

From: KKA Partners
Date: October 2023

Subject: Responsible Investment and ESG Policy at KKA Partners

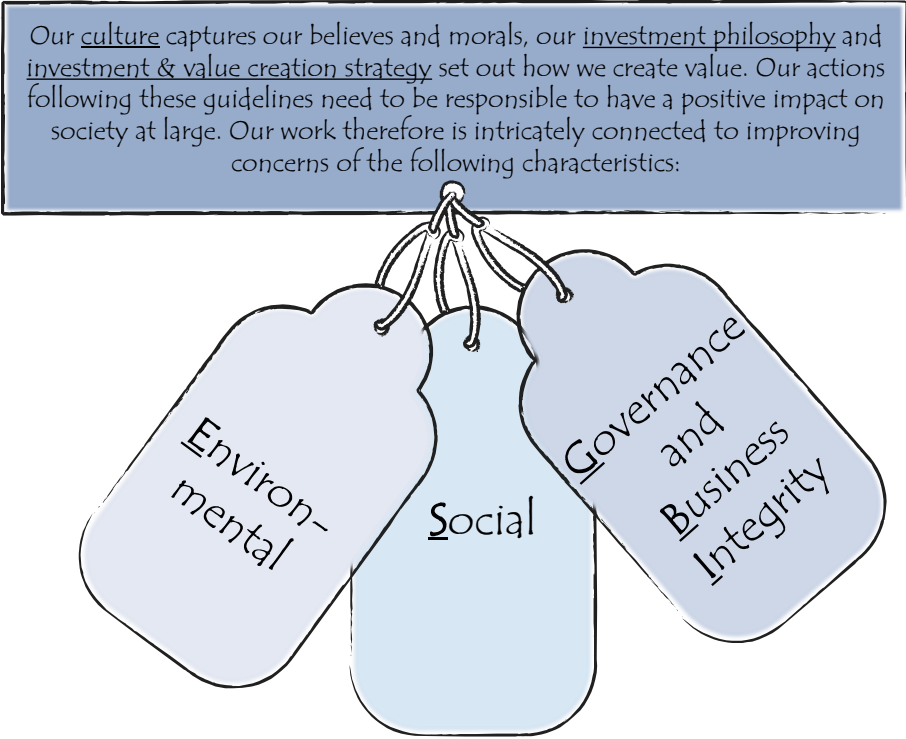
I. TYING CULTURE, PHILOSOPHY AND STRATEGY TO E&S AND G&BI MATTERS

At KKA we seek to deliver benchmark beating risk adjusted net returns to our investors. Our investors entrust us with funds to be managed over a multi-year time horizon and they expect that we use our control as entrepreneurial owners and fiduciaries to protect and enhance the value on their behalf.

Our investment philosophy builds on our values enshrined in the KKA culture of *Kalos Kai Agathos* – “Be your best self and always strive to become a better self”. It also reflects our societal responsibility at the core of KKA’s culture and informs all the decisions we make and actions we take.¹

We understand our decisions have far-reaching implications for all stakeholders. We firmly believe that through investing and operating in a responsible and transparent manner, we can build stronger, more profitable businesses and as a result, deliver superior returns to our investors. Our values drive our long-term perspective seeking to build responsible businesses.

For the foreseeable future, our pioneering *Technology Enable Value Creation* (“TEV”) approach will allow us to identify and futureproof investee companies contributing to our preeminent social impact, UN Sustainable Development Goal (“SDG”) or ESG driver: to provide, secure and enhance employment opportunities which are both fulfilling and guided towards stable and sustainable societies.



¹ Please note, given the ongoing evolution of our own and others’ understanding, the terms “ESG policy”, “SDG focus”, “impact investing”, “responsible investing”, etc. are often used without clear demarcations. We strive to establish a measurable and easily communicated KKA view on what we understand as our ESG- or responsible investing (“RI”) policy. In doing so, we use concepts and terms referring to third party sources where possible. In some instances, we apply our own thought or intuition. We do not claim to be the reference. Please let us know if we can improve – always strive to become a better self

II. SCOPE AND LIMITATIONS

This policy intends to reflect a general framework for our approach to E&S and G&BI across KKA's internal operations and investment strategies.

In cases where KKA determines it has limited ability to conduct due diligence or to influence and control the consideration of E&S and G&BI issues in connection with an investment, whether at the investment or at the Fund level, KKA will only apply those elements of this E&S and G&BI policy that it determines to be practicable.

III. ROLES AND RESPONSIBILITIES

KKA understands the importance of E&S and G&BI in driving long-term success, and we strive for broad understanding and accountability of our E&S and G&BI principles and actions across our organization:

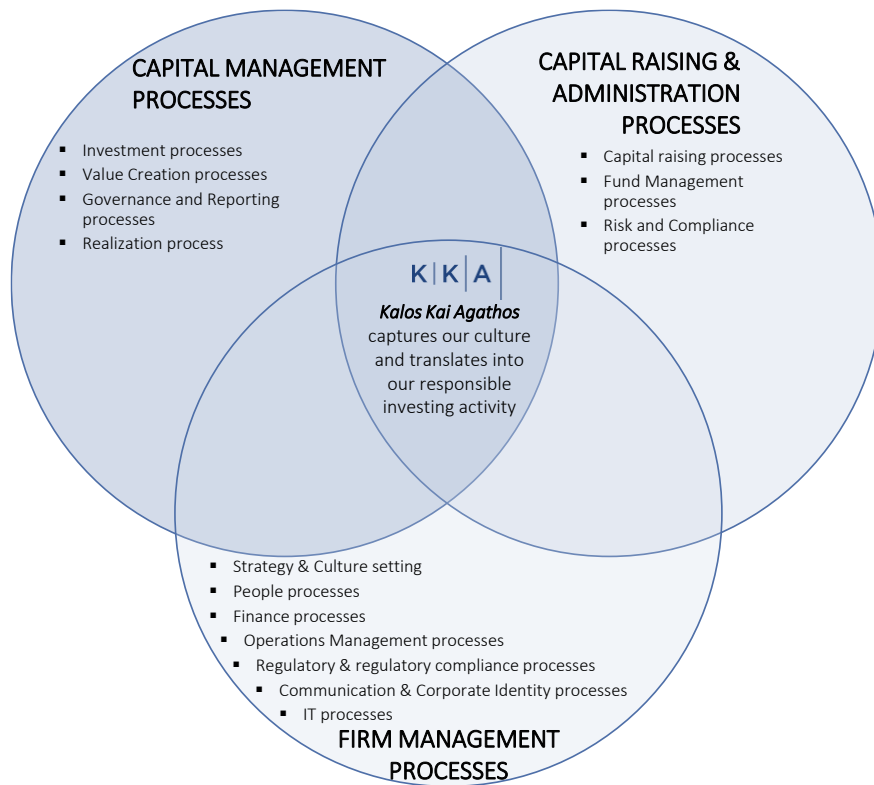
- KKA's Managing Directors are responsible for promoting KKA's E&S and G&BI policy and for ensuring that it is implemented at the firm and across each of our investment strategies;
- Our investment committee oversees the integration of E&S and G&BI principles into our investment processes and are accountable for ensuring responsible investment practices;
- Investment professionals, along with our external partners, are responsible for identifying E&S and G&BI risks and opportunities during investment diligence. Furthermore, our investment teams are responsible for incorporating those findings into our investment decision-making process;
- Investment professionals work with our portfolio companies in implementing E&S and G&BI measures that considers the E&S and G&BI risks and opportunities in diligence and during the ownership period;
- Our Legal and Compliance team ensures that we comply with our E&S and G&BI related regulatory obligations and commitments to our investors and regulators.

IV. IMPLEMENTATION INTO OUR BUSINESS PRACTICES

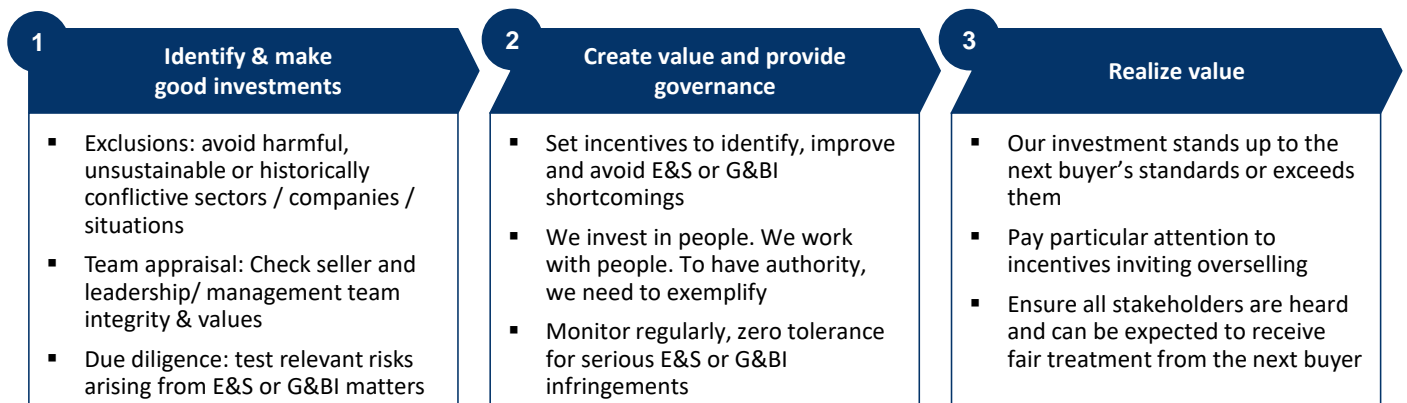
KKA has a Compliance Manual that requires partners and employees to conduct their business dealings with honesty, integrity, fairness and respect for others. We understand our fiduciary duty to our investors and seek to mitigate conflicts of interest and encourage transparency in our business practices.

V. IMPLEMENTATION INTO OUR CORE CAPITAL MANAGEMENT PROCESSES

As per our Core Processes we provide documentation and guidelines for all relevant processes. Arguably our decisions carry most weight when we decide how to allocate our own and our investors' capital. Hence, our Capital Management Processes are most exposed to risks arising from E&S issues and lack of G&BI.



The remainder of this document seeks out to detail definitions and standards relevant for all Capital Management Processes in particular and generally for our actions at large. We seek to fully integrate E&S and G&BI considerations across the whole investment life-cycle from initials screening all the way until exiting the investments. Examples of what we do or focus on during each investment life-cycle stage include the following:



A. SCREENING AND DUE DILIGENCE (PRE-INVESTMENT)

During the initial screening, KKA uses pre-defined lists and exclusion criteria to filter relevant investment opportunities from those that do not meet our values and standards. As part of our due diligence, E&S and G&BI considerations form an integral basis of our investment decision. We conduct a full E&S and G&BI due diligence and when in doubt involve third party experts to evaluate relevant issues we have identified. We carefully consider E&S and G&BI value creation opportunities against potential risks. Potential risks during the due diligence will be identified and form the basis for the discussion with company management to design action plans for the holding period. In case material E&S and G&BI issues are identified, those issues will be discussed during investment committee meetings. If material E&S and G&BI red flags are identified that cannot be healed they will lead to an abort of the investment opportunity.

B. HOLDING AND EXIT (INVESTMENT PHASE):

As part of the onboarding process for new investments described in our Post Transaction Plan (“PTP”) Playbook, KKA validates assumptions around the action plan developed during due diligence. Where there are material issues identified during the diligence process, we have management signed up to monitor the improvement process. In cases where material E&S and G&BI-related risks and opportunities are being monitored or managed by our own team, KKA documents, for internal use, the issue, as well as progress and next steps. As part of ongoing value creation initiatives, as well as board meetings, KKA encourages management teams and portfolio companies to pro-actively identify and raise material E&S and G&BI issues. It is the stated aim of KKA's E&S and G&BI concept for all portfolio companies to comply fully with KKA's E&S and G&BI standards at the time of divestment. In addition, we encourage the adherence to third party standards like UN SDGs, green production initiatives, etc.

Our own standards are constantly evolving. Formally, we review and update our standards annually, if required. Currently we pay particular attention to nine matters which from experience or our internal discussions have an important impact on value creation:

Environmental	Social	Governance & Business Integrity
<ul style="list-style-type: none"> ▪ Compliance with environmental laws, rules, guidelines, and best practices ▪ Environmental Management ▪ Resource efficiency and Environmental impact / footprint 	<ul style="list-style-type: none"> ▪ Supply Chain and Engagement ▪ Health & Safety ▪ Social Management / Inclusion / Equality 	<ul style="list-style-type: none"> ▪ Corporate governance architecture ▪ Stakeholder Management and Consciousness about potentially negative effects of company set incentives ▪ Good Business Conduct - Implementation and Control

1. ENVIRONMENTAL

For KKA it is elementary that portfolio companies adhere to and respect local environmental laws in the geographies and regions where KKA and its portfolio companies operate. Before an investment decision KKA analyses — as far as possible — the compliance as well as environmental management, resource efficiency and overall environmental impact. Moreover, we identify any environmental damage that might be relevant to the investment. After an acquisition, KKA's focus is on improving the environmental standards and performance of our portfolio companies. If not already in existence, KKA's portfolio companies are led to implement their own environmental policy, in accordance with KKA's and/or external standards. In addition, an E&S Impact Assessment is encouraged to help reporting and monitoring of measurable improvements

2. SOCIAL

KKA sets out to futureproof businesses thereby ensuring safe and enjoyable work environments. We believe this directly links to the UN SDG No. 8 (see Appendix 1) and contributes our bit to increasing social capital and societal prosperity captured in the UN SDG No. 16, among other. A motivated work force is a crucial component for portfolio companies to thrive. We promote human rights, inclusion, gender equality, health & safety where applicable. Our companies will likely have very high standards given their geographic incorporation in the DACH region. However, as our standard checklists outline, KKA engages with management and through our own investigations on international measures, too. The development of a Code of Conduct along our supply chains is encouraged. This includes but is not limited to ensuring everyone, independent of gender, age or origin is treated with respect and dignity.

3. GOVERNANCE AND BUSINESS INTEGRITY

Ensuring sound and effective governance structures is a crucial component to enhance the value and E&S AND G&BI standard of KKA's portfolio companies. Good selection of board of directors of each portfolio company is one element. The board then has an important role of defining and monitoring overall strategy and policy, and KKA directs this to include the setting of sound environmental, social and governance standards. Each company's CEO and management team are made responsible for executing the strategy and running the daily operations of the company according to the policies established by the board or by shareholders resolution. KKA supports management to promote a culture of compliance.

VI. THINGS TO AVOID, ABORT OR DEEPLY REGRET AND REMEDY

Ethical and moral principles are important at KKA and our sector and company selection is guided by an overall positive impact on society through the companies that we own. However, we can get it wrong – either before we own and govern investee companies or while we take care of the portfolio. In the former, we avoid and abort the transaction. In the latter, we identify the issue, communicate immediately, live up to our regret and responsibility and remedy the issue. A tough set of exclusion criteria is defined below and strongly adhered to. If in doubt, it is better to not do an investment than to invest in a company where elements do not comply with KKA's exclusion criteria. KKA does not invest in companies that:

- Engage in, rely on or encourage the use of forced or child labour along its supply chain;
- Have denied basic human rights or contributed to systems that promote systems that contribute to denial of basic human rights;
- Repeated patterns to not comply with environmental regulations;
- Companies whose business activity consists of an illegal economic activity (i.e., any production, trade or other activity, which is illegal under applicable laws or regulations, including without limitation, human cloning for reproduction purposes),
- Have predominant business activity in:
 - the manufacturing, processing, distribution or sale of tobacco products, distilled alcoholic beverages and related products;
 - the manufacturing, distribution or sale of pornography;
 - the operation of casinos or other gambling facilities;
- Companies that are engaged in the research, development or technical applications relating to electronic data programs or solutions, which aim specifically at:
 - the manufacturing, processing, distribution or sale of tobacco products, distilled alcoholic beverages and related products;
 - financing of the production of and trade in weapons and ammunition of any kind

- (online) casinos or other (Internet) gambling facilities;
- pornography;
- to illegally enter into electronic data networks or download electronic data.
- Fossil fuel-based energy production and related activities, as follows:
 - Coal mining, processing, transport and storage;
 - Oil exploration & production, refining, transport, distribution and storage;
 - Natural gas exploration & production, liquefaction, regasification, transport, distribution and storage; and
 - Electric power generation exceeding the Emissions Performance Standard (i.e., 250 grams of CO₂e per kWh of electricity), applicable to fossil fuel-fired power and cogeneration plants, geothermal and hydropower plants with large reservoirs.
- Energy-intensive and/or high CO₂-emitting industries², as follows:
 - Manufacture of other inorganic basic chemicals (NACE 20.13);
 - Manufacture of other organic basic chemicals (NACE 20.14);
 - Manufacture of fertilizers and nitrogen compounds (NACE 20.15);
 - Manufacture of plastics in primary forms (NACE 20.16);
 - Manufacture of cement (NACE 23.51);
 - Manufacture of basic iron and steel and of ferro-alloys (NACE 24.10);
 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20);
 - Manufacture of other products of first processing of steel(NACE 24.30, incl. 24.31-24.34);
 - Aluminum production (NACE 24.42);
 - Manufacture of conventionally-fueled aircraft and related machinery (sub-activity of NACE 30.30); and
 - Conventionally-fueled air transport and airports and service activities incidental to conventionally-fueled air transportation (sub-activities of NACE 51.10, 51.21 and 52.23).
- Companies that engaged in the manufacturing, sales, or marketing of weapons and ammunition to be used in the act of war or armed conflict or components to them, if the primary purpose of such components is to be weaponized provided that this does not apply to the extent such activities are part of or accessory to explicit European Union policies;
- Companies where the culture has and is driven by greed, cutting corners, rent seeking, anti-competitive activities, or statedly unsustainable business conduct such as extensive agriculture;
- Companies actively collaborating with autocratic systems and politicians.

² Notwithstanding this paragraph, investments in sectors “*Energy-intensive and/or high CO₂-emitting industries*” shall be allowed if the specific investment either (A) qualifies as environmentally sustainable investments as defined in the “EU taxonomy for sustainable activities” (Regulation (EU) 2020/852, as amended from time to time) as supplemented by the technical criteria established under the “EU Taxonomy Delegated Acts” (Commission delegated Regulations (EU) supplementing Regulation (EU) 2020/852 or upcoming Taxonomy Delegated Acts, as amended from time to time, respectively), or (B) is eligible under the European Investment Fund’s Climate Action & Environmental Sustainability (CA&ES) objectives in accordance with the latest criteria as published on the website of the European Investment Fund as amended from time to time.

VII. REPORTING

KKA reports annually to its investors on its E&S and G&BI approach and performance each year.

VIII. APPENDIX 1 – UN SUSTAINABLE DEVELOPMENT GOALS

