



Responsible Investment Policy

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

For Kyip Capital (hereinafter also "KYIP" or "the Company") responsible investment means systematically integrating environmental, social, corporate governance, regulatory compliance, data safety, and responsibility, and cultural and ethical ("ESG and interchangeably referred to as Sustainability") considerations across all stages of the investment lifecycle, from pre-investment activities through the post-investment holding period and exit.

KYIP believes that making sustainable investments and encouraging its portfolio companies to integrate sustainability into their corporate strategy, supported by impactful and measurable ESG objectives and targets, is an important responsibility for any long-term asset owner.

This document has been drafted in line with the development framework of the EU Sustainable Finance Action Plan for financing sustainable growth and a greener Europe. In this regard, it is aligned with the requirements derived from Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability disclosures in the financial services sector (hereinafter also the "SFDR Regulation" or "SFDR") of March 2021 along with the Final Report on supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards (RTS). Additional information related to SFDR disclosures are available on KYIP's website.

Additionally, as part of the Company's commitment to creating sustainable value, in 2021, KYIP became a signatory to the Principles of Responsible Investment ("PRI") and it's fully committed to applying its six principles (www.unpri.org). KYIP is also a signatory to the UN Global Compact (www.unglobalcompact.org) and it implements 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.

This Responsible Investment Policy describes KYIP's commitment to sustainability in general and its approach to addressing material sustainability aspects throughout the investment lifecycle. It is designed to maximize stakeholder value by identifying material risks and opportunities associated with sustainability issues and to allocate the appropriate attention and resources needed to resolve any risk or capitalize on potential opportunities.

Scope

This Responsible Investment Policy applies to private equity investments (portfolio companies) made by funds managed or advised by Kyip Capital. Where KYIP is a minority investor, we may not necessarily be able to fully implement this Responsible Investment Policy. In such cases, KYIP will make reasonable efforts to encourage consideration of relevant ESG-related principles by the portfolio company. Material sustainability aspects are those factors that have, or have the potential to have, a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental, and social value for itself, its stakeholders, and society at large.

Roles and Responsibilities

The Head of Sustainability, as the ‘Sustainability Officer’, is the owner of this Responsible Investment Policy and is responsible for providing information on responsible investment to the Investment Committee and the Board of KYIP (‘Board’).

The manager and/or general partner of each KYIP fund engages its Investment Advisors, KYIP’s partners, 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 annual reporting on compliance with the Responsible Investment Policy.

Implementation and monitoring of the application of the policy and procedures ultimately rest with the appropriate corporate governance body of each group company subject to it (portfolio companies).

Responsible investment approach

KYIP as an investor believes that it is possible to drive beneficial change through the integration of sustainability considerations into portfolio companies’ corporate strategy, thus defining measurable ESG objectives and targets and contributing to integrate adequate actions for their attainment. Therefore, KYIP takes into account and aims to mitigate the Principal Adverse Sustainability Impacts (PASI) generated by its portfolio companies held into its products in alignment with SFDR requirements as part of its fiduciary duty towards its investors and other stakeholders. As per Sustainable Finance Disclosure Regulation¹ (SFDR), the concept of Principal Adverse Sustainability Impact is as follows:

“Negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity”

In line with its investment strategy, KYIP identifies sustainability risks and potential impacts throughout its investment cycle. This procedure is specified in each of the following sections of the document.

Pre-Investment Stage (From the initial screening to the investment decision)

ESG factors are an integral part of the investment analysis and decision-making process.

KYIP has formal guidelines to exclude or limit investments in certain sectors. Sectors have been classified as either “Excluded”, where KYIP will rule out making investments in companies active in that sector, or “Sensitive”, where KYIP will minimize its exposure and will apply more stringent requirements before making of investments and during the investment holding period.

Currently excluded sectors are as follows:

Sector	Notes	Classification
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¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

Activities contravening the “EU, USA, and/or UN Trade Sanction Lists”	The production of items, or the provision of services, to governments and organizations listed on the EU, US, or UN Trade Sanctions Lists.	Excluded
Armaments	The production of weapons and directly related ancillary equipment used by combat and defense forces (including conventional, chemical, bacteriological, and nuclear weapons), and the manufacture of strategic equipment (aircraft, missile warheads, rockets), of the systems required to launch and guide missiles, and of the defense electronics without which such military equipment cannot be operated. For the avoidance of doubt, excludes any product or component that is potentially suitable for use in the manufacture of anti-personnel mines, cluster bombs, nuclear weapons, chemical weapons, biological weapons, or depleted uranium ammunition, however, the principal intended use of such product or component is for a purpose unrelated.	Excluded
Illegal drugs	Illegal drugs considered illegal in the particular jurisdiction in which such production or sale is intended to occur.	Excluded
Pornography and Prostitution Services	The solicitation, advertising, and sale of sexual services as well as the production of representations of sexually degrading acts that are an affront to human dignity and the active distribution of such material via channels such as the media, shops, or the internet.	Excluded
Alcohol	The production, sale, and distribution of alcoholic beverages or liquor; other than if part of the operation of a hotel, amusement park, leisure business, or other hospitality business.	Excluded
Tobacco	The production, sale, and distribution of cigarettes, cigars, or pipe tobacco, including firms whose primary activity is to trade in tobacco and/or to distribute unprocessed tobacco wholesale to cigarette manufacturers; other than if part of the operation of a hotel, amusement park, leisure business or other hospitality business	Excluded
Gambling and related Products	All the business activities which include: <ul style="list-style-type: none"> • Arcades, which may be for adults or families. • Gaming machines, such as fixed-odds betting terminals and fruit machines. • Betting, which occurs online, at an event, or with bookmakers. • Bingo, which may be online or in a bingo hall. • Lotteries, which include tombolas, sweepstakes, raffles, etc. • Casinos, there are online as well as physical casinos that people enter. 	Excluded
ELECTRONIC DATA	The research, development, or technical applications relating to electronic data programs or solutions which are specifically intended to enable to illegally: <ul style="list-style-type: none"> - enter into electronic data networks; and/or - download electronic data. 	Excluded
HUMAN Cloning	Companies engaged with artificial human cloning, which is the reproduction of human cells and tissue	Excluded
Adverse to UN PRI Principles	Companies whose business activity is not consistent with the UN PRI, based on the outcome of the ESG Due Diligence and where we can't identify an action plan to solve the related risks.	Excluded

Other sectors including but not limited to genetically modified agricultural products, oil and gas exploration, extraction, mining or power generation from fossil fuels, and civil nuclear and animal testing are classed as sensitive and will undergo additional scrutiny during the decision-making process.

Furthermore, KYIP shall avoid investing in companies that:

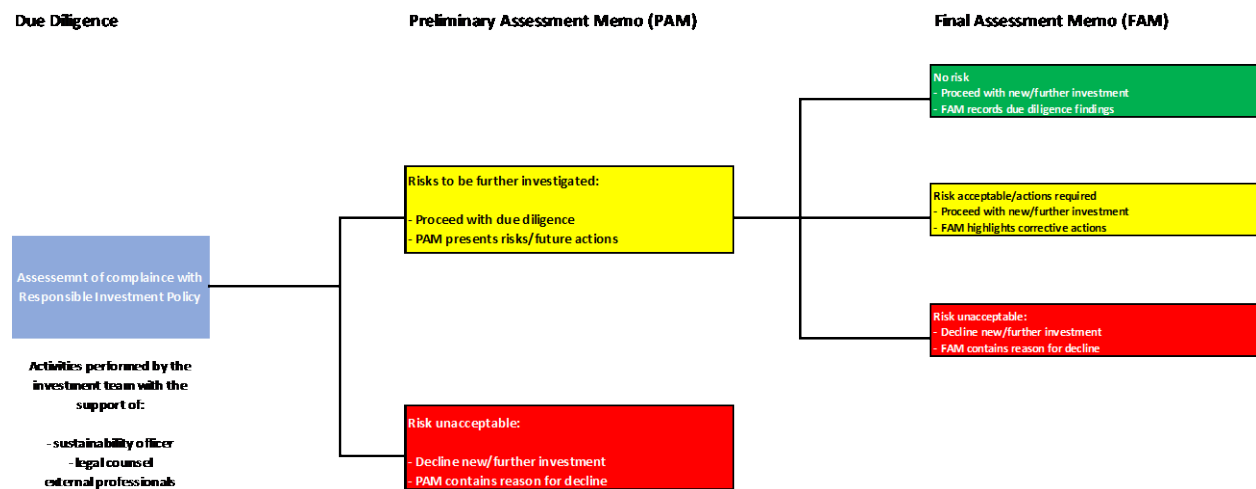
- do not respect human rights;
- do not directly or indirectly through their supply chain respect standard labor conditions; apply discriminatory policies; and/or use child labor;
- do not comply with anti-corruption standards and best practices;
- do not comply with their industry standards and best practice;
- do not comply with current environmental, health and safety, ethics, and social legislation;
- do not have proposals to address defined significant future legislation on ESG issues; including but not limited to climate-related transition or physical risks and
- do not have controls and recovery policies in place for cybersecurity,

unless resolving these issues is a specific part of the investment strategy.

During pre-investment, KYIP investment team engages with several advisors and consultants covering a range of topics and functions such as legal, financial, commercial, tax, cybersecurity, operations, labor, and ESG to assess target’s risks and opportunities and to ensure compliance with current and proposed future legislation, with the final aim of evaluating investment viability.

Concerning ESG pre-investment assessment, ESG consultants utilize their own methodologies to identify and assess ESG related risks and opportunities. Afterwards, the assessment results will be shared with the investment team, together with the legal and the head of sustainability that will decide whether to pursue or not based on its alignment with Responsible Investment and ESG policies’ contents.

In this phase, in line with KYIP’s investment strategy, the investment team with the support of the Digital and Operating partner will also investigate all the possible Digital Transformation Projects that will support and improve the adherence to the Responsible Investment Policy.



The results from the ESG assessments will be presented in both the preliminary assessment memo (PAM) and final assessment memo (FAM) which highlight the risks and mitigation measures as well as potential opportunities for remedying any non-compliance.

Last but not least, KYIP developed a specific procedure to be followed during the due diligence phase to cover all the possible negative sustainability outcomes based on the 10 principles of the UN Global Compact:

Principles	Description of the Pre due diligence and Due diligence activities
Environmental	Review of all DD by third-party advisors.
Labor, Welfare, and safety	Review of any material findings related to labor rights, welfare, and safety on the job. 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. No sign of child labor, compulsory labor, or labor discrimination.
Ethical, Cultural, and human rights	An in-depth organizational culture and ethical behavior review in which the investment team, legal advisor, and sustainability officer work together to complete a thorough analysis and conduct interviews with service providers and management to better assess and understand the culture and ethics of the company and how this may impact the value of the business. The special focus will be on respect for human rights and their possible abuses.

Reputational Risk and anti-corruption analysis	Third-party analysis of public information to determine ESG and business conduct risks related to the company and overall industry. Review of any material finding related to corruption in all its forms, including extortion and bribery.
Activity	Description
Summary of the potential risks	Considering all the different areas (Environmental, labor, Ethical and reputational), the investment team will present a summary of the actual risks both in the Pam and the FAM
Action Plan	The investment team and the sustainability officer develop a detailed action plan to mitigate all the potential risks identified during the due diligence phase.

Post-investment stage

Material Responsible Investment issues or mitigation actions identified during the pre-investment due diligence, and subsequent mitigation measures or actions highlighted in the FAM will be incorporated into a 100-day plan. This will become the blueprint for action to create value once the deal is approved.

Post-investment, each portfolio company is required to identify an ESG representative with whom KYIP 's Sustainability Officer collaborates on an ongoing basis. Starting with an on-boarding process, the portfolio company will be introduced to the recommended KYIP 's sustainability approach, suggested actions, and timings. KYIP will work closely together with the portfolio company from this point onwards, both on a formal basis (including quarterly calls and support to specific ESG projects) and more informally (for example providing ad hoc support with reporting or setting ESG objectives and targets), both in person and by phone or video conference.

Each portfolio company will endeavor to adopt KYIP 's sustainability approach and integrate it into its own. This will typically take place over three years, depending on the sophistication of each business and the maturity of their existing sustainability programs and initiatives.

Ultimately each portfolio company will endeavor to undertake the following steps:

Steps	Description
Vision, Mission, Strategy	Publish a CEO Statement and commitment to sustainability
	Develop a Sustainability Strategy focused on the company's material issues
	Develop company-specific ESG Objectives and Targets
Monitoring and Reporting	Monitor sustainability performance and report key ESG data metrics quarterly and annually to Kyma
	Monitor and report progress in relation to company specific ESG Objectives and Targets
	Measure impact of sustainability initiatives to the business growth and profitability, reputation and risk reduction/business continuity
	Publish an Annual Sustainability/Progress Report
Governance, including ESG Policies, Board and Executive accountability, Committees, Key Staff	Annual board meeting discussion of ESG Performances and review of the action plan
	Code of Conduct / Ethics
	231 Model
	Anti-Bribery and Corruption (ABC) Policy
	Anti - Trust Policy
	Labor rights, Welfare and Safety Policy
	Whistleblowing Policy and Hotline
	Modern Slavery / Human Rights / Child Labour Policy
	Diversity / Equal opportunity Policy
	Environmental / ESG / Sustainability Policy
	Health & Safety Policy
	Responsible Purchasing Policy / Supplier Code of Conduct
	Business Cointinuity Plan
	GDPR Policy
Sustainability / ESG / Environmental and Health & Safety Manager(s)	
Information Management / Data Protection and Security Officer	

KYIP will periodically verify and aggregate PCs' sustainability performance indicators at product-level and KYIP-level to disclose to its stakeholders relevant ESG information over time.

EXIT STAGE

When the management and advisory teams start to consider exit timing, the Sustainability Officer will be consulted and asked to compile and prepare vendor due diligence documentation and a report, to demonstrate that the key ESG and Sustainability milestones have been met or are near completion and to measure the value created or risks mitigated through sustainability at the portfolio company.

Review

Responsible Investment policy reflects KYIP's current values and culture on ESG matters. This document is reviewed at least annually and whenever necessary. In case of amendments, KYIP will publish on its website and on the amended documents the reason, the nature and the date of the modifications. This policy was last updated in May 2022.