

December 14, 2018

Dear clients and colleagues,

Pollution control and waste management are key sub-themes in our portfolios. In order to reduce pollution and contain greenhouse gas emissions, we expect to see a growing number of citizen and consumers pressuring governments to impose stricter environmental controls. Consumers' increasing environmental awareness will certainly help expand waste and recycling activities worldwide.

More companies are also recognizing the importance of making products that incorporate environmental and health-related benefits. Not minimizing the environmental impact of their products can be devastating for brand owners. That is why we believe there is an immense market opportunity in sustainability labelling and packaging.

Earlier this year China decided to stop accepting plastic waste imports, and this has accelerated public discussions on recycling and waste. This new policy will have a significant impact since China represented almost half of the global recycling trade in 2016. As a result, Western ports are dealing with an increasing amount of their own waste. To react to this new reality, local recycling infrastructure in the western world will have to expand. Plastic recycling rates need to improve, and we believe there should be more applications and incentives to use recycled materials. We believe that new environmental initiatives will emerge.

As an example, the EU has adopted a new strategy to help face this environmental challenge. The European strategy for plastics in a circular economy will transform the way plastic products are designed, used, produced and recycled. This transition towards a circular economy will also help the EU reach important sustainable development milestones. As a result, we should see better-designed plastic products, higher plastic waste recycling rates and better quality materials that will help increase the market for recycled plastics.

This is good news, especially when we consider the severity of the contamination of our water and land. Indeed, according to the Ocean Conservancy, marine plastics are an important challenge. Plastic represent more than 60% of the debris entering our oceans. Only 9% of the 8.3 billion tons of plastic ever produced has been recycled, and experts estimate that total plastic production will more than quadrupled by 2050. Never before has the momentum for recycling and the adoption of a circular economy been as high as it is now. We believe that the overall environmental theme will intensify in the years to come, and Tomra, a company we own in our portfolios, will be a clear beneficiary.

Tomra is the world's leading manufacturer of sensor-based machines used for collecting and sorting waste. With an installed base of 82,000 reverse vending machines, Tomra facilitates the collection of more than 35 billion empty bottles and provides customers with an effective way of collecting, sorting

and processing these containers. It is a global leader in its field and has pioneered the automation of waste sorting. Half of its revenue is derived from collection, with the other half coming from sorting. The company generates 38% of its sales from North America, 47% from Europe and 15% from rest of the world. For its last fiscal year 2017, the company reported sales of US\$900 million and an EBITDA of US\$177 million. Over the last three years, the company has delivered an impressive 16% top-line growth.

Have a good weekend.

The Global Alpha Team