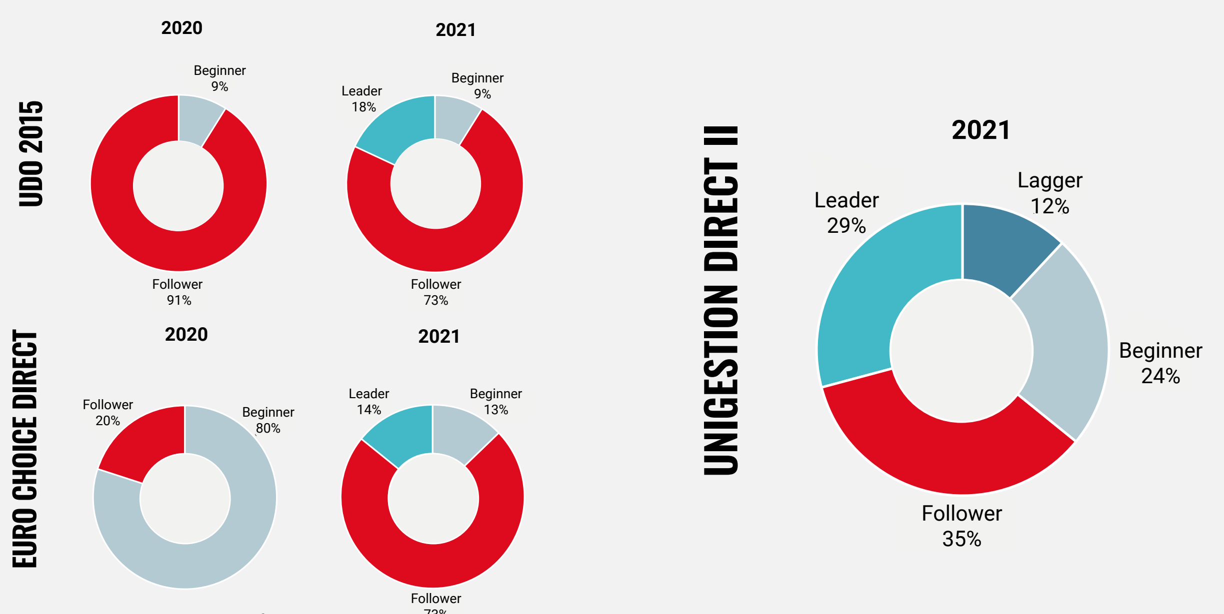
58% Followers

16% Beginners

5% Laggers

Our earliest direct fund vehicles, Unigestion Direct Opportunities 2015 and Euro Choice Direct, demonstrate a similar spread of classifications across portfolio companies in 2021. This has been a result of our engagement activities during the holding period, which has resulted in no “Laggers” in both funds. We are also pleased to report that certain companies have made major improvements and received a “Leader” upgrade in 2021. We expect a similar picture to arise for Unigestion Direct II as we continue to invest and engage with the portfolio companies.

ESG CLASSIFICATION SPLIT OF UNIGESTION’S DIRECT FUNDS



Note: Percentages by number of companies

KEY ESG KPIS FOR ECD AND UDO 2015

Relevant KPIs on ESG factors have been summarised and are used for ongoing monitoring purposes to demonstrate the companies' evolution and progress. We are glad to report that most of our companies already integrate ESG factors into their operations and take sustainability factors into consideration. The below summary shows some examples of our two direct funds, which are fully invested, namely **Euro Choice Direct** (ECD) and **Unigestion Direct Opportunities 2015** (UDO).

On the ***Environmental*** side, we are especially pleased that companies across our two funds' portfolios use a significant share of renewable energy. Moreover, we put further emphasis for companies to have an ESG officer in place and expand ESG training for their staff.

% of companies with ESG officer

56% ECD

49% UDO

% of companies providing ESG training

47% ECD

59% UDO

% of renewable energy used

27% ECD

48% UDO

Regarding ***Social*** factors, all companies in the UDO portfolio and almost all the companies in ECD portfolio have diversity initiatives in place. In the case of absenteeism rate, some ECD investees have exhibited a higher rate due to the COVID-19 impact.

% of companies with diversity initiatives

81% ECD

100% UDO

Absenteeism rate

8% ECD

2% UDO

As for ***Governance***, ECD and UDO portfolio have similar percentage of women at the board level and independent board members. We will continue to engage with the investee companies to improve these two KPIs which we believe to be critical for good governance at every company.

% of female board members

28% ECD

31% UDO

% of independent board members

25% ECD

27% UDO

EXAMPLES OF DIRECT INVESTMENTS' 2021 ESG REVIEW AND ENGAGEMENT PRIORITIES

The following sections showcase some of our investments in terms of our 2021 ESG review and engagement priorities. In general, our objective is to engage with companies, especially those with a lower classification and thus with more potential to improve. We actively identify ESG topics for potential engagement, customising our approach to each company. Opportunities are arising for investors addressing key environmental matters.

Industry: Leisure/Transportation

Market: UK

UNIG ESG Score: 3.3 / 5 («Follower»)

TeamSport is the UK's largest indoor go karting operator and is expanding into Europe in 2022, with racing tracks that range between 375 and 1,000 meters in length, offering features including tunnels, multiple levels and chicanes. TeamSport has introduced a very thorough sustainability plan with commitment and targets to improve its business model on all ESG aspects, especially CO2 reduction.

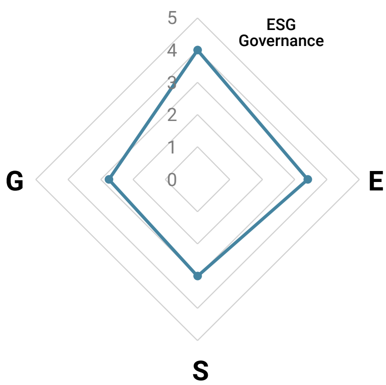
2021 snapshot of the company's ESG Joumey

Environment
- Electrification of entire fleet since 2011 and target to operate fully electrified by 2030
- Measuring CO2 emissions according to GHG protocol on Scope 1, 2 and (partially) 3
- Purchasing 100% of renewable electricity and upgrading building with LEDs

Social
- Promoting equal pay through transparent gender pay reporting
- Ranked in the top 30 employers in the UK with the "Great Places to Work' certification
- Strong Health & Safety features for all employees

Governance
- Formation of an ESG committee to follow and verify all related activities/initiatives
- External remuneration committee
- External audit committee

Unigestion ESG Radar 2021



Unigestion engagement priorities

2021 – Support waste reduction by 20%

2022 – Provide best practice guidance to the new ESG Committee

2030 – Endorse net zero commitment, fully electrified operations

Industry: Waste Management

Market: US

UNIG ESG Score: 3.3 /5 («Followers»)

Coastal Waste & Recycling is a US-based waste management company, operating 425 collection and support vehicles collecting and processing 500,000 and 1,000,000 tons of annual waste, respectively. Unigestion invested in 2021, recognising the high growth potential of the recycling industry by facilitating CO2 emission reductions and the transition to circular economy,

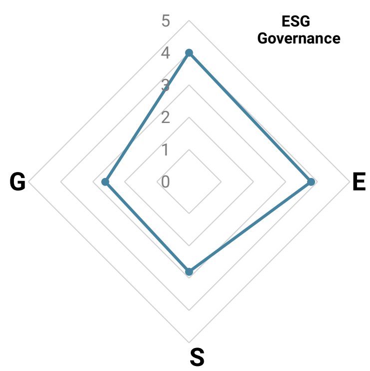
2021 snapshot of the company's ESG joumey

Environment
- Treatment and recycling of waste results in significant C02 emission reduction (at run rate will divert 300,000+ tons of waste from landfill disposal)
- Introduction of alternative fuels for collection fleet (8% of fleet on biodiesel)

Social
- High ethnic diversity across the entire workforce of the company.
- Above industry average health & safety measures, health insurance for workforce in place

Governance
- All relevant policies on code of conduct, ethics and anti-money laundering/corruption policies in place
- Limited compliance function

Unigestion ESG Radar 2021



Unigestion engagement priorities

2021 – Determine ESG KPIs to be measured and published in a standardised ESG report

2023 – Provide guidance on reporting community engagement activities

2025 – Pursue further contracts served with alternative fuel collection vehicles

5. UNIGESTION CLIMATE IMPACT

ESG integration in private equity is not only concerned with assessing the associated risks, but it also helps recognise the opportunities. With growing concern around climate change and natural resources, new investment opportunities are arising for investors addressing key environmental matters.

INVESTMENT OPPORTUNITIES IN CLIMATE IMPACT

ENERGY TRANSITION
USD 3.4 trillion needed to reach 55% share of **renewables** by 2030[1]

LOW-CARBON INDUSTRY
USD 9 trillion annually to decarbonise heavy industry[4]

GREEN CONSTRUCTION
EUR 117 billion a year by 2030[3] for EU **building efficiency**

GREEN MOBILITY
USD 3 trillion annually for the 36% annual growth of the **electric vehicle** industry[2]

CIRCULAR MATERIAL
USD 4.5 trillion by 2030 to unlock full circular economy potential[6]

FORESTRY
USD 1-1.5 trillion annually for forestry investments for carbon compensation[5]

LAND MANAGEMENT
USD 29.2 billion by 2027 for sustainable agriculture industry with CAGR of 10%[7]

Source: [1]Frost & Sullivan Report Growth Opportunities from Decarbonisation in the Global Power Market; [2]IEA Sustainable Development Scenario; [3]EBRD Green Building Investments; [4]International Energy Agency 2019; [5]World Bank Report 2020 Pension Fund Investments in Forestry. [6]World Business Council for Sustainable Development *CEO Guide to the circular economy*; [7]Valuates Report "Smart Agriculture Market by Global Opportunity Analysis and Industry Forecast, 2021–2027".

Unigestion's motivation to launch a dedicated Climate Impact Fund is driven by two equally important factors. Firstly, we know the market well and can see the investment opportunity. There is a strong shift in capital requirements to spur the transition to a low carbon economy and address consumer demand. Here, private companies will play a critical role. Our team has access to these high growth and innovative companies across several climate impact sectors and has the proven track record to simultaneously achieve attractive returns and measurable impact. Secondly, investors are increasingly bound to include climate-positive investments in their portfolios, while de-risking away from the potentially stranded assets.

CLIMATE IMPACT STRATEGY

- **Sectors:** Energy transition, green mobility, green construction, low-carbon industry, forestry, land management, circular material
- **Enterprise values:** < EUR 1bn
- **Stage:** 30-40% buyout, 30-40% growth, 20-25% value-add infrastructure
- **Geography:** 40% North America; 40% Europe; 20% Asia Pacific
- **ESG Criteria:** Climate negative screening; sustainability assessment (SFDR Art. 9); science-based targets for GHG emissions
- **Expected return:** 22% IRR

We believe we will have a greater impact by deploying a specialised and deep focus on this theme as we see an opportunity for generating both attractive returns for investors and better outcomes for society and the environment. During our 12 years of experience in climate investing, we have already delivered strong returns, demonstrating the attractiveness of the sector.

If you are interested to learn more about the significant role of private equity in addressing the climate challenge, and the industries and innovation that will drive change, you may be interested in the following publications:

- **PE Perspectives Paper**: Private equity and climate change: A perfect change? https://www.unigestion.com/insight/private-equity-and-climate-change-a-perfect-match/
- **Video**: Delivering outperformance with positive impact in private equity https://www.unigestion.com/insight/delivering-outperformance-with-positive-impact-in-private-equity/
- **Webinar**: January 2022 Building on COP 26: Understanding the opportunities for PE and climate impact based investing https://www.unigestion.com/event/building-on-cop26-understanding-the-opportunities-for-pe-and-climate-impact-based-investing/
- **Webinar**: February 2022 (in German) Private Equity Day 2022 – PE impact in action https://www.unigestion.com/de/private-equity-day-2022/

6. GLOSSARY

Active Ownership	Actively exercising your rights as a shareholder, by voting at shareholder meetings and engaging – having an active dialogue – with investee companies, to benefit clients and potentially society as a whole.
Carbon Footprint	The total amount of greenhouse gases that are generated by a person or entity, usually measured in equivalent tons, over the course of a year.
Carbon Intensity	An entity's carbon emissions, typically divided by its revenues, though the denominator can also be square metre, per employee, unit of production, etc.
Emerging Managers	General Partners raising or managing their 1st or 2nd fund.
Engagement	Contact between an asset manager and investee entity on matters relating to ESG factors with the aim of improving practice, disclosure or both.
ESG Integration	ESG integration is the analysis of all material factors in investment analysis and investment decisions, including Environmental, Social, and Governance factors.
EU Taxonomy	The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities, aiming to provide companies, investors and policymakers with appropriate definitions to determine which economic activities can be considered environmentally sustainable.
Exclusion List	A list of securities to be removed from a fund's investible universe due to their failing to meet certain criteria.
Intergovernmental Panel on Climate Change (IPCC)	IPCC is the United Nations body for assessing the science related to climate change. It aims to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options.
Paris Agreement	Breakthrough international treaty on climate change adopted at COP21, Paris, 2015. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.
Scope 1, 2 and 3 Greenhouse Gas Emissions	Scope 1,2 and 3 emissions are greenhouse gas emissions that cause carbon footprints. As their name suggests, they are measured in three ways, according to how they were created: Scope 1 emissions are those that are directly generated by the company, such as an airline emitting exhaust fumes. Scope 2 emissions are those that are created by the generation of the electricity or heat needed by the company to sell its main products or provide its main services. Scope 3 emissions are those caused by the entire value chain, including the end-user of the product over its life cycle, and are much more difficult to measure.
Sustainable Finance Disclosure Regulation (SFDR)	The EU SFDR is a regulation that is designed to provide transparency for investors to distinguish and compare between the many sustainable investing strategies that are now available. It sets specific firm- and investment-level disclosure criteria and classifies funds into three distinct categories, according to the degree to which sustainability is a consideration.
Sustainability Accounting Standards Board (SASB)	SASB is a non-profit organization; its Standards guide the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the Standards identify the subset of ESG issues most relevant to financial performance in each industry.
Task Force on Climate-Related Disclosures (TCFD)	The Financial Stability Board created the TCFD to develop recommendations to improve and increase reporting of climate-related financial information.
United Nations Global Compact (UNGC)	The UNGC is a voluntary initiative for companies based on CEO commitments to implement universal sustainability principles and to take steps to support United Nations goals.

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Important information

Source: Unigestion as of 30.05.2022. Past performance is no guide to the future, the value of investments can fall as well as rise, there is no guarantee that your initial investment will be returned.

Performance is quoted gross of fees expressed in USD. Please note that the inclusion of fees, costs and charges will reduce the overall value of performance. The maximum management fee schedule applicable is 1.6% per annum. Track record refers to Equity, Alternatives and Multi Asset composites with data available as of 30.09.2018. Figures calculated based on GIPS composites (gross of fees, in USD), representing total GIPS assets excluding Private Equity, Private clients. Risk reduction is measured by volatility and excludes composites with fixed rate or cash benchmarks. All performance and risk figures are estimated since inception, capital weighted. Past performance is no guide to the future, the value of investments can fall as well as rise, there is no guarantee that your initial investment will be returned. This document has been prepared for your information only and must not be distributed, published, reproduced or disclosed by recipients to any other person. This is a promotional statement of our investment philosophy and services only in relation to the subject matter of this presentation. It constitutes neither investment advice nor recommendation. This document represents no offer, solicitation or suggestion of suitability to subscribe in the investment vehicles it refers to. Please contact your professional adviser/consultant before making an investment decision. Where possible we aim to disclose the material risks pertinent to this document, and as such these should be noted on the individual document pages. Data and graphical information herein are for information only and may have been derived from third party sources. Unigestion takes reasonable steps to verify, but does not guarantee, the accuracy and completeness of this information. As a result, no representation or warranty, expressed or implied, is or will be made by Unigestion in this respect and no responsibility or liability is or will be accepted. All information provided here is subject to change without notice. It should only be considered current as of the date of publication without regard to the date on which you may access the information. An investment with Unigestion, like all investments, contains risks, including total loss for the investor. Unless otherwise stated, data source is Unigestion, estimated as at 30/05/2022.

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