

RESPONSIBLE INVESTMENT POLICY

KIBO VENTURES

05/04/2021

KIBO VENTURES

05/04/2021

Responsible Investment Policy

I. OUR RESPONSIBLE INVESTMENT BELIEFS




At Kibo Ventures we are convinced that incorporating social, environmental and governance factors in our investment and divestment processes and in the management of our investees has an impact on the creation of value in our investments.

We also firmly believe that **mitigating sustainability risks** protects our investments and enhances our reputation as an investor in the market, creating value in the medium and long term.

We understand that acting as responsible investors **is part of our fiduciary duty** in a context in which our investors are demanding greater awareness of the social and environmental impact of our investment decisions.

We understand that **acting as responsible investors is a gradual process**. We are committed to incorporate progressively ESG best practices in a continuous improvement effort.

As a fund manager, we see an opportunity to positively influence our investee companies by supporting them in the implementation of their own ESG policies and action plans. **We are committed to actively contribute to the achievement of the Sustainable Development Goals (SDGs)** and, in particular, to the following:

SDGs	OBJECTIVES
	<ul style="list-style-type: none"> Encourage the training of employees of investee companies with training plans, helping them to acquire the necessary skills, particularly technical and professional, to ensure their employment, decent work and even entrepreneurship.
	<ul style="list-style-type: none"> We are particularly sensitive to contribute to the reduction of gender inequalities, therefore we advocate to: <ul style="list-style-type: none"> Encourage female entrepreneurship. Encourage women workers to participate in national and international organizations focused on gender equality in the corporate and business environment. Women's access to management and board positions is key to contributing to this objective, and we promote it among our investees.
	<ul style="list-style-type: none"> Encourage the implementation of fair and market-adapted remuneration plans in investees. Generate value in the productive market through analysis and implementation of continuous improvements - with special attention to technological modernization and innovation.

II. PRINCIPLES AND COMMITMENTS

Our **Code of Ethics** establishes the following general principles that guide our performance:

Respect for Human Rights	We ensure that all our investments promote, protect and guarantee human rights and individual freedoms.
Financial and Non-Financial Results Orientation	We manage our investments to achieve not only financial profitability but also to create long-term sustainable value and positive impact.
Honesty and Respect	We reward honest and upright behavior to earn the trust of our investors, partners and entrepreneurs in the long term.
Rigor and Professionalism	We promote professional development and recognize people for their merit and creativity as a stimulus to productivity and progress.
Responsibility	We are committed to promoting the development and well-being of the communities in which we operate.

We are committed in our activities and those of our subsidiaries, to act in accordance with the values and principles recognized in the United Nations Global Compact in the areas of human rights, labor rights, the environment and anti-corruption, and in the main international agreements on these matters signed within the framework of the United Nations, the International Labour Organization and the OECD.

When undertaking our investment activity, our ambition is to comply with best practices as responsible investors and have made public our commitment with responsible investment by signing the **United Nations Principles of Responsible Investment (UN PRI)**. As signatories, we commit to the following principles:

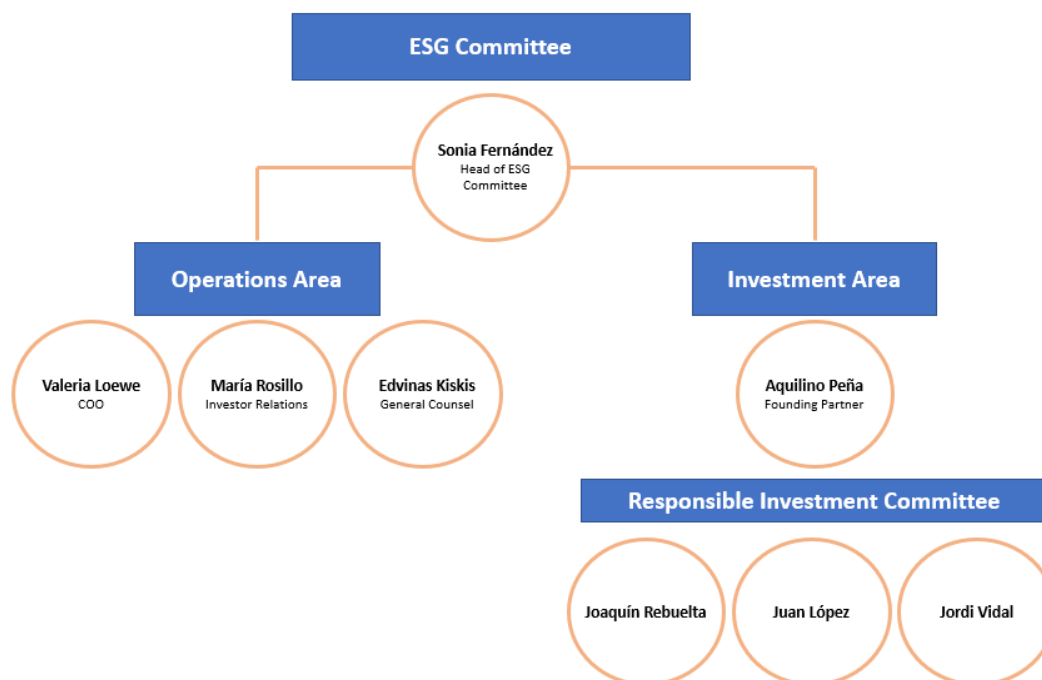
1. Incorporate ESG issues into the investment analysis and decision-making process.
2. To be active owners and incorporate ESG issues into our ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which we invest.
4. Promote acceptance and implementation of the Principles within the investment industry.
5. Work together to enhance our effectiveness in implementing the Principles.
6. Report on our activities and progress towards implementing the Principles.

III. RESOURCES AND TEAM DEDICATED TO ESG

At Kibo Ventures we understand that in order to be able to respond effectively to the commitments undertaken as a responsible investor, it is necessary to have an **appropriate ESG governance structure**, as follows:

1. We provide **annual ESG training** to investment teams.,
2. The Board of Directors has established an **ESG Committee** and a Responsible Investment Committee (IR Committee).
3. We employ the services of an external consultant who works closely with ESG managers and investment teams to incorporate ESG factors into the investment process.
4. We have included the consideration of sustainability risks as a mandatory internal process in the remuneration policy.

The organization of roles and responsibilities within the committees is as follows:



The ESG Committee is composed of one founding partner, one partner from the investment area and two people from the operations and business area, and has the following functions:

- Develop and update the Responsible Investment Policy.
- Lead the implementation of our ESG practices.
- Monitor sustainability risks and propose measures to reduce or eliminate them.
- Promote the necessary improvements in our internal practices to ensure our progress in the incorporation of best practices.

Likewise, the ESG Committee ensures compliance with the commitments of the management company as an entity, in relation to the environment (recycling and responsible consumption), in its relationship

with its employees (active promotion of equality, promotion of work-life balance) and in its relationship with the community (corporate volunteering and collaboration with the educational community and the entrepreneurial ecosystem in Spain).

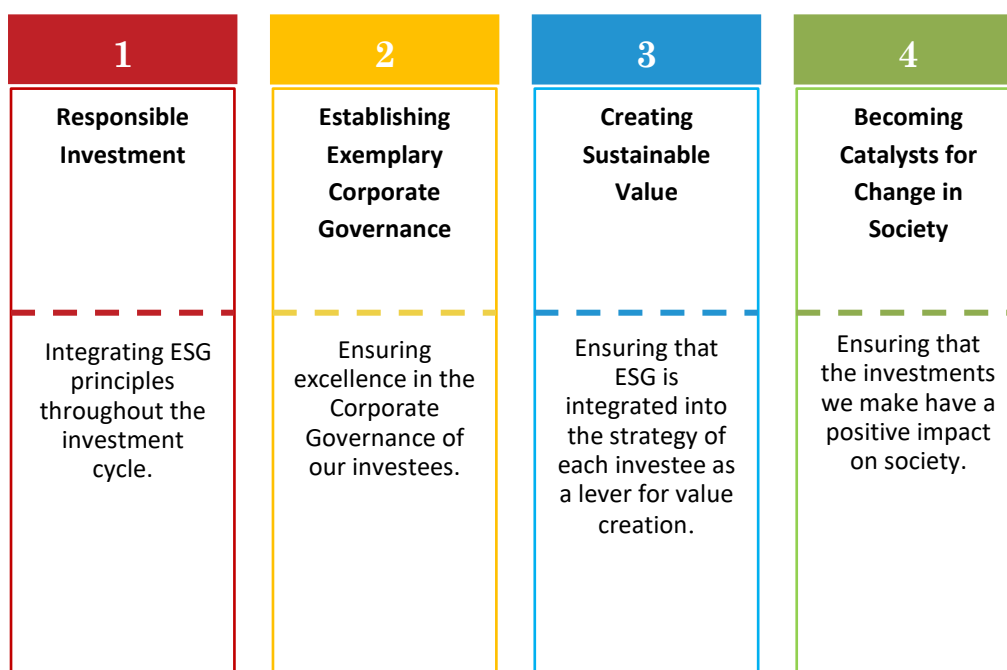
The RI Committee, composed of three investment managers, has the following functions:

- Perform an annual checklist of the evolution of the ESG aspects of the investee portfolio. In particular, the status and evolution of the sustainability risks identified in the due diligence phase.
- Attend, on a rotating basis, the ESG Committee, reporting on ESG progress in the investee portfolio, in particular communicating the status and evolution of sustainability risks.

Within the **investees** themselves, whenever we have a seat on the Board of Directors, we will make best efforts to ensure that (i) ESG issues are addressed in at least two of the annual Boards, (ii) an **ESG officer** is appointed to coordinate the implementation of ESG actions approved at the Boards, and (iii) sustainability risks are measured and managed.

IV. THE INTEGRATION OF ESG FACTORS IN THE INVESTMENT PROCESS

To align our investment processes with our commitment to ESG issues, Kibo Ventures has defined principles to consider throughout the investment process:



I. Screening

Kibo Ventures makes an initial assessment taking into account **the exclusions set by its principles, values and the risk they represent for its investors and stakeholders.**

These exclusions have been defined in terms of sector, business and behaviour. They are as follows:

- Production, marketing and financing activities that are considered illegal.
- Activities related to the production, sale or financing of tobacco and distilled spirits and related products.
- Companies whose purpose is the production, trade or financing of controversial arms. Not applicable in the situation where such activity is integrated or complementary to European Union policies.
- Companies that finance gambling activities, gambling, casinos, pornography or related businesses both physically and online including the study or development of data tools or programs.
- Companies that fund research, development and practical application with respect to life sciences on the assumption of:
 - Human cloning for research, reproductive or therapeutic purposes.
 - Genetically modified organisms.
 - Activities that violate human rights.
 - Companies whose culture encourages or raises suspicions of corruption, money laundering practices or other similar offences.

From time to time, activities, industries and behaviors contrary to Kibo Ventures' values or those of its key stakeholders will be reviewed and analyzed, and emerging controversial issues may be added to this list of exclusions.

II. Due Diligence ESG

Once it has been verified that the company does not carry out activities excluded by the Kibo Ventures policy, **an ESG assessment of the company will be carried out. The company will self-assess, internally completing a questionnaire on ESG risks and opportunities.**

In the case of identifying one or more material ESG risks that could significantly affect the outcome of the investment, Kibo Ventures will ensure a detailed analysis by an independent expert.

The conclusions of the analysis will be set out in the *Investment Memorandum* for evaluation in the Investment Committee and will include, at a minimum, a description of the material risks **and recommendations to mitigate such risks.**

III. Approval of the Investment Committee

The Investment Memorandum presented to the **Investment Committee** for final approval of the investment will incorporate **ESG aspects into the discussion. Discussion of these ESG aspects** will be included in the minutes of the meeting together with the final decisions taken in the Committee.

IV. Value creation

As a minority investor, Kibo Ventures' ability to influence and manage the investment is limited. Nevertheless, Kibo Ventures is committed, to the best of its ability, to use its best efforts to influence the decisions of the Management and the Board of the Investee Companies in the integration of ESG aspects in the value creation plans.

To this end, Kibo Ventures will seek agreements with its co-investors to achieve alignment in ESG matters and obtain sufficient capacity to influence the Management of the investee.

The purpose of these agreements will be to encourage the investee to manage the material ESG risks detected that could affect the value of the investment, or to activate ESG value creation levers in the different phases of the investment process.

V. Follow-on

For the "follow-on" phase, i.e. the investment of new capital, Kibo Ventures will re-evaluate the ESG progress made and propose ESG adjustments to the value creation plan if necessary. The assessment will be done by updating the ESG questionnaires carried out during the due diligence phase.

VI. Divestment

A key objective at exit will be to demonstrate and quantify how ESG has been taken into account as a lever for value creation in portfolio holdings. The ability to demonstrate and quantify the ESG value created will enhance Kibo's ability to reach more investors in future funding rounds. In this regard, Kibo Ventures will conduct an ESG exit evaluation, based on the ESG questionnaire, to assess the progress made during the investment period.

V. COMMUNICATION AND TRANSPARENCY

Kibo Ventures is a signatory to the UN Principles for Responsible Investment and is committed to producing an annual Transparency Report to publicly report on its progress in implementing the principles of responsible investment.

Similarly, Kibo Ventures endeavors to be coherent in this commitment and, depending on its ability to influence, will promote a strategy of ESG transparency in its investees.

In addition, progress on ESG issues will be reported to investors through regular communications and at the annual meeting.

VI. INTERNAL AND EXTERNAL PROMOTION OF RESPONSIBLE INVESTMENT

At Kibo Ventures we are committed to applying best practices as a manager in environmental, social and good governance issues to make a positive impact on our employees and society. To this end we have implemented the following policies:

- Code of Ethics and Conduct
- Internal Whistleblowing Channel
- Remuneration policies linked to ESG issues

Kibo Ventures is aware that these principles and practices will be implemented progressively, through a process of continuous improvement. Furthermore, in its objective to be an example of ESG best practice for the investment community and its other stakeholders, Kibo Ventures is committed to promoting responsible investment among the Venture Capital community in Spain and in other forums where it may be active.

At management company level, we are committed to leading by example and are committed to contributing to the following SDGs:

- **SDG 4 Education:** according to each Kibo Ventures employees' professional experience, we promote their professional development. We offer masters in IA to all our employees and provide the necessary knowledge to promote, as managers, sustainable development.
- **SDG 5 Gender equality and women's empowerment:** Promoting diversity within the management company and in different forums (e.g. Level20 and VCs4women.com).
- **SDG 8 Decent work and economic growth:** we promote innovation, diversification and technological progress, generating a benefit for our economy.

This policy will be reviewed every three years.