

S U S T A I N A B L E
B U Y O U T

Investing for the economy,
society and the planet

ARDIAN





Sustainable Buyout:

A KEY MILESTONE IN OUR RESPONSIBLE INVESTMENT JOURNEY

PHILIPPE POLETTI •

Member of the Executive Committee,
Head of Buyout, Chairman
of the Sustainability Committee



As a buyout investor, I have been privileged to see some incredible changemakers in action. I have seen companies grow into market leaders thanks to the right buy and build strategy, the right recruitment, and the right product or service development. Our Ardian teams are proud to have assisted company managers in the birth of global champions. Most were already conscious of the importance of environmental and societal issues and with time and full support they have increased their focus on these topics.

Today more than ever, our ambition is not merely to support companies as they step up the pace of

their growth, but to act as a driver of positive change for society and the environment. What's more, we want to do this on a large scale. We are living through an unprecedented crisis and at moments like these, our responsibilities are clearer than ever – to our clients, our employees and the many companies we support. We will do everything we can to protect and sustain businesses while implementing changes. We believe that our business, as an investor, and our responsibility, as a global leader, is to ensure that our companies are catalysts for change.

With this goal in mind, we are sharing our Sustainable Buyout investment

approach to support the emergence and progress of tomorrow's companies. These are the firms that will help to build a world that is more attuned to environmental and social issues; firms that will ensure that sustainability aspirations are not empty words but a tangible new reality lived and shared by everyone.

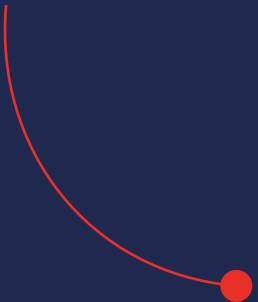
Growing numbers of companies are focusing on extra-financial aspects as they seek to better their performances and enhance their reputations. As buyout investors and leaders of the industry, we have a key role to play in this new era by supporting company executives and their people throughout the entire investment cycle.

Sustainable Buyout:

A KEY MILESTONE IN OUR RESPONSIBLE INVESTMENT JOURNEY

PHILIPPE POLETTI

Member of the Executive Committee, Head of Buyout,
Chairman of the Sustainability Committee



To keep moving forward, we have to be able to measure progress. What gets measured, gets done! This is why we have devised a new Sustainability Measurement Methodology to quantify not just the impact of a company, whatever its business sector, but also the true reach of its sustainability efforts. Positive change can come from anywhere, making it critical to identify firms that can have the greatest impact and then amplify the scope of what they do.

To create this methodology, which was a joint effort by Ardian and INDEFI, a strategy advisor with extensive Sustainability expertise, we have structured a framework that is both generalist and sufficiently granular to analyze the specific features of each and every firm, eschewing conventional sector-based approaches.

By using globally recognized frameworks, including those of the Impact Management Project, the theory of change and the UN Sustainable Development Goals, our methodology fits into the broader impact ecosystem to which Ardian wants to contribute.

By looking at the entire business supply chain, our methodology goes beyond ESG analysis to provide a 360-degree view of each company.

Ashoka, the world number-one network of social entrepreneurs, helped us to come up with new hybrid corporate models, at the intersection of social and conventional business models.

We are thrilled to share this new step in our sustainable investment approach with you. It is my strong belief, and that of all of us at Ardian, that it will not only support the transformation of our portfolio companies

but it will also allow Ardian Buyout to accurately assess the overall impact of its portfolio.

Sustainable Buyout is a key milestone in our journey towards greater sustainability. But it is only one. Others lie ahead. We thank everyone – entrepreneurs, managers, teammates, investors and partners – who are joining us as we explore ways to build a more sustainable future.



A study presented by:

ARDIAN

ARDIAN

Ardian is a world-leading private investment house with assets of US\$100bn managed or advised in Europe, the Americas and Asia. It employs over 660 people across 15 offices. It manages funds on behalf of around 1,000 clients through five pillars of investment expertise: Fund of Funds, Direct Funds, Infrastructure, Real Estate and Private Debt.

Since 1997, Ardian Buyout is a leading buy and build expertise of \$14bn under management. Ardian Buyout is composed of 50 dedicated investment professionals located in Europe and in the US.



ASHOKA

Founded in 1981 in the USA, Ashoka is a pioneer in social entrepreneurship. With 3,500 social entrepreneurs (fellows) in 93 countries, Ashoka has become the world number-one network of social entrepreneurs. It mobilizes a global community to build an "everyone a changemaker world". Ashoka's Changemaker Companies initiative helps transform pioneer companies by integrating social impact at the very core of their business while developing a Changemaker culture.



INDEFI

INDEFI is a strategy advisor for the investment management business in Europe.

INDEFI's scope of expertise spans institutional and distribution markets, public and private assets, organic and non-organic growth strategies, ESG and sustainability investing. INDEFI is also a pioneer in providing ESG and sustainability investment advisory services to asset owners, investment managers and principal investors in public and private markets.

Operating out of London, Paris and Zurich, INDEFI has a team of 45 dedicated consultants.

The need for change

July 29th

LAST YEAR, WE HAD CONSUMED IN SEVEN MONTHS ALL THE RESOURCES THAT THE EARTH PRODUCES IN ONE YEAR.

Dominating the press and scientific debate, climate and social challenges are now established priorities at every level of society. These huge challenges, which have shaped the early part of the 21st century, also represent opportunities to imagine new systems, foster greater inclusivity and develop new sectors of activity.

CROSSING PLANETARY BOUNDARIES

- TIME WE TAKE TO CONSUME ALL OF EARTH'S RESOURCES PRODUCED IN ONE YEAR
- LIVING ON CREDIT RESOURCE-WISE



Source: overshootday.org. Earth's overshoot day in 2019 was July 29.

An inescapable truth

Without major change, climate and social issues look set to dominate the headlines for a long time to come, given the deep-seated problems in the existing model.

Climate change

There is a clear scientific consensus: human activity has caused a 1°C increase in the global average temperature compared with pre-industrial levels. The 2015 Paris Agreement set out a framework to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C. Nevertheless, even a 1.5°C increase could have multiple consequences, ranging from increased intensity and frequency of **extreme weather events to ocean acidification**, rising water levels, and **loss of biodiversity**.

Yet in its 2019 report, the Intergovernmental Panel on Climate Change said that solutions exist and that the harmful effects of climate warming could be mitigated, notably by **cutting greenhouse gas emissions, improving industrial processes, optimizing energy consumption**, and rethinking **waste and wastewater management***.

*IPCC, May 2019

**World Meteorological Organization, November 2019

***Oxfam

Social imbalance

Eradicating poverty and hunger, promoting access to education and health, improving gender equality and reducing inequalities: our social challenges are numerous.

Major progress has been made in some areas. The number of people living in extreme poverty fell from 1.9 billion in 1990 to 836 million in 2015. The number of people in the working middle class, described as living on more than \$4 a day, nearly tripled between 1991 and 2015. And the mortality rate of children under five has been cut by more than half since 1990.

But a lot remains to be done, especially in terms of inequalities. By 2017, 42 billionaires had as much as the bottom 50%***. To tackle inequalities, strong policies are expected from governments, but also from companies, to promote inclusion, decent working conditions, and equal access to work for women and minorities.

AS INVESTORS, WE HAVE

great responsibility:

—

We have to make sure that we invest in the **right companies**, give them what they need to bring **significant change**, and properly assess their **sustainable contribution**.

How investors can speed up the change

Private equity investors have a real role to play in the struggle for sustainability. According to a recent report published by global consulting and research nonprofit organization BSR, "over the past 10 years, the private equity sector has seen responsible investment approaches move from exception to expectation".

Environmental, social and governance (ESG) criteria have now been widely adopted to make it easier to assess sustainability. Fund stakeholders, led by LPs, are increasingly involved in analysing and improving the sustainability profile of private equity funds and their portfolio companies. As a signatory of the Principles for Responsible Investment (PRI) since 2009, Ardian has been building ESG aspects into its portfolios for a decade, while also nurturing the idea of a more inclusive and accurate system, drawing on discussions with LPs and portfolio companies.

"Our world faces many challenges: growing inequalities, the environment and climate change. Business, and even more so the financial sector, has a vital role to play in tackling these challenges. Across the world, Ardian supports companies. We create jobs for workers and we generate enduring returns for pension savers. We fully understand that our purpose goes beyond creating financial value to making a positive contribution to society as a whole."



DOMINIQUE SENEQUIER
Founder and President, Ardian

*ESG in Private Equity: How To Write a Responsible Investment Policy, report published in March 2019

How investors can speed up the change

OPEN LETTER, MARCH 2020

"Skeptics that continue to question the growing role of sustainability within the global investment community should realize that they are quickly becoming the minority. With companies acting as long-term value creators and investors acting as long-term value accelerators, together we can keep short-termism at bay and drive sustainable economic growth for our customers, beneficiaries and society."



HIROMICHI MIZUNO
Executive Managing Director
and Chief Investment Officer,
Government Pension Investment
Fund (Japan)



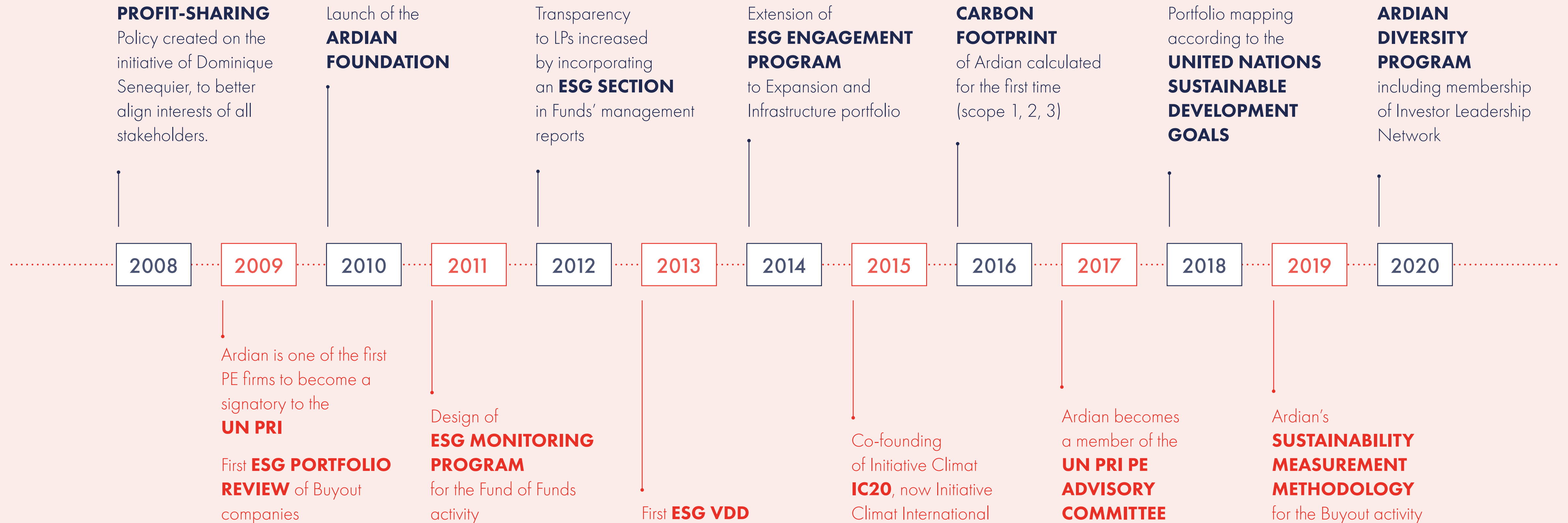
CHRISTOPHER J. AILMAN
Chief Investment Officer, California
State Teachers' Retirement System



SIMON PILCHER
Chief Executive, USS Investment
Management Ltd

Source: "Our Partnership for Sustainable Capital Markets", open letter published in March 2020.

Ardian's journey towards sustainability



Ardian's journey towards sustainability



FRANK AMBERG

Head of Private Equity & Infrastructure at MEAG

We have been structuring our sustainability program for over a decade. After initially focusing on sharing value with employees who played a part in the success of portfolio companies, we have expanded our array of tools to help firms transform themselves faster and more efficiently.

"At MEAG, we keep a close eye on each fund manager's policy on their actions regarding the environment, the reliability of their long-term management model and their risk management. We've invested with Ardian for five years and appreciate Ardian's extensive expertise

in sustainability and the fact that they demand that portfolio companies uphold ESG criteria. We like how they ensure that value is created during the entire investment, notably through the work of their committees and the involvement of their teams in helping portfolio

companies to formulate investment plans that cover every stage of the value chain from the start of the holding period to the end."

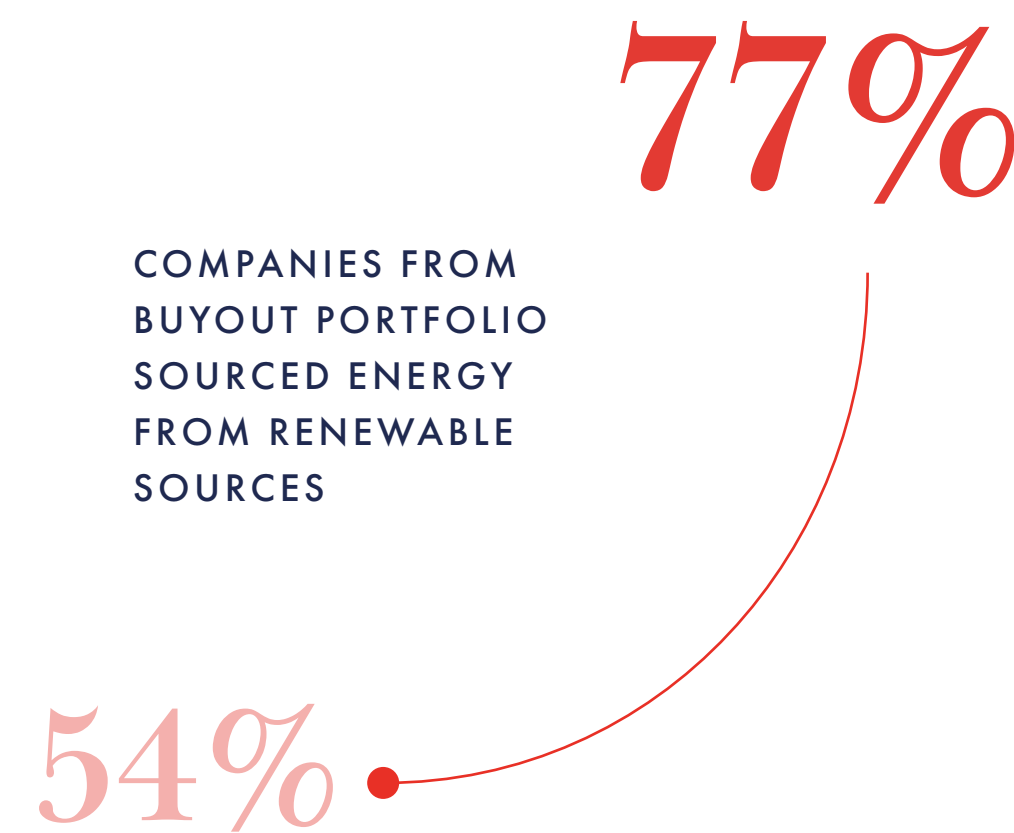
Delivering concrete results in Ardian's Buyout Portfolio companies

In the course of thinking about a more sustainable investment model, Ardian formally established four main themes: Climate Action, Diversity & Equal Opportunities, Profit Sharing and Governance & Ethics. These priorities are already in action in Ardian's portfolio companies.

Climate Action

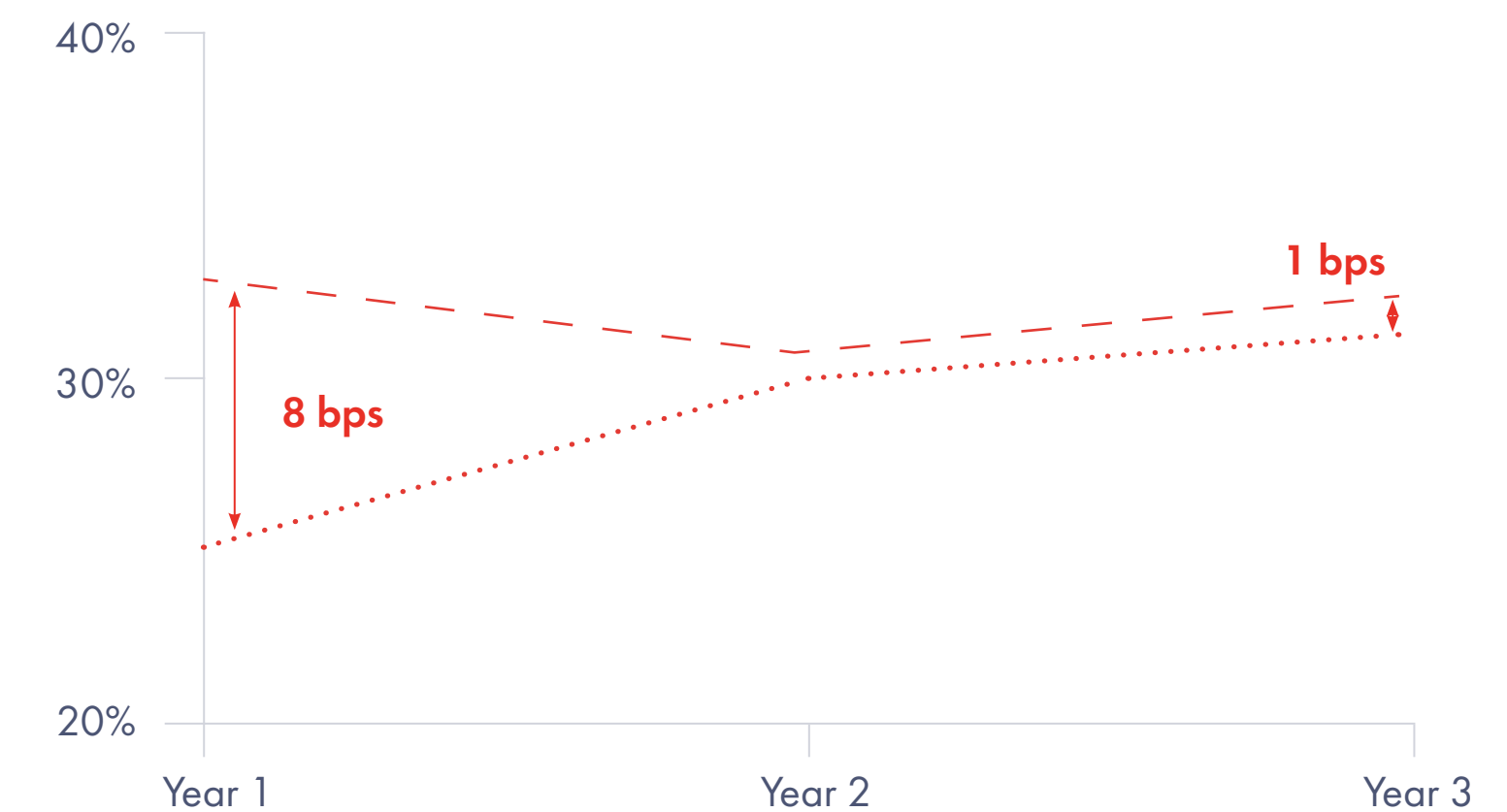
Regarding the portfolio companies with identified high materiality on climate change:

- 84% have action plans to reduce GhG emissions and/or environmental footprint.
- According to the most recent round of reports to Ardian (incl. exited companies), 77% of companies from Buyout portfolio sourced energy from renewable sources (vs 54% at acquisition).



Diversity & Equal Opportunities

- Gap between female managers and female employees was 8 percentage points at acquisition while it was reduced to 1 percent points after 3 years of ownership.
- In 2018, the female managers within the portfolio represented 30% of total managers.



- Female employees
- Female managers
- ↔ Gender gap: Difference between the percentage of female managers in total manager positions and the percentage of females in total employees

Delivering concrete results in Ardian's Buyout Portfolio companies

Profit sharing

Since 2008, Ardian Buyout has redistributed a portion of its capital gain to 13,000 employees at exit representing 1 to 6 months of salary.

This has been done on 70% of divested companies which outperformed financial targets.

Job creation

Since 2013, portfolio companies have created 6,063 jobs (i.e. excluding M&A build-ups), with 4% growth per year.

Governance and ethics

- **Independent directors make up 25%** of the boards of current and exited companies within Ardian Buyout (according to the most recent data reported to Ardian).
- During Ardian ownership, **38% of portfolio companies have drawn up for the first time their CSR policy** with identified improvement targets and related KPIs.
- According to the most recent reporting data, **76% of portfolio companies have established a Code of Conduct** that is shared with and available to all employees vs. 43% at acquisition.



13,000

EMPLOYEES HAVE BENEFITED FROM PROFIT SHARING BY ARDIAN

38%

OF PORTFOLIO COMPANIES HAVE DRAWN UP FOR THE FIRST TIME THEIR CSR POLICY DURING ARDIAN OWNERSHIP

Climate action

BUILDING FOUNDATIONS FOR CONTINUAL IMPROVEMENT



CASE STUDY
ITALMATCH



Headquartered in Italy, Italmatch is a global specialty player active in the production of water & oil performance additives, lubricant performance additives, flame retardants & plastic additives and performance products & personal care. It was acquired by Ardian in June 2014 and sold in June 2018.

Quickly improving energy consumption

As an actor of the energy-intensive chemical industry, limiting energy consumption was especially crucial for Italmatch's Sustainability strategy. During the holding period, Italmatch quickly structured its CSR team and achieved a very substantial decrease in energy consumption, mostly through increased efficiency of its production lines, improved insulation of its factories and the deployment of solar panels.

Key figures

- Between 2014 and 2017, energy efficiency measures represented **28,000 teq CO2** avoided i.e. **50%** of 2017 total direct emissions.
- Between 2017 and 2015, waste production per ton of raw materials dropped by **12%**.

ENERGY EFFICIENCY MEASURES
AT ITALMATCH REPRESENTED

50%

OF 2017 TOTAL DIRECT EMISSIONS.

Climate action

BUILDING FOUNDATIONS FOR CONTINUAL IMPROVEMENT

CASE STUDY ITALMATCH

Paving the way for the future

Under Ardian's guidance, Italmatch used the Task Force on Climate-related Financial Disclosure (TCFD) model to create new innovative products addressing the consequences of climate change. This model was created by a working group launched after the COP21.

For Italmatch, the objective was to define a long-term innovation pipeline over a 5 to 10 year horizon.

Four themes were defined and matched with company goals.

1. COP 21 Paris Agreement

Climate & environment focus: low carbon & green economy

2. Circular Economy

New business model: conversion of waste & recovery, secondary raw materials

3. Digitalisation

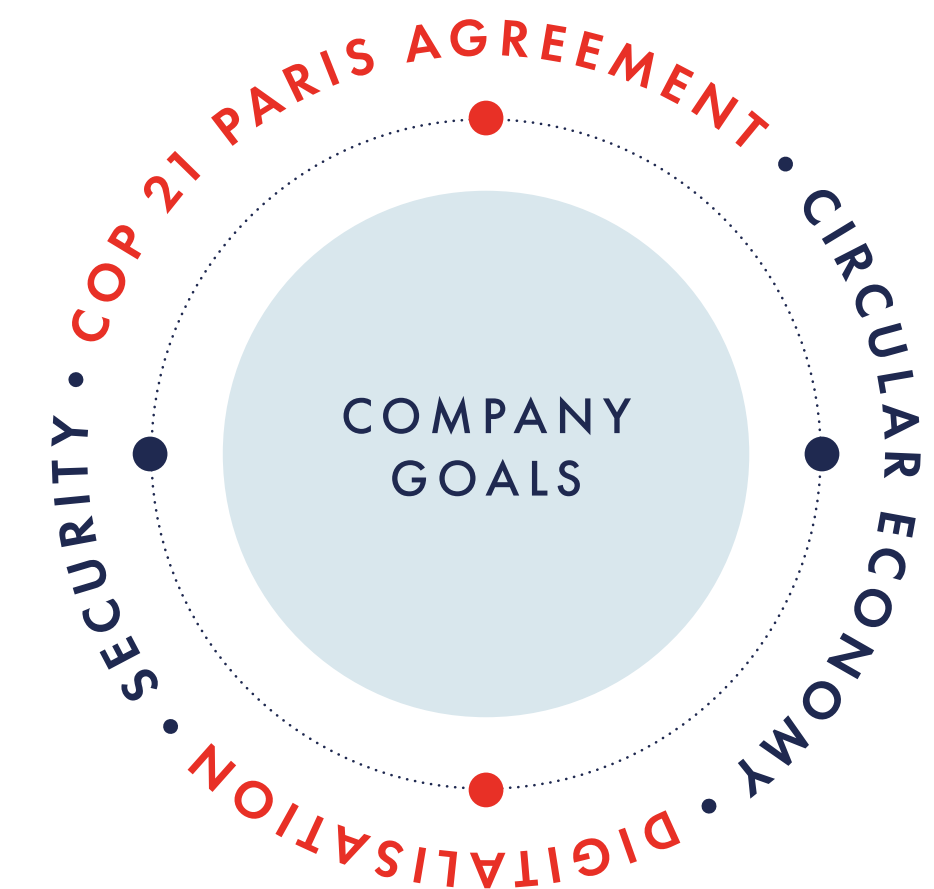
Get the most out of new technologies: increase efficiencies, adapt to new industrial technologies

4. Security

New chemical synthesis: new materials, nanomolecules

The journey continues

Since Ardian left, Italmatch has continued to follow the path towards sustainability, with the April 2019 acquisition of Eco Inhibitors, a Norwegian firm that has developed solutions to produce ecofriendly hydrate inhibitors, or the acquisition of the RecoPhos Project Technology in January 2020. This transaction reaffirms Italmatch's commitment to promote the circular economy as a business practice, in particular in its core business of phosphorus derivatives.



12%

OF THE GROUP'S PRODUCTS CONTRIBUTED TO HEALTH AND SAFETY IN DEVELOPING COUNTRIES AT THE END OF 2018.

We re-designed our approach
to buyout to foster this change.

—

WE CALL IT
sustainable buyout.

A new segment in sustainable investment

Sustainable Buyout bridges the gap between impact investing and ESG integration. Sustainable Buyout is structured to invest in companies that are not social businesses but still produce positive externalities. This new investment practice offers an effective way to envisage sustainable change on a large scale.

ESG integration

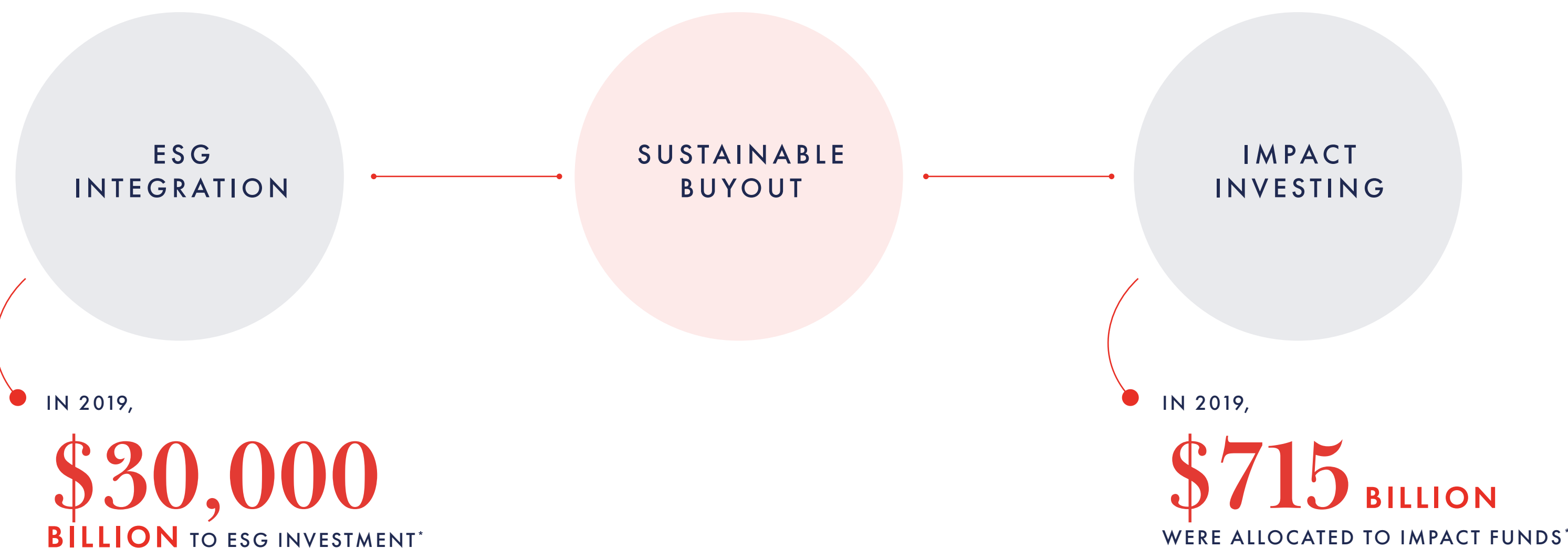
Considering environment, social and governance criteria in investment analysis and engaging on corporate responsibility during portfolio monitoring.

Sustainable Buyout

Incorporating sustainability at the core of company transformation in order to shape high-performing and resilient business models providing measurable impacts on society and the planet.

Impact investing

Investing in companies resolving social and environmental challenges.



*Source: GIIIN Annual Survey 2020, Global Sustainable Investment Alliance 2019.

Sustainable Buyout: big step, large scale



Established in a broader market than the impact niche, more demanding than ESG integration, sustainable buyout is a powerful vector for change. By focusing on companies' potential for sustainable transformation rather than targeting companies exclusively providing solutions to social and environmental issues, it enables the transformation of traditional companies into more resilient businesses through long-term investment. Sustainable buyout allows investors to identify portfolio companies with potential for sustainable transformation and maximizes their positive impact while mitigating negative impact.

To properly assess the impact produced by its portfolio companies and the magnitude of the change they support, Ardian has created a Sustainability Measurement Methodology. This new model enables Ardian's teams to quantify, monitor and improve sustainable social and environmental contribution based on selected recognized frameworks.

Ardian's vision of Sustainable Buyout

Sustainable Buyout capitalises on the characteristics of buyouts - a significant minority or majority stake, active ownership and a mid-term investment horizon (typically 3-7 years) - to serve the economy, society and the planet while supporting the development of portfolio companies and bringing superior value creation for investors. Moving from a risk/reward to a risk/reward/impact vision, Ardian's team has designed an innovative methodology to support its goal of accelerating positive change in promising companies while harnessing social and environmental drivers. Ardian sees Sustainable Buyout as:

TARGETED

a continuously highly selective investment approach enhanced by the assessment of potential for social and environmental impact, delivering top performance.

TRANSFORMATIVE

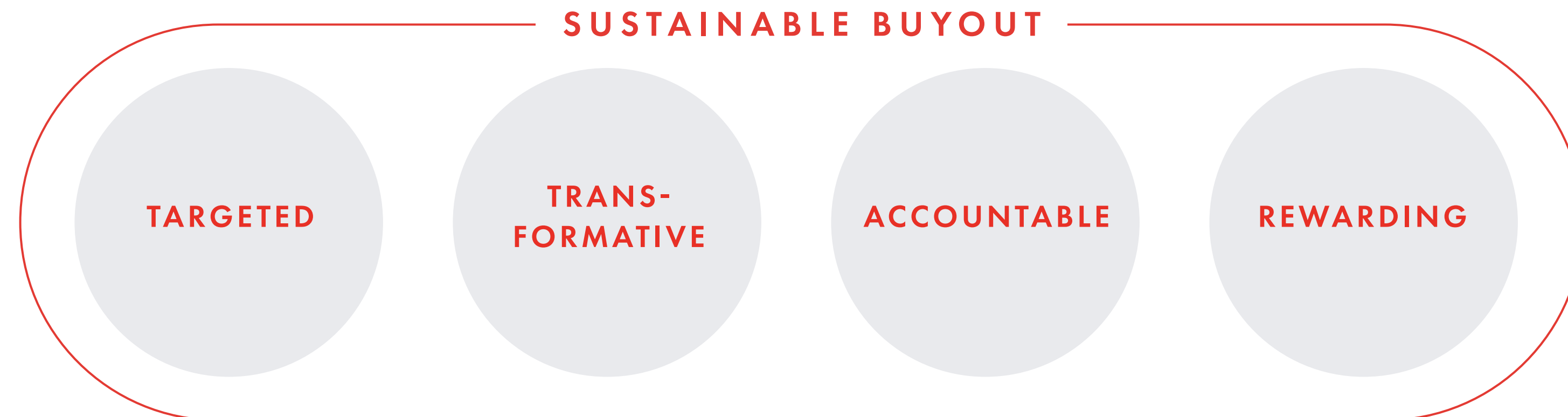
scale a broad spectrum of companies into sustainable and resilient businesses that meet the long-term societal and economic interests of all. Leverage governance and external ecosystem to fuel this transformation.

ACCOUNTABLE

demonstrate and quantify all material impacts, positive and negative, throughout the entire value chain of the portfolio companies.

REWARDING

generate high social and financial performances that reward all stakeholders, including employees through profit-sharing schemes.



[See page 22 the story of Kersia](#)

Ardian Sustainable Buyout characteristics in practice



TARGETED

a continuously highly selective investment approach enhanced by the assessment of potential for social and environmental impact, delivering top performance.



"Sustainability is key concern for us when selecting a deal. First and foremost, because it matches our ethical convictions as an investor: simply put, we want to invest in companies that do not harm the planet. Yet it is a choice that also makes sense from a financial performance and liquidity perspective, as we believe that companies that don't consider this dimension will lose value in the future. What is more, our goal is not merely to invest in exemplary companies. We also want to support businesses that are not yet on a pathway to sustainability, helping them to transform themselves by, for example, refocusing on activities that have a sustainable approach. Sharing the same philosophy as management is critical to this: once we are on the same wavelength, we can jointly build a trajectory towards greater sustainability, no matter what sector a company operates in."

GUNNAR CRESTIN

Director Ardian Buyout

ACCOUNTABLE

demonstrate and quantify all material impacts, positive and negative, throughout the entire value chain of the portfolio companies.



"Working with Ardian, we are progressively stepping up our analysis and reporting to measure our social and environmental impact on the value chain. This is our fourth annual review after beginning the cycle five years ago.

The reviews provide a regular snapshot to show how we are progressing in terms of our strategic thinking and how far we have come. The prism through which we conduct our assessments has changed over time: this year, the main focus is impact. This helps us to keep our eyes open, take a step back and consider the bigger picture."

ANNE-MARIE BOUTEILLER

Group Procurement & Sustainability Director,
Member of the Comex at Solina Group

Ardian Sustainable Buyout characteristics in practice



REWARDING

generate high social and financial performances that reward all stakeholders, including employees through profit-sharing schemes.



"I have a strong conviction that across the last twenty years and more than 80 deals completed our buyout team has developed a unique blend of experience and "savoir faire" that today allows us to be the preferred choice for

a successful entrepreneur who is looking for a trustful partner for a new phase of growth in their companies. Our objective has been always to put in place a respectful and efficient governance system, incentives not only for top management but also for all employees, effective ESG policies, transforming strategies for dynamic growth... Beyond traditional operations that align interests mostly with the management, Sustainable Buyout has a broader ambition to reward all team members that participate in the effort of value creation. Sustainable growth is a collective vision and must be a collective success.

Since our basic DNA is all about taking a partnership approach, Sustainable Buyout represents a natural and healthy evolution for us."

NICOLÒ SAIDELLI

Member of Executive Committee, Head of Ardian Italy,
Managing Director Ardian Buyout



"It was interesting to note that continuous attention to the human factor was something that we shared with Ardian. We both believe that the company must demand commitment and results but must always be available to help

and understand any special needs of its employees.

This shared attitude helped to strengthen the ties within the structure and give rise to a unique corporate culture, which was our common goal.

It was particularly evident at the exit, when we achieved a substantial reward. In this situation we agreed with Ardian to allocate a significant part of the capital gains to our employees. Furthermore, these rewards were much larger than the rare profit-sharing payments reported in the financial media."

GINO DEL BON

CEO of Bruni Glass

Transforming a business model

CASE STUDY KERSIA



Ardian originally acquired the french company Hypred, a chemical company producing disinfecting products for food and farm, in November 2016 as a platform to create a unique food safety group, via the implementation of an active buy-and-build strategy, a customer-centric organisation and a focused innovation program. Following a merger with Antigerm in April 2017, Kersia was born with a clear mission: Inventing a Food Safe World. Kersia is now a global leader in biosecurity and food safety, selling solutions and services to prevent diseases or contamination at every stage of the food value chain.

100%

OF KERSIA'S PRODUCTS CONTRIBUTE TO REDUCING HEALTH AND SAFETY RISKS



TRANSFORMATIVE

scale a broad spectrum of companies into sustainable and resilient businesses that meet the long-term societal and economic interests of all. Leverage governance and external ecosystem to fuel this transformation.

Assessing the group's impacts and risks

Kersia's products are mainly hygiene and infection control solutions aiming at ensuring food safety "from the farm to the fork". The group worked with Ardian to shift its business model and reduce its negative impacts while reinforcing its existing positive impacts and ethics regarding access to safe food, access to drinkable water, and good health. To implement social innovation at every level of its organization, Kersia is now part of the League of Changemakers powered by Ashoka.



Kersia's refocused model resulted in:

A strong governance system and large employee shareholder base

Kersia has put in place a strong Supervisory Board with external board members who are experts in various key areas like life sciences, farming and food safety.

A Human Resources Committee is regularly following key metrics around diversity and employee ownership. Today, more than 100 employees have invested in the project. This promotes full backing of the project by employees as well as responsible, collaborative and participative management.



Transforming a business model

CASE STUDY: KERSIA



TRANSFORMATIVE

scale a broad spectrum of companies into sustainable and resilient businesses that meet the long-term societal and economic interests of all. Leverage governance and external ecosystem to fuel this transformation.



A Corporate Social Responsibility has also been created and the company has set up a program called "Act for Positive Impact", with a specific focus on the circular economy (reduce packaging and protect water). It aims at promoting the United Nations' Sustainable Development Goals.

A new line of green products

20% of Kersia revenues come today from green and eco-friendly solutions.

This new line has a neutral impact on the environment, and creates value for Kersia's clients. It allows them to reduce water consumption by an estimated 20% as fewer rinsing steps are needed.

Beyond "green products", the company works also on bacteria-based disinfection solutions with an internal strain database of more than 2,000 different bacteria. Such solutions would then be "chemical free".

New technologies and digital solutions

The group has developed or acquired new technologies (including prevention of biofilms, enzymatic solutions and biotechnologies) as well as digital tools to use predictive analysis to enhance food safety and optimize solutions.

20%

OF KERSIA REVENUES COME TODAY FROM GREEN AND ECO-FRIENDLY SOLUTIONS.

Transforming a business model

CASE STUDY KERSIA

Kersia has built key partnerships with several university research centers, schools and start-ups and has notably become a key partner to Connecterra, a leading artificial intelligence platform dedicated to the agriculture industry. This digital approach allows Kersia's clients to progress towards predictive reasonable use of disinfection solutions while maintaining or enhancing their facilities' productivity and hygiene requirements.

Targeted acquisitions

Kersia relies partly on acquisitions to accelerate its sustainability journey. The most recent examples are the acquisition, in July 2019, of Choisy Laboratories, a leading Canadian developer and manufacturer of biotechnological and biosecurity hygiene solutions, and the acquisition in May 2020 of Holchem, a leading UK food safety group.

New funding sources

This business model shift gave Kersia access to new forms of funding dedicated to green projects, which the group could not access before.

TRANSFORMATIVE

scale a broad spectrum of companies into sustainable and resilient businesses that meet the long-term societal and economic interests of all. Leverage governance and external ecosystem to fuel this transformation.



"Against a backdrop of climate change, higher rainfalls and warmer temperatures raise the risk of foods becoming contaminated with pathogens. To adapt, we need to reinvent our solutions. We are moving from a 100% chemical-based model to a model that blends sustainable chemicals, biotechnologies and digital experiences. Ardian enabled us to acquire the companies that we needed to achieve our goals, and access a network of experts specializing in areas where we needed to make progress."

SÉBASTIEN BOSSARD

CEO of Kersia

A new milestone that opens up fresh possibilities

Q&A WITH •



PHILIPPE POLETTI

Member of the Executive Committee, Head of Buyout, Chairman of the Sustainability Committee

Years of experience accompanying companies and people have led Philippe Poletti to identify key areas of change. He talks about the fresh possibilities opened up by the Sustainability Measurement Methodology designed by Ardian to support Sustainable Buyout, and about his plans to make the most of this methodological leap forward.

Q: What does the new Sustainability Measurement Methodology offer for buyouts?

A: The buyout segment has been at the heart of our sustainability approach for years. We first began trialing ESG reviews in this portfolio back in 2009.

Those tests were successful and went down well with management teams, who were also part of the assessments. Our new system represents a methodological leap forward. By assessing the impact of each company independently of its sector of activity, this methodology provides us with a precise vision of our sustainability contribution at portfolio level. At the same time, it enables us to analyze more accurately the potential scope for improvement and thus better assess both the scale of the change we can bring to a company and what is effectively achieved during the holding period.

Q: Why do you include the entire value chain in the analysis?

A: Including downstream and upstream aspects ensured the methodology was closer to companies' core businesses and resonated more with management teams. This was an important step: not only does it give us a more accurate view of the actual contribution of companies to environmental and social issues beyond their organization, it also helps in getting teams onboard in the analysis and increasing their involvement in the impact measurement process. Seen from this perspective, sustainability aspects become an even more critical driver of change.

A new milestone that opens up fresh possibilities

Q&A WITH

- **PHILIPPE POLETTI**
Member of the Executive Committee,
Head of Buyout, Chairman of the
Sustainability Committee

Q: Can a sustainable Buyout fund invest in any industry?

A: Of course there are sectors in which we do not invest. Nevertheless we want to support change at the largest number of companies in order to have the greatest possible impact. This system allows us to identify the areas where there is the biggest potential for change, even if the industry in which a

company operates does not provide immediate solutions to social or environmental challenges. The strength of our assessment methodology is that it can be applied to the largest possible number of companies, while also allowing us to identify specific challenges and areas of improvement for each firm. The system was built to be highly scalable.

The strength of our assessment methodology is that it can be applied to the largest possible number of companies, while also allowing us to identify specific challenges and areas of improvement for each firm.

Ardian's Sustainability Measurement Methodology

How can we assess the sustainable contribution of our companies in the fairest and most diligent way? Answering this question was at the root of Ardian Sustainable Buyout approach and led us to design a methodology that is:

UNIVERSAL

can apply to any company whatever its industry, size, geography or maturity.

HOLISTIC

provides a complete vision of all the material positive and negative impacts that the company's value chain activities may have on the planet and society in both the short and long term.

RIGOROUS

based on materiality, the methodology provides an in-depth analysis that avoids any pick and choose topics among only favorable indicators.

"This new methodology is an important step for us as it provides the analytical framework that transforms Sustainable Buyout from a promising concept into a practice with demonstrated results."

CANDICE BRENET

Head of Sustainability, Managing Director at Ardian

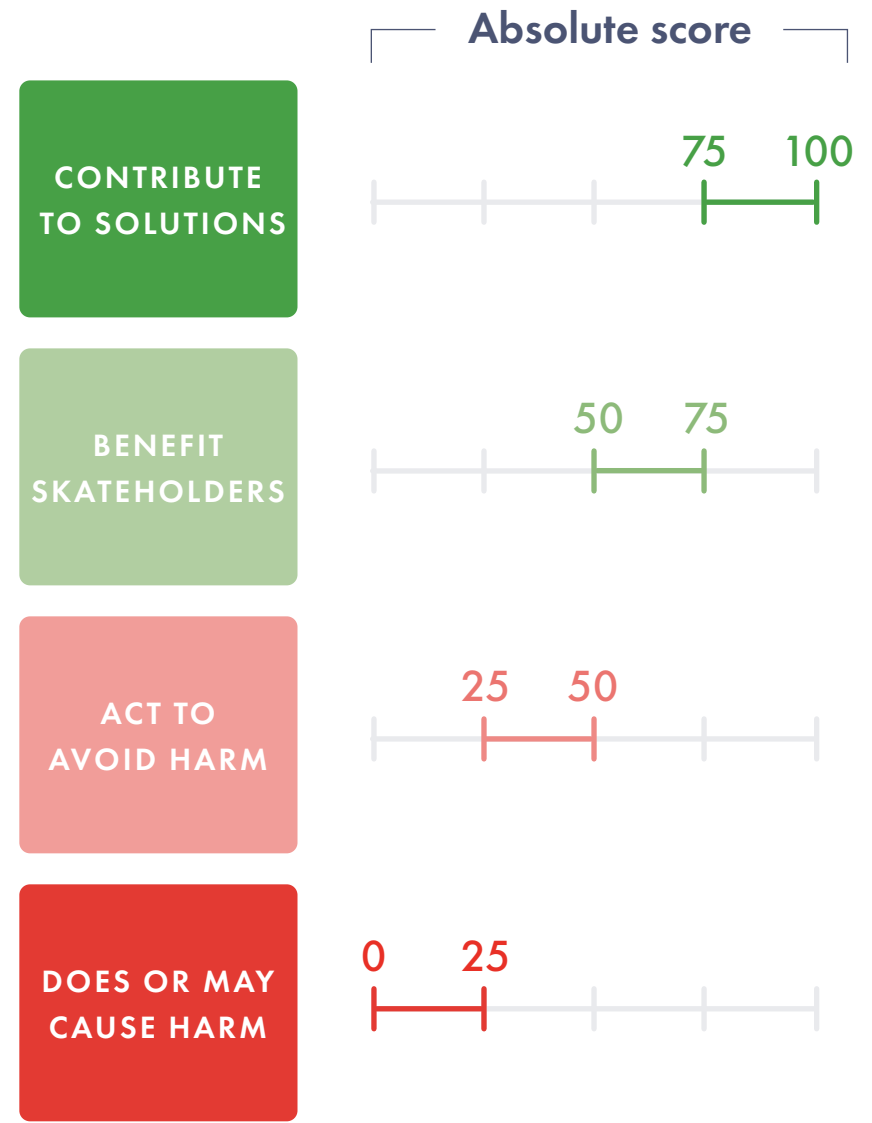
Two strong methodological choices

#1

Combining an absolute score capturing real impact produced with a relative score quantifying the sustainable performance within the industry.

The absolute score

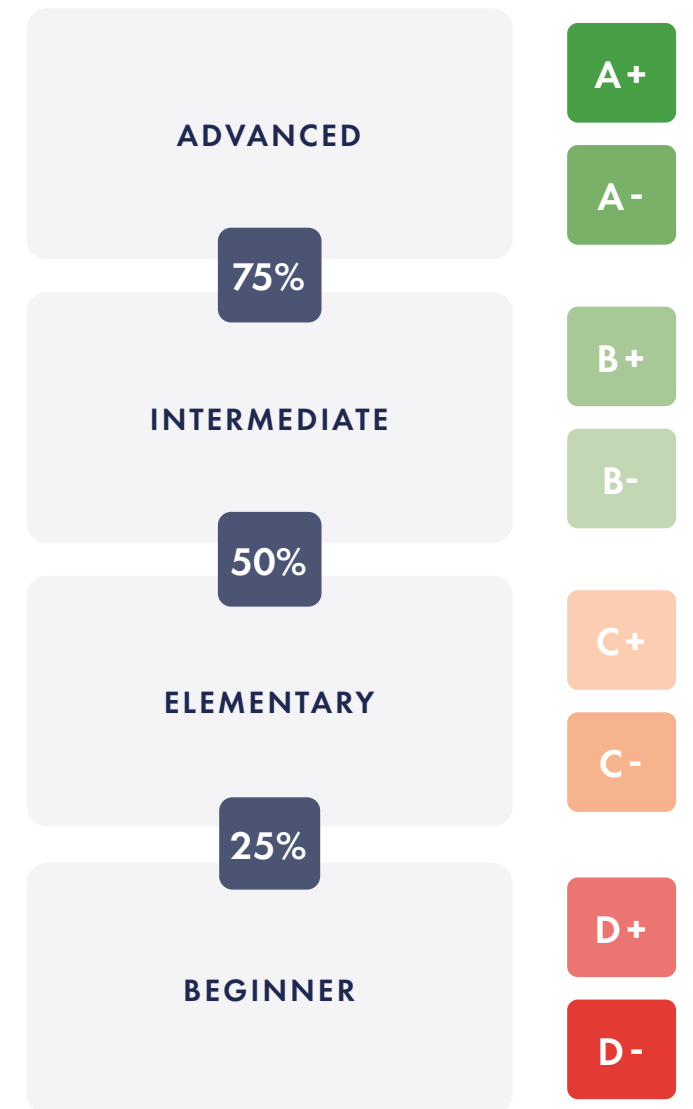
shows where the company stands regarding the society as a whole, no matter in which industry it operates. This snapshot at time t also enables Ardian to assess the impact of its portfolio and compare the sustainability performances of its investments. The scoring of the absolute range goes from 0 (negative impact) to 100 (positive impact) with a medium of 50 as neutral contribution.



The relative score

The relative score quantifies the performance of a company based on its maturity level (from beginner D- to Advanced A+) within its industry sector. This score is the ratio between the absolute score and the highest possible score based on its industry and business model.

Sustainability maturity scale



Two strong methodological choices

#2

Equal weight given to each part of the value chain

Equally weighting each part of the value chain - supply chain, operations and products & services – allows us to measure the impact of a company not as an isolated entity, but as an actor operating within – and influencing – a wider ecosystem.

Taking account of the entire value chain allows us to quantify impact in a more holistic way. The analysis includes raw material producers and suppliers in the overall discussion, evaluation of the operations and process, and recognizes the fundamental nature of the

company with the potential positive or negative impacts of its products and services on people and the environment. This expanded vision of the company, closer to business reality, is leveraged to provide ambitious support for the transition to a sustainable model.



"Previously, we assessed companies' ESG performances relative to their operating sector. With this new methodology, we have extended our assessment by including an absolute score that reflects the impact of a company regardless of its industry sector. We are now gaining a far more comprehensive grasp of the contribution that each company in our portfolio makes to social and environmental issues."

CANDICE BRENET
Head of Sustainability,
Managing Director at Ardian

Engaging in a sustainable supply chain

CASE STUDY: SOLINA

SOLINA IMPORTS

11,000

DIFFERENT RAW MATERIALS COMING FROM 100 COUNTRIES



		ZERO HUNGER	GOOD HEALTH AND WELL-BEING	DECENT WORK AND ECONOMIC GROWTH	RESPONSIBLE CONSUMPTION AND PRODUCTION	CLIMATE ACTION
SUPPLY CHAIN	1 RAW MATERIALS	SUSTAINABLE AGRICULTURE	—	—	FIGHT AGAINST FOOD LOSSES	—
	2 RESPONSIBLE PROCUREMENT	SUPPLIERS' FOOD SAFETY STANDARDS	—	HUMAN RIGHTS MONITORING ACROSS THE SUPPLY CHAIN	RESPONSIBLE PROCUREMENT APPROACH	—
	3 CLIMATE RELATED RISKS IN SUPPLY CHAIN	FAIR TRADE INITIATIVES	—	—	—	CLIMATE-RELATED RISKS IN THE SUPPLY CHAIN

Ardian acquired Solina in December 2015. Solina is a worldwide leading solution provider for the savoury food industry. The group imports many natural ingredients, such as pepper, salt, paprika, onion, garlic or parsley, from around the world.

Integrating the supply chain in a sustainability process

Solina's supply chain is key to its global sustainability project, because it is part of a much broader value chain: Solina imports 11,000 different raw materials coming from 100 countries and serves 20,000 clients in 75 countries. Key sustainability

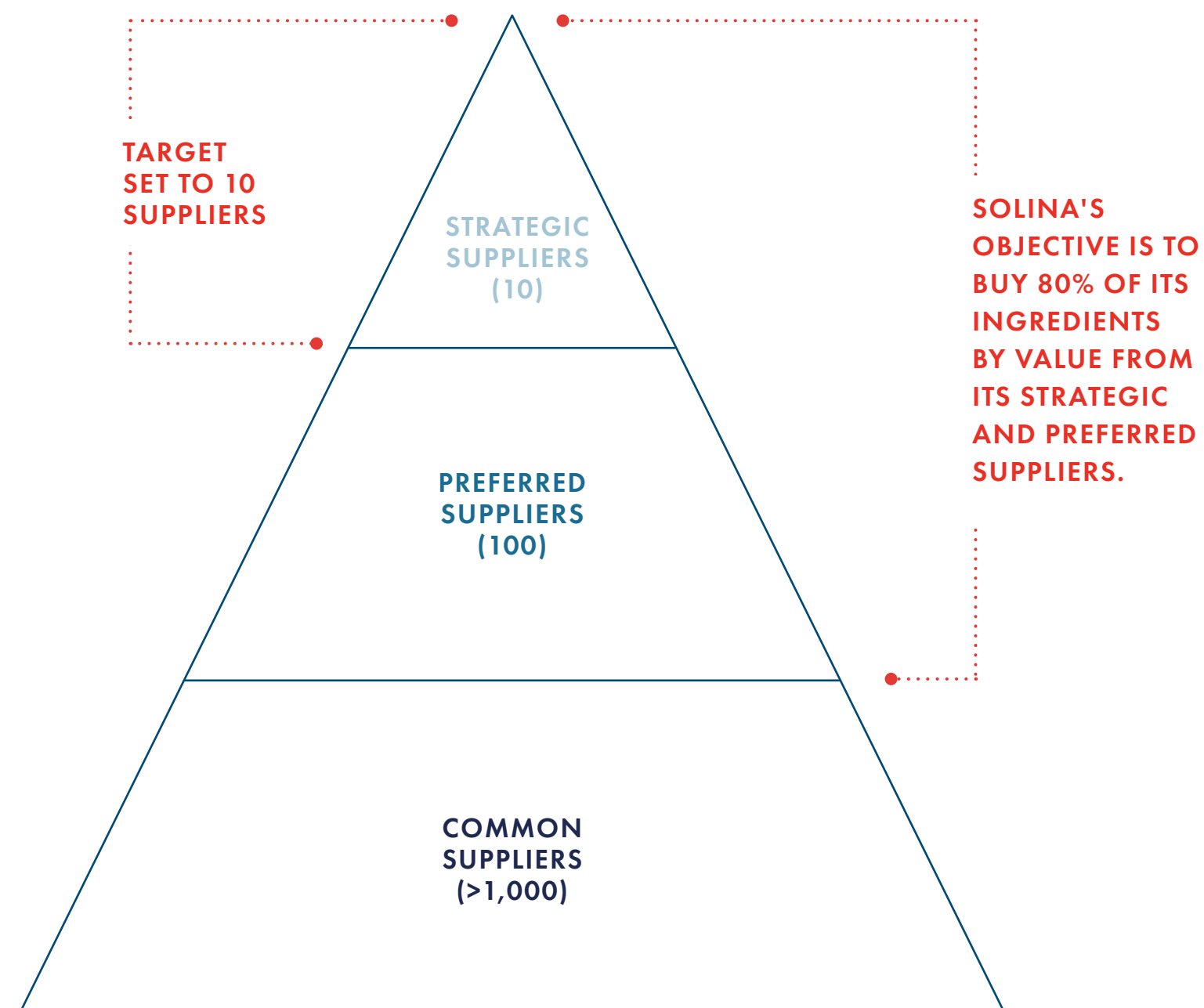
concerns regarding raw material relate to traceability, food safety, quality (microbiological contamination, residues, toxins, heavy metals) and social responsibility (no child labor, fair trade).

Raw materials account for 2/3 of Solina's annual purchasing budget

and the company works with more than 1,000 suppliers. To ensure responsible procurement, Solina has decided to rationalize its suppliers to reduce intermediaries and better control its supply chain.

Engaging in a sustainable supply chain

CASE STUDY SOLINA



The group has identified 10 strategic suppliers that have a strong business ethic and 100 that are ahead of their competitors regarding sustainability.

After five years of rationalizing, 80% of Solina's raw materials now come from preferred or strategic suppliers and the remaining 20% is gradually being transferred to them.

Engaging in the industry

In October 2018, Solina was co-opted as a member of the Sustainable Spices Initiative. As a member of this organisation, Solina committed to achieve or exceed 10% absolute growth in sustainable sourcing for its top 3 products (pepper, onion and paprika) by 2021.

In 2019, fields co-created with the Indian spices supplier Olam started production. The fields are dedicated to pepper and ensure that EU specifications and sustainable practices are met. They will reach full capacity in 2021, allowing for 100% of responsible sourcing.



"The supply chain was our first focus in Solina's sustainability

journey, because it is where we had the greatest impact. In 2019, we extended the sustainability project to health and safety, through a diagnosis of each of our 21 plants. Ardian's measurement has helped us to move forward our discussions at a strategic level, but also to measure what had already been accomplished. The sustainability team at Ardian also provides us with other companies' good practices and access to high level experts who help us change faster and better."

ANNE-MARIE BOUTEILLER

Group Procurement & Sustainability Director, Member of the Comex at Solina Group

Filling a gap in sustainability measurement

Q&A WITH •



EMMANUEL PARMENTIER
Partner at INDEFI

To create its new methodology, Ardian partnered with INDEFI. Emmanuel Parmentier explains the key principles that define the system and how it can apply to companies across all industries.

Q: Private equity investors have analysed ESG criteria for many years. Why a new methodology?

A: Ardian wanted to create a methodology that would fit its vision of Sustainable Buyout. There is a lack of consensus in the private equity market on how to quantify and monitor impacts on sustainable development. With this new methodology, we adapt tools that were designed for impact

investing to capture and maximize the social contribution of companies, no matter what their purpose.

Q: How does it differ from an impact fund approach?

A: Impact funds tend to target very specific industries or types of companies, and therefore have tailor-made methodologies for these situations. Ardian, however, invests in nearly all sectors and industries, so the methodology we built needs to address a wide range of sustainability challenges. But these two approaches share the same objective to be as robust as financial and strategy analysis.

"There is a lack of consensus in the private equity market on how to quantify and monitor impacts on sustainable development.

Therefore, Ardian's Sustainability Measurement Methodology is a tailor-made methodology that has been used since 2019 to monitor the Buyout portfolio companies"

Building on three recognized international frameworks

To build our methodology, we carefully looked at the tools deployed by sophisticated impact funds. Leveraging their experience and knowledge, we blended their recognized frameworks with ours and with the UN framework in order to finally shape the tool that we needed.

1. Sustainable Development Goals (SDGs): a universal framework providing precise and ambitious targets

The 17 SDGs and their 169 targets were created by the United Nations for the 2015-2030 period. Despite not being designed for the private sector, they are increasingly used by investors and corporations. They are now recognized as a common lan-

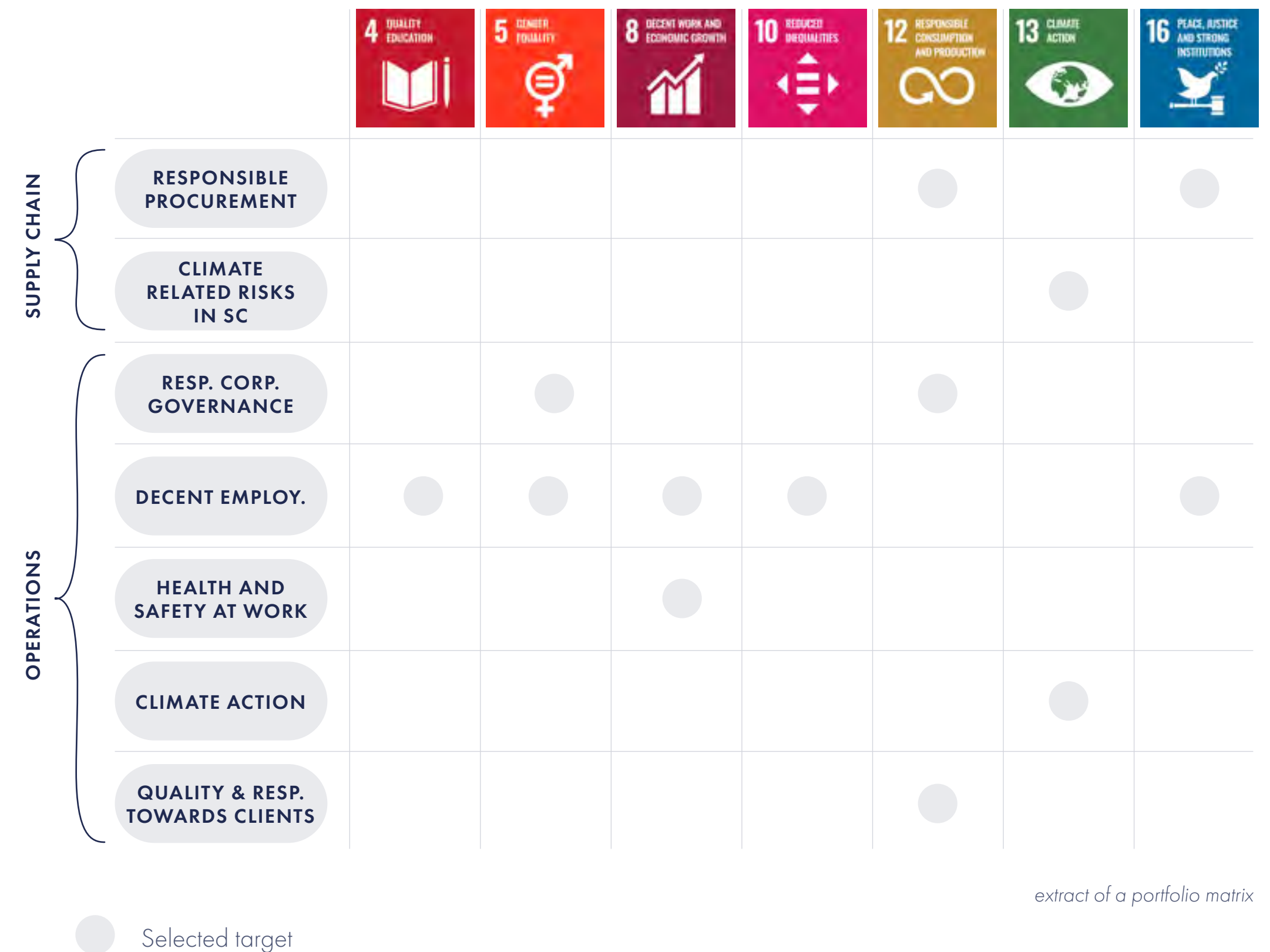
guage for sustainability action. The UN reported in a recent survey that 81% of corporations used the SDG framework to report their ESG performance. (United Nations Global Compact. Progress Report 2019 based on 1,584 companies)

Ardian's methodology links each sustainability theme identified for a given company to one or more SDG targets. Hence, each portfolio company can have a clear vision of their contribution against this recognized framework. At Ardian level, it will consolidate portfolio commitment regarding UN SDGs.

"The SDGs provide comprehensive common standards that are understandable to all stakeholders"

CANDICE BRENET

Head of Sustainability, Managing Director at Ardian



Engaging in responsible consumption and production

CASE STUDY: DRT



A world leader in plant chemistry, DRT produces pine-based ingredients for a variety of end-markets, including Fragrances, Health & Nutrition and Hygiene. Headquartered in France, it makes c.80% of its turnover overseas and has production sites in France, the US, India and China. Acquired in 2017 from its founding families, DRT was sold by Ardian in 2020 to Firmenich.

Identifying relevant Sustainable Development Goals (UN SDG) and targets, setting goals and measuring achievements

During its journey towards sustainability, DRT has made huge efforts regarding responsible consumption and production, which corresponds to the UN SDG 12. For this specific goal, several targets were found relevant for DRT and adapted to the company's activity.

c.80%

OF ITS TURNOVER OVERSEAS

Engaging in responsible consumption and production



CASE STUDY DRT

Ensuring responsible sourcing

DRT has a vision of sourcing plant feedstock while promoting a sustainable circular economy and lasting relationships with suppliers. In 2019, 70% of DRT's manufacturing purchases were plant feedstock that were from FSC or PEFC-certified

forests. In its process, DRT recycles waste from the papermill industry to re-use and transform as raw materials. This mechanism saves 95% of waste recovered. DRT's credo is to manufacture as close as possible to resources. This is why DRT applies a sustainable, controlled purchasing policy, notably

by reducing the transport of feedstock and thus its environmental impact.

A technical support R&D professional was hired in the procurement team to develop partnership programs with main suppliers in order to improve their productivity, resulting in better quality bio-based by-products for DRT. In total, 10 partnerships were implemented in Europe and 5 in the US.

Monitoring suppliers' practices

In 2019, DRT assessed CSR performances of 100 of its suppliers with the CSR rating platform EcoVadis. Overall, 90% of DRT's suppliers have an environmental certification. Their performances were evaluated on four levels: environment, labor, fair business practices and suppliers. They obtained an overall score of 57.8 with a significant performance on the environmental level (61.9). For comparison, the average EcoVadis overall score is 42.4, and the environmental score is 42.9.

Engaging in responsible consumption and production

CASE STUDY: DRT



Reducing waste and energy consumption

In 2015, DRT integrated its energy needs in the industrial production process. Today, three sites in France use by-products from the group or the forestry industry to fuel their boilers or steam generators. In 2016, DRT France launched a project with the Nouvelle Aquitaine region to improve energy efficiency at its production sites. In the contract, DRT committed to reduce its energy consumption by 15% at its three Nouvelle Aquitaine sites by 2020, project by project. It also

aimed to keep the share of renewable energy above 60%. In 2019, 73% of DRT's energy was renewable (with 91 GWh self-produced renewable electricity) and 92% of its waste was recycled. DRT notably equipped its sites with biomass power plants which reduce drastically the environmental footprint of its activity and increase energy efficiency. Powered by renewable biomass, they reach an energy efficiency of 69% (against 35% for a traditional power plant) with no carbon fossil emissions.

IN 2019,

73%

OF DRT'S ENERGY WAS RENEWABLE

92%

OF ITS WASTE WAS RECYCLED.

Building on three recognized international frameworks

2. Impact Management Project (IMP): a recognized framework to measure sustainability performance

Ardian's methodology has been inspired by the Impact Management Project, a forum bringing together a community of over 2,000 organizations whose goal is to come up with solutions for how to measure, manage and report impact. Ardian is using the two frameworks of the IMP. The first comprises a set of questions assessing five dimensions of impact – What, Who, How much, Contribution, and Risk – which are used to understand

the nature of a given impact and relate it to potentially affected stakeholders. However, Ardian decided to use only the 3 first dimensions (What, Who, How much) for its analysis in order to stay focused on the company contribution independently of Ardian's involvement. The second is a classification of impacts: "Does or may cause harm; Act to avoid harm; Benefit stakeholders; Contribute to solutions". This classification helps Ardian to position companies in its portfolio by their real contribution to society.

"IMP is a rampart against greenwashing: it promotes a very rigorous approach towards impact measurement. Even if IMP frameworks have been primarily designed for impact funds, their analysis grid is relevant to assess sustainability across a wider range of investment activities."

CANDICE BRENET

Head of Sustainability,
Managing Director at Ardian




Building on three recognized international frameworks

3. Employing the Theory of Change to foresee long-term consequences on society

By making a clear distinction between outputs, outcomes and impact, the theory of change allows Ardian's methodology to go beyond immediate changes and solutions and integrate long-term

trends. As a long-term investor, our final goal is this long-term impact. The theory of change, which recognizes the externalities linked to each stage, provides a practical look at the relationship between inputs and results.

As applied to SLV, a designer and distributor of interior and exterior light systems.

INPUTS		OUTPUTS	OUTCOMES	IMPACT
Resources and capital deployed to achieve impact goal	Product, service or project developed to support impact objective	Immediate results from activities that are undertaken	Initial change observed on individual or environment	Long-term consequences for society and the planet
Investment in R&D and marketing for the development of LED lights	Launch of a new product line of LED allowing energy savings at clients' facilities	~ 60,000 products sold (estimation based on 3 relevant products) in 2018	Avoidance of GWh of electricity at clients' buildings ~ 5,000 TCO2 avoided	Decreasing CO2 emissions of the building sector (responsible for ~17% of global GhG emissions) Relevant SDGs:   

This methodological work will impact our entire business as an investor

Q&A WITH •



Head of Sustainability at Ardian, Candice Brenet discusses the stages that went into building the new methodology and talks about possible future developments, notably in terms of application to other group portfolios.

Q: How might the Sustainability Measurement Methodology impact Ardian's business?

A: The methodology was initially designed as a tool to monitor and support portfolio companies. But we see that it is also going to change our approach to deals in the pre-investment phase. The methodological work that we are doing will truly impact our entire business as an investor.

We have always wanted to offer a contribution that encompasses more than just economic performance, and this methodology lets us do that. Now, by driving and measuring change more accurately, we can go beyond recording short-term outputs.

Q: To what extent does this new methodology reflect Ardian's convictions as an investor?

A: Our measurement approach is not a mechanical one. Rather, the idea is to have a rigorous framework within which to conduct detailed quantitative and qualitative company analyses. Our methodology echoes the way

that we have always approached investing. By that I mean that it is a very human business, grounded in an individual analysis of the company and combined with discipline and real ambition. In terms of the methodology, this ambition translates into the absolute scores that we assign. We aren't going to say, "Of course this company pollutes – look at its sector," but rather "Is this an acceptable outcome for this firm, and can we do better?" Not everything is relative.

CANDICE BRENET

Head of Sustainability, Managing Director at Ardian

This methodological work will impact our entire business as an investor

Q&A WITH

- **CANDICE BRENET**
Head of Sustainability, Managing Director
at Ardian

Q: How is this system set to evolve?

A: Our Sustainability Measurement Methodology blends external contributions with a very bottom-up approach, as our starting point was a portfolio, specifically the buyout portfolio, which we used to develop a methodology based on identified needs. The short-term goal is to make the methodology more robust but also to test it out in other portfolios. We

are now a direct shareholder in more than 150 companies, but we are also invested in over 1,600 private equity and infrastructure funds worldwide, which hold tens of thousands of companies. We plan to gradually extend the methodology to our other portfolios, starting with our expansion and infrastructure businesses. At the same time, we are going to continue to glean insight from trials and market developments to expand our impact measurement approach.

We have always wanted to offer a contribution that encompasses more than just economic performance, and this methodology lets us do that.

Learning and sharing to take Sustainability further

Ardian has drawn inspiration from existing frameworks, to refine its Sustainability Measurement Methodology. Today, we are happy to share this work in order to contribute to the broader debate, as impact measurement is critical to coordinating the efforts of all economic stakeholders, from businesses and suppliers to customers, investors, and regulators.



"Public and private organisations measure different elements by different yardsticks. In order to harness the full potential of finance for sustainable development, we can't shy away from the urgent need for what [we call] "the impact imperative": a shared understanding of how we measure the impact of our collective investments in sustainable development. [...]"

JORGE MOREIRA DA SILVA

Co-operation Director at OECD Development

Source: Editorial: OECD (2019), Social Impact Investment 2019: The Impact Imperative for Sustainable Development, OECD Publishing, Paris



"Measuring impact is not only possible - it's essential. Big businesses will only integrate the new risk-return-impact model widely, when investors can reliably measure and compare their real impact. Impact measurement is essential for ensuring that resources flow to those businesses that best optimize impact and profit."

SIR RONALD COHEN

Chairman of the Global Social Impact Investment Steering Group

Source: On Impact: a Guide to the Impact Revolution, published in Dec 2019



"Investors are overwhelmingly telling us, through comment letters and petitions for rulemaking, that they need consistent, reliable, and comparable disclosures of the risks and opportunities related to sustainability measures, particularly climate risk. Investors have been clear that this information is material to their decision-making process. [...]"

ALLISON HERREN LEE

Commissioner at U.S. Securities and Exchange Commission

Source: "Modernizing" Regulation S-K: Ignoring the Elephant in the Room, a public statement made by Commissioner Allison Herren Lee on Jan. 30, 2020

The company of the future



THIBAULT BASQUIN

Head of Americas Investments
for Ardian Buyout Fund

With this new step forward, Ardian is equipped to identify and support companies offering the greatest potential for change, no matter what sector they operate in. We call them the companies of the future.

Whether they are recent creations or boast centuries of history, they all share the potential, through their transformation, to drive large-scale positive change. The Sustainable Buyout investment approach is geared precisely for these companies.

"We see the company of the future as a firm that makes a contribution to its ecosystem, and that looks out for all its stakeholders. You can find a company of the future in

any industry, as long as it is firmly resolved to improve its Sustainability contribution and has the wherewithal to share this resolve at every level."

Characteristics of the Company of the future

What will define tomorrow's leaders? After working with high-performing companies for more than 20 years, Ardian has identified key common traits that characterize the company of the future. Powered by new tools, the idea behind Ardian's new methodology is to accelerate the transformation of companies that are already or on track to become:

CONTRIBUTIVE

benefiting the planet, society and stakeholders through high-performing and sustainable business models.

RELIABLE

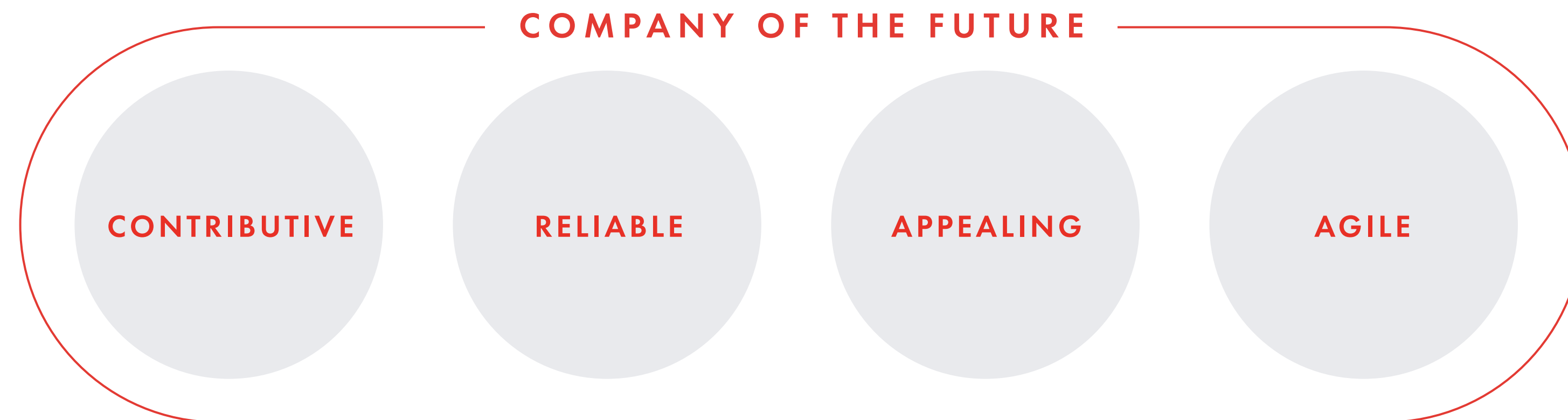
transparent to clients, employees, suppliers and financial partners regarding the company's positive and negative impacts.

APPEALING

able to naturally attract talent and win over consumers by integrating environmental and social challenges at every stage of the value chain.

AGILE

ready to embrace hybridized new models and feed on the experience of others to improve and adapt. Promoting inclusive and open thinking at every level of decision-making.



Characteristics of the Company of the future in practice

FROM ARDIAN AND ELSEWHERE



The Business Roundtable is an association representing the largest US companies. In August 2019, it redefined the purpose of a corporation from "corporations exist principally to serve their shareholders" to "corporations exist to enshrine a fundamental commitment to all of our stakeholders," putting customers, employees, suppliers and communities ahead of shareholders in the list.

*Source: As quoted from the Financial Times

Santé Cie (investment by Ardian in 2020):

Santé Cie is one of the French leaders in home medical assistance. In coordination with health-care professionals, Santé Cie installs specific medical equipment allowing patients to receive their treatment at home. Santé Cie also provides a set of complementary services that are useful for the smooth running of physician-prescribed care. Santé Cie's mission tackles increasing demographic and sociological issues such as an aging population, sedentary lifestyles and urbanization triggering chronic diseases. It also goes some way to addressing the current constraints on public health spending by avoiding hospitalization when possible. Thus, Santé Cie contributes to patient care improvement (regular follow-up, closer access to healthcare, increased patient support), avoiding collateral infections in hospitals and reducing patient stress.

CONTRIBUTIVE

benefiting the planet, society and stakeholders through performing and sustainable business models.



Aquafil:

The Italian manufacturer of synthetic fibres is best known for Econyl, a recyclable nylon fabric made from nylon waste. The company turns old fishing nets, carpets and the like into new swimsuits, watch straps and outerwear.*

Celli (investment by Ardian in 2019):

The Italian global leader in beverage tapping equipment and accessories is strongly active in the water sector through its water coolers, water dispensers and other drinking solutions. Its products limit the use of single use plastic bottles and promote reusable glasses.

Characteristics of the Company of the future in practice

FROM ARDIAN AND ELSEWHERE



Over 30,000 students across Europe, in France, Sweden, the United Kingdom, Spain, and Germany, have signed a Manifesto for an Environmental Wakeup Call that declares their determination to find jobs that will not accelerate the environmental crisis.

*Source: As quoted from the Financial Times

Milk & More:

Britain's largest doorstep delivery service for bottled milk and other locally sourced premium products, is owned by dairy supplier Müller. About 97 per cent of deliveries come in reusable, recyclable or compostable packaging. Since the start of 2019, Milk & More has gained 85,000 new customers.*

APPEALING

able to naturally attract talent and win over consumers by integrating environmental and social challenges at every stage of the value chain.



Grand Frais (investment by Ardian in 2017):

For 10 years, Grand Frais has been in the top ten annual OC&C** ranking of favorite brands in France, reflecting the efforts of this fresh produce supermarket chain to integrate sustainability into its business model. Grand Frais has succeeded in persuading 100% of its fruit and vegetable suppliers to adopt the French HVE label (Haute Valeur Environnementale).

**The OC&C Retailer Ranking is an international consumer survey that measures consumer perceptions of the world's leading retailers. (50k consumers in the annual survey)

Characteristics of the Company of the future in practice

FROM ARDIAN AND ELSEWHERE



AGILE

ready to embrace hybridized new models and feed on the experience of others to improve and adapt. Promoting inclusive and open thinking at every level of decision-making.

Frédéric Bardeau, chair and co-founder of Simplon and an Ashoka Fellow, describes how agility has become part of his group DNA:

"We are all basically geeks who want to make difference. Silicon Valley's coding bootcamps, which were designed to train people quickly to address the shortage of IT developers, are our inspiration. We have taken that method, made it free, and opened it up to reach new non-digital savvy groups. We spent two years figuring out our business model, which now allows us to scale

up at a steady pace. We have doubled in size annually for the last seven years and trained over 7,000 people in our 111 digital factories across Europe. We have pivoted countless times to identify new business models and seize opportunities. We have relied extensively on hybrid business, legal and tax approaches. Our scale-up model is extremely hybrid, combining proprietary, franchise, and open-source elements. And we continue to work on new models to boost our impact still further."

Simplon is a leading international network of digital factories providing intensive digital training courses to underprivileged individuals while contributing to local job markets.

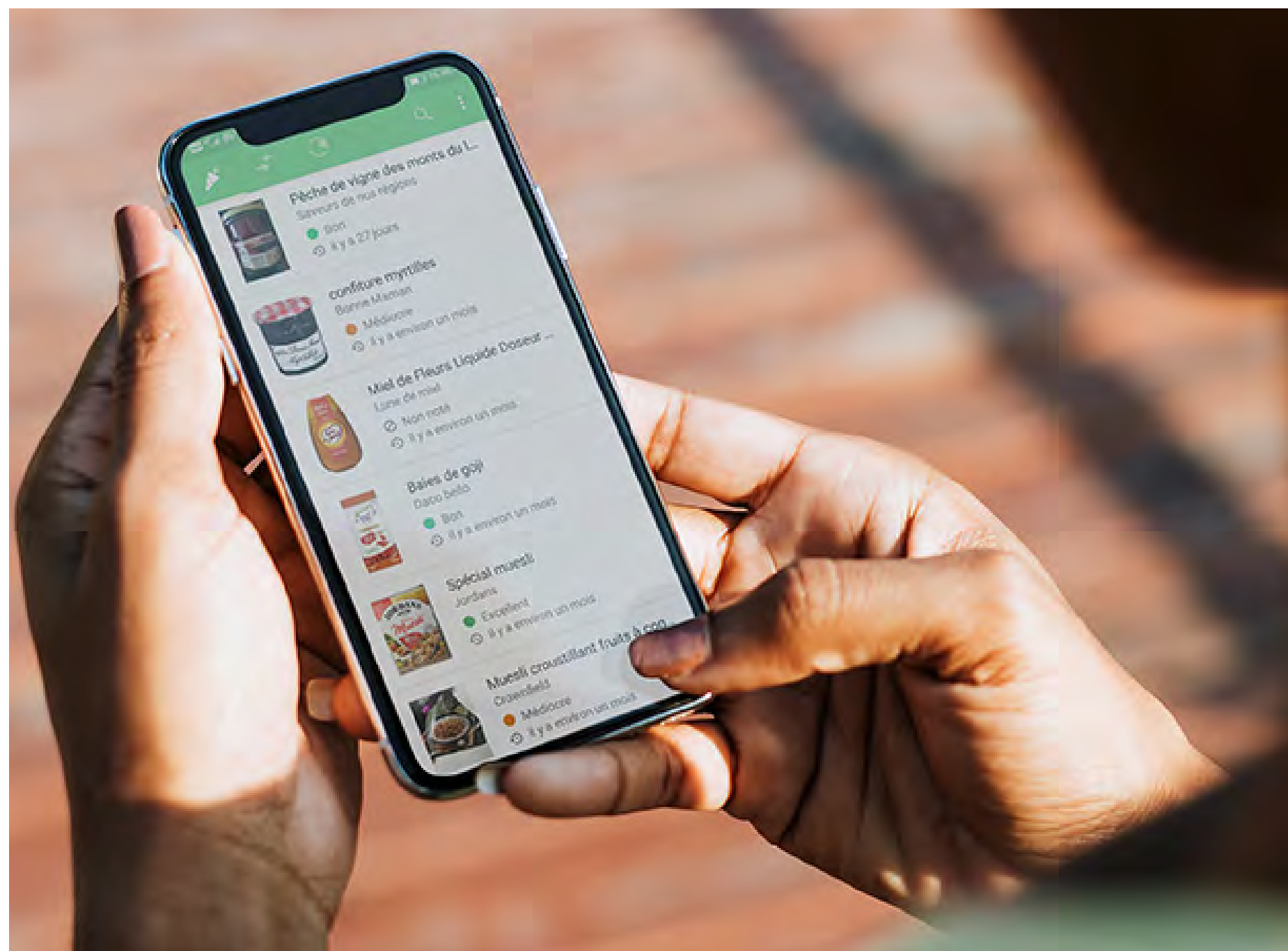


FRÉDÉRIC BARDEAU

Chair and co-founder of Simplon and an Ashoka Fellow

Characteristics of the Company of the future in practice

FROM ARDIAN AND ELSEWHERE



Interest is booming in apps such as Yuka (France), Giki App (UK), Code Check (Germany), which enable customers to scan retail products and analyze their health or environmental impact.

The Consumer Brand:

Farming cooperative initiative that first started in France. The idea is to enable consumers to set prices while paying producers more fairly. In the space of two years, the initiative has grown to include 7,000 members, 18 product families, and 5 million customers.

RELIABLE

transparent to clients, employees, suppliers and financial partners regarding the company's positive and negative impacts.



D&B (investment by Ardiان in 2016):

To ensure transparency and good practices with its stakeholder, D&B has developed a Code of Conduct, signed by all employees, that outlines expected behavior between the company, its employees and business partners. Meanwhile, the company has set up quarterly townhall meetings for all employees to keep them informed about what is going on in the company. On-site visits and interviews are organized with customers to meet expectations and needs.

"Companies are changemakers"

Q&A WITH •



ARNAUD MOUROT

VP – Ashoka Global Corporate Alliances
and Changemaker Companies

As a long-time partner of social entrepreneurs, Ashoka is convinced that mobilizing a global community and sharing innovative ideas can build a world where businesses greatly contribute to society. Arnaud Mourof, VP Ashoka, explains his philosophy and why he thinks companies can be changemakers.

Q: How can sustainable buyout companies be inspired by social entrepreneurs?

A: The point of bringing together two organizations such as Ardian and Ashoka is precisely to be able to build bridges between these two worlds, which at first glance seem so different. Social entrepreneurs can offer innovative solutions to society's

most pressing social, cultural, and environmental challenges. As entrepreneurs, they are ambitious and creative: their goal is to offer new ideas for change. Sustainable companies as Ardian defines them may not share the same social-oriented purpose, but they share the same will to contribute to solving major issues and be changemakers.

Q: At what levels of the business should the shift towards a more sustainable model take place?

A: There are drivers of change at every level and they apply equally to the organization and to all the firm's stakeholders, from employees

to shareholders, suppliers, and customers. When individuals and organizations cross old boundaries and align towards a shared goal, they are able to unlock massive amounts of social value. In the social entrepreneurship model, that social value often transforms into business value. Once again, hybridization is important in this process. Ashoka works together with companies, business advisers, business schools, and social entrepreneurs to advance companies, business models and scale-up impact. We are convinced that developing a mindset of "everyone-a-changemaker" is a key criterion for organizational success.

"Companies are changemakers"

Q&A WITH

● ARNAUD MOUROT

VP – Ashoka Global Corporate Alliances
and Changemaker Companies

Q: What are the keys to adopting a more sustainable model?

A: Every company can be a change-maker, by being connected to its ecosystem, dealing fairly with suppliers and offering employees an exciting work environment that is aligned with their convictions. Research has shown that employees who view their company as agile are more confi-

dent in its financial future. Agility also tends to increase trust between management and employees. That creates a new company culture and an organization that will be strongly prepared to tackle change. The key is to identify one main challenge that the company wants to address, and to set clear ambitions by putting it at the core of its strategy.

Sustainable companies as Ardian defines them may not share the same social-oriented purpose, but they share the same will to contribute to solving major issues and be changemakers.

Reinventing an organizational model

#1

HOME CARE SERVICES PROVIDER IN THE NETHERLANDS

65,000

PATIENTS ACROSS THE NETHERLANDS



CASE STUDY
BUURTZORG



Buurtzorg, an Ashoka Fellow, is a very unusual organization in a very traditional sector: medical care.

When it was created, the aim of its founder Jos de Blok was to improve the quality of healthcare. Dissatisfied with traditional home care organizations, he was convinced a more responsive, patient-centric system would lead to better quality care.

He created an organization **based on very strong pillars**: the patient and the nurse should be at the center of decision-making, nurses do not need more management, the role of administrative staff is only to ensure that outside matters do not interfere with the nurses' ability to complete their work.

This model led to a financially competitive model that also appeals to employees: Buurtzorg has been named the Netherlands' Best Employer four times in the last five years.

Key facts & figures

- **No. 1** Home care services provider in the Netherlands
- **70%** Market share
- **10,000** Nurses
- **65,000** Patients across the Netherlands

Reinventing an organizational model

CASE STUDY: BUURTZORG



Self-governing Nursing Teams

As the leading home care services provider in the Netherlands, Buurtzorg has developed self-governing Nursing Teams. With each team of five to twelve being completely free to choose its offices, to recruit new nurses, Buurtzorg promotes total autonomy, based on informed choices. Teams are thus encouraged to share their views to pool insights, to enable everyone to take the best decisions and to collectively improve the company.

Taking better care of patients

The results are impressive. Compared with the average home care organization, Buurtzorg's teams cut the number of hours of support needed by patients by 30% to 40%*. Patient satisfaction scores are 30 percent above the national average.

30%

PATIENT SATISFACTION SCORES
ABOVE THE NATIONAL AVERAGE

*Gray BH, Sarnak DO, Burgers JS. Home Care by Self-Governing Nursing Teams: The Netherlands' Buurtzorg Model, The Commonwealth Fund, May 2015

"Today, we have the ability to influence the course of events. We are bringing all of our expertise to bear as we support entrepreneurs and work towards the positive change that we all want to see.

We have an appointment with history and future generations. And we do not intend to miss it."

DOMINIQUE SENEQUIER

CONTENT CREATION BY *the* EDITORIALIST

THE EDITORIALIST'S TEAM OF EDITORIAL EXPERTS CREATE
CONTENT FOR COMPANIES AND ORGANIZATIONS.

