
Koinos Capital

SUSTAINABILITY RISK INTEGRATION POLICIES IN INVESTMENT DECISION-MAKING PROCESSES

Disclosure pursuant to Article 3 of
Regulation (EU) 2019/2088 (SFDR)

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Koinos Capital SGR S.p.A. - Via Fatebenefratelli n. 9, 20121 MILANO Codice fiscale, partita IVA 09900230963, iscritta al Registro delle Imprese di Milano-Monza Brianza-Lodi - capitale sociale € 400.000 i.v. Iscritta al N°164 dell'Albo delle Società di gestione del risparmio - Sezione gestori di FIA. RECAPITI: PEC koinos.cp@legalmail.it MAIL info@koinoscapital.com Codice Univoco: BA6ET11 Società Aderente all'Arbitro per le controversie finanziarie www.acf.consob.it

Koinos Capital SGR S.p.A. (“Koinos Capital” or the “SGR”) acknowledges the importance of integrating **sustainability risks** into its investment decision-making processes, in line with the principles of responsible management and the provisions of Regulations (EU) 2019/2088 (“SFDR”), 2022/1288 (“SFDR RTS”), and 2021/1255 (“Sustainability Risks”).

Through its adherence to the United Nations Principles for Responsible Investment (UN PRI) and the definition of a sustainability strategy inspired by the United Nations Sustainable Development Goals (SDGs), Koinos Capital has, inter alia, integrated ESG aspects, including sustainability risks, at all stages of the investment life cycle. To this end, the SGR has adapted its investment procedures and formalized an appropriate ESG governance.

In line with this vision, the SGR is committed to carefully considering ESG aspects. In particular, Koinos Capital:

1. verifies compliance with ESG exclusion criteria defined in the Sustainability Policy, under which Koinos Capital does not invest in companies active or involved in, or controlling companies active or involved in, particularly controversial sectors;
2. integrates sustainability factors and risks (including climate and environmental risks);
3. continuously monitors compliance with ESG exclusion criteria;
4. initiates constructive dialogue to guide companies in integrating and improving sustainability factors, also through active ownership;
5. formalizes the outcomes of the above activities in internal reporting documents shared with the Board of Directors and the relevant Company Functions;
6. evaluates, when deemed relevant, divestment in the event of non-compliance with exclusion criteria and/or negative outcomes from actions undertaken to mitigate sustainability risks.

Koinos Capital currently manages a diversified range of strategies:

- **Private Equity (PE), Article 8 SFDR;**
- **Venture Capital (VC), Article 6 SFDR;**
- **Fund of Funds (FoF), Article 6 SFDR.**

Given the differing nature of these products, which reflects Koinos Capital’s varied shareholder role, the above principles are implemented differently in a manner compatible with each fund’s specific features.



Common Approach and Differentiated Implementation

Despite the structural and regulatory differences that characterize them, all funds managed by Koinos Capital adopt a consistent approach to identifying, assessing and mitigating sustainability risks, based on three common pillars: a) Exclusion and negative screening, b) Assessment of sustainability risks during the pre-investment phase, c) Ongoing monitoring and active engagement.

a) Exclusion and negative screening

All funds apply a rigorous exclusion policy that prevents investments in sectors or activities deemed incompatible with the SGR's ethical and sustainability principles:

- Production or marketing of **armaments**, firearms, military-type supplies, or ammunition as described by Law 220/2021 and the implementing provision of July 23, 2024, issued by Banca d'Italia, COVIP, IVASS, and MEF;
- **Human cloning**;
- Production and marketing of **pornographic materials**;
- **Tobacco**;
- **Nuclear energy**, if the company in which it is intended to invest does not comply with standards set by the International Atomic Energy Agency (IAEA);
- **Electric power**, if the revenues of the company in which it is intended to invest derives more than 30% (thirty percent) from coal;
- **Mining**, in case there are critical issues or concerns regarding habitat and biodiversity destruction, water, soil and air contamination, child and forced labor, cultural heritage, and/or corruption and political risk.

These criteria are updated periodically and systematically applied to all products in the preliminary analysis phase.

Additional limitations may apply to each individual fund.

b) Assessment of sustainability risks during the pre-investment phase

Koinos Capital applies a due diligence process that explicitly integrates ESG assessments across all managed funds, using methods appropriate to each fund's nature:



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- **Private Equity:** full pre-due diligence and due diligence, including a preliminary ESG internal analysis and an ESG due diligence carried out by external advisors, a Sustainability Risks analysis and the verification, according to the Art. 8 SFDR qualification, of the consistency with the environmental and social characteristics promoted by the Fund;
 - **Venture Capital:** Sustainability Risk assessment conducted by the Investment Team, adapted to early-stage contexts and therefore based primarily, on top of company-specific elements, on a forward-looking analysis of sector-specific and business-related elements; further procedures, such as the adoption of specific questionnaires to be completed by perspective portfolio companies, may be applied;
 - **FoF:** assessment of Fund Managers (GPs) regarding their integration of Sustainability Risks, engagement practices, and reporting standards, on a “best effort” basis.

c) Ongoing monitoring and active engagement

Koinos Capital exercises an active ownership role, with the objective of effectively and continuously monitoring the evolution of sustainability risks, enabling timely actions for prevention, mitigation, and, if appropriate, anticipated divestment:

- **Private Equity:** The SGR systematically plays a direct and proactive role as an active shareholder through ongoing dialogue with the company’s management, the definition and sharing of customized ESG Action Plans, the identification of key performance indicators (KPIs), the annual monitoring with the support of external advisors, and the integration of results into periodic investor reporting. During the holding period, the SGR pursues two parallel goals: on one hand, continuous oversight of potential changes in sustainability risk; on the other, the enhancement of the company's overall ESG profile, with particular attention to the environmental and social characteristics promoted by the fund. In support of this second objective, the SGR may propose to the management the opportunity for the company to pursue the B-Corp certification, which is viewed as a highly effective framework for building robust ESG-related infrastructure and processes and enhancing ESG performance;
- **Venture Capital:** Given the typical minority shareholding, shareholder engagement is adapted accordingly and focuses on fostering ESG awareness within the management teams of startups. The aim is to encourage focusing of the most relevant ESG dimensions, monitoring the sustainability risk and detect any emerging risk factor, and promote the adoption of ESG best practices. Further procedures, such as the adoption of specific questionnaires to be completed by portfolio companies, may be applied;



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- **Fund of Funds:** Engagement takes the form of the monitoring of the managers of the underlying funds, verifying through the periodic reporting the alignment with the practices presented at the time of investment. This process helps ensure continued oversight of sustainability risks within the underlying portfolios.

ESG governance

The governance of ESG responsibilities within Koinos Capital is distributed across the following functions:

Board of Directors

- Defines the ESG strategy and objectives of the SGR;
- Determines the relevance of ESG factors that may impact the firm's operations, investments, and stakeholders;
- Approves this Policy and oversees its proper implementation;
- Approves exclusion criteria and the metrics used to assess the ESG performance of target companies;
- Appoints a Board Member as ESG Manager;
- Receives specific reports from the ESG Manager, including internal reporting documents that integrate ESG factors, with a particular focus on monitoring the ESG performance of the Funds.

Investment Committees

- Ensure that ESG factors are included in the Preliminary and Final Investment Memoranda and that sustainability risks are considered in the investment and divestment decisions.

ESG Manager

- Coordinates the implementation and ongoing development of the ESG strategy for the entire SGR;



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- Ensures that activities under this Policy are aligned with Koinos Capital's sustainability goals as a signatory to the Principles for Responsible Investment (PRI), and updates the Board of Directors in accordance with the procedures;
 - Proposes ESG exclusion and integration criteria for Board approval;
 - Reports on ESG performance in the annual investor reporting (within the ESG-dedicated section, in accordance with relevant regulations);
 - Appoints an ESG Reference Person within each Investment Team;
 - Works through the ESG Reference Persons alongside the Investment Teams to integrate ESG considerations throughout the investment lifecycle;
 - Promotes periodic ESG training initiatives to raise awareness and strengthen ESG culture across the SGR.

ESG Reference Person

- Supports the ESG Manager in the ongoing activities;
- Oversees the implementation of the ESG strategy by its Investment Team;
- Makes sure the ESG considerations are integrated in each phase of the investment process;
- Reports to the ESG Manager on the development of the main operations.

Investment Teams

- Collaborate, through the respective ESG Reference Person, with the ESG Manager to integrate ESG considerations throughout the investment lifecycle, in line with the Fund's ESG characteristics;
- According to the procedures specific to each Fund:
- Assess ESG factors during the preliminary screening of potential target companies;
- Coordinate ESG pre-due diligence and due diligence, also with the support of external advisors where appropriate;
- Integrate ESG analyses and findings and the sustainability risks into the Preliminary and Final Investment Memoranda;



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- Support the management of the portfolio companies in the preparation and execution of the ESG action plan, if applicable;
 - Monitor ESG factors throughout the holding period.

Risk Manager

- Ensures the integration of sustainability risks throughout the investment lifecycle;
- Monitors the potential impacts of sustainability risks on fund performance and the SGR's broader risk profile;
- Ensures that the Board of Directors is kept informed on the development of sustainability risks at both SGR and portfolio levels, through regular and ad hoc reporting.

Compliance

- Assesses the risk of non-compliance with sustainability-related regulations (e.g. SFDR, Commission Delegated Regulation (EU) 2021/1255 of 21 April 2021);
- Supports internal teams in fulfilling regulatory ESG disclosure obligations within their areas of responsibility.



This disclosure reflects Koinos Capital's commitment to responsible management and the progressive integration of sustainability risks into the investment decision-making processes for all managed funds and, more broadly, of sustainability, using differentiated approaches tailored to the nature of each fund but consistent with its ESG strategy, to create long-term value for investors and society at large.

This document will be reviewed and updated, at least annually, by the ESG Manager.

