



ENVIRONMENTAL, SOCIAL, GOVERNANCE POLICY

Approved by the Board of Directors on June 6th, 2022

INTRODUCTION

Kyip Capital (Kyip) believes that incorporating environmental, social and societal, corporate governance, culture and ethics (“ESG”) impact considerations in its business decisions is essential to creating value for its stakeholders and to developing a more sustainable long-term strategy for its portfolio companies.

Kyip believes that financial and industrial investors have a moral obligation to minimize negative impacts on the environment and to maximize positive impacts on society through responsible investing, and that doing so creates a more appropriate risk-return profile for its investments.

In particular, in line with its own investment strategy, Kyip will identify specific actions in each potential digital transformation of its portfolio companies that will deliver an exponential ESG benefit.

To this effect, in 2021, Kyip has become a signatory to the PRI and it’s fully committed to applying its six Principles for Responsible Investment (www.unpri.org). Kyip will also become a signatory to the UN Global Compact (www.unglobalcompact.org) in 2021, and strives to implement the Ten Principles in the areas of human rights, labor, environment and anti-corruption through all its business activities.

As a company and as a team, Kyip acknowledges the Paris Agreement and we commit to evaluate in detail the climate change issues in our investment activities, keeping in mind and evaluating where it’s possible also the TCFD (Task Force on Climate-related Financial Disclosures) recommendations.

Kyip will continue to evolve and improve its sustainability program by actively participating in the global discourse on sustainability matters, increasing research and development spending in this domain, investing in the education and training of its employees, supporting the implementation of sustainable policies and procedures across its portfolio companies.

SCOPE

This policy relates to Kyip’s approach to managing its sustainability-related performance. This document should be read in conjunction with Kyip’s Responsible Investing Policy, which describes Kyip’s commitment to sustainability in general and approach to addressing material sustainability aspects throughout the investment lifecycle.

This policy applies to all private equity investments made by Kyip funds in accordance with local laws and regulations. Exception is made in the case Kyip is a minority shareholder and other cases when Kyip has limited ability to influence or control the integration of ESG considerations in the investment or it has no ability to assess or monitor ESG performance goals.

Overall, Kyip will make reasonable efforts to encourage its portfolio companies to apply ESG considerations whenever appropriate and relevant to their business.

ROLES AND RESPONSIBILITIES

The Head of Sustainability, as the ‘Sustainability Officer’, is the owner of this ESG Policy.

The manager and/or general partner of each Kyip fund engages its Investment Advisors, Kyip Capital, to support them in the evaluation and monitoring of sustainability aspects and sustainable practices. It is the Kyip’s investment team's responsibility to make sure that sustainability is considered and assessed during investment screening and due diligence as well as continuously monitored during the ownership period.

The investment team is responsible, with the support of the Head of Sustainability, for annually reporting on compliance to the ESG Policy.

Implementation and monitoring of the application of the policy and procedures ultimately rests with the appropriate

corporate governance body of each group company subject to it (portfolio companies).

All Kyip's employees are responsible for ensuring our policy activities, including those through third parties, are aligned with Kyip position on sustainable finance and with the Principles for Responsible Investments. To this end, all employees are informed about our responsible investment commitments.

ENVIRONMENTAL POLICY

Kyip acknowledges that its activities have an impact on the environment and aims to achieve continuous improvements in limiting this impact as far as possible.

To address key issues of environmental concern and to promote greater environmental responsibility, Kyip is committed to:

- Minimizing greenhouse gas emissions, including by:
 - Promoting the use of renewable energy;
 - Increasing the use of videoconferencing to minimize air travel;
 - Increasing the use of rail travel as opposed to air travel/use of private cars when appropriate;
 - Improving car fleet efficiency by adopting low carbon transport vehicle options;
- Reducing waste, increasing re-use and recycling, and encouraging circular economy principles; including by:
 - Eliminating, where possible, the use of products made from unsustainable natural resources (e.g. plastic bottles);
 - Procuring products that are made from sustainable sources or recycled materials or that are designed to be easy to reuse or recycle wherever practicable;
 - Efficiently using energy, water, manufactured products (e.g. paper) and natural resources;
- Engaging with employees across the company and the portfolio companies to promote environmental awareness and improve staff education and involvement.
- Actively working with suppliers and contractors to improve their sustainability performance, in keeping with this policy, including incorporating specific environmental requirements into its contracts with suppliers.

SOCIAL POLICY

Kyip aims to ensure fair labor and working conditions; to create a harmonious working environment; to safeguard the health and safety of all employees; and to promote the social development of the communities in which it operates. Kyip encourages a culture that values meritocracy, openness, fairness and transparency. At all times, Kyip will:

- Support and respect the protection of internationally proclaimed human rights, including:
 - For operations involving the relocation of employees for extended periods of time, ensuring that such employees have access to adequate housing and basic services;
- Endeavour to ensure the health and safety of employees and all associates by assessing work-related risks and taking appropriate actions to eliminate or reduce such risks;
- Allow consultative work-place structures and associations which provide employees with opportunities to present their views to management;
- Support the elimination of all forms of forced and compulsory labor;
- Support the effective abolition of child labor;

- Support the elimination of discrimination in respect of employment and occupation, including by:
 - Promoting equal opportunities and diversity by recruiting, developing and retaining the best talent from the widest pool; and
 - Recognizing, valuing and respecting its people for their skills, experience and potential regardless of gender, sexual, orientation, age, race, color, ethnic origin, religion or disability;
- Consider requests from any employee for non-standard working arrangements within reason (e.g. maternity/paternity/ parental leave);
- Encourage contributions of its employees to charities.

Kyip also encourages its portfolio companies to adopt sound social and ethical policies and to promote socially relevant projects through dedicated initiatives, and in particular:

- Adherence to local labor regulations, welfare and safety policies;
- Adherence to the national labor contracts as agreed by the major trade unions;
- no late payments of welfare contributions or any other irregularity about welfare regulations;
- Adherence of the retribution policies to the national labor contracts applicable to the specific industry.

GOVERNANCE POLICY

Kyip is fully committed to:

- Comply with all applicable laws and promote international best practice standards;
- Work against all forms of corruption, including extortion and bribery;
- Exhibit honesty, integrity, fairness and respect in all its business dealings;
- Deal with regulators in an open and co-operative manner;
- Prohibit all employees from making or receiving gifts of substance in the course of business;
- Prohibit contributions to political parties or political candidates, where these could constitute conflicts of interest;
- Prohibit the making of payments as improper inducement to confer preferential treatment;
- Use information received from its partners and advisors in the best interests of the business relationship and not for personal financial gain by any employee;
- Clearly define responsibilities, procedures and controls;
- Promote transparency and accountability grounded in sound business ethics;
- Identify conflicts of interest and avoid or report them in line with its agreements with stakeholders and industry best practices;
- Properly record, report and review financial and tax information;
- Use effective systems of internal control and risk management covering all significant issues, including environmental, social and ethical issues;
- Make every effort to meet stakeholders' expectations; facilitate their access to information; and provide them with clear and transparent information based on regular and value-added reporting;
- Implement a robust sustainability approach which enables effective identification, management and monitoring of any related risks and opportunities and provides a framework for action; and
- Adhere to a policy of long-term responsible investing.

COMMITMENT TO THE UN:PRI PRINCIPLES

In our approach to responsible investments, in the way we select our investments, in our internal communication processes and working procedures and in our external advocacy activities, we support the UN:PRI principles strongly believing that ESG issues can affect the performance of our portfolio companies, and in particular:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.

As presented in the ESG Flow Chart included in our policy for responsible investments, we have a detailed process in place to take into account potential ESG issues in any step of our investment process.

- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.

As explained in the same Flow Chart, we will be active supporter of the ESG policies in our portfolio companies and we'll work with the local management to develop and implement an ESG action plan.

- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.

We committed to an in depth ESG DD to all our potential investment to identify all the potential issues and we developed a detailed KPI system to track ESG performance of all portfolio companies.

- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.

We'll actively participate and engage in responsible investment initiatives and with policy makers for a more sustainable financial system

- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.

The entire Kyip team and any internal or external resource working with us is properly trained on our ESG and responsible investment policies and it's mandatory for them to be fully committed to it.

- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

We set up in place a KPI and reporting system both for our portfolio companies and our organization and we'll regularly report to third-party institutions and our LPs.

Last but not least, all our internal personnel and our partners are informed about our commitments and they have to accept our policies for responsible investments.

REVIEW

This policy reflects Kyip's current values and culture. It will be reviewed at least annually and revised as appropriate, with or without notice.

The policy was last updated in June 2022.