



# Responsible Investment

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# Responsible Investment Policy

Funds advised by IK Partners (“IK” or “the Firm”) have a mission to invest in and work with management teams of companies with strong underlying potential. Together referred to as IK Funds, these aim to build lasting value in businesses they invest in by fostering fundamental performance improvements through active engagement. Responsible investment (“RI”) practices are integral to IK’s business philosophy and are embedded throughout the investment lifecycle to contribute to the achievement of our funds’ financial performance goals and, in line with applicable fiduciary duties, our investors’ RI expectations.

## Purpose and Scope

The purpose of the IK RI Policy (“Policy”) is to outline IK’s approach to responsible investing throughout the investment process and is applicable to all IK Funds as well as to IK, with respect to the management of and advice provided to those funds. However, certain steps in the investment process may be modified or applied differently across strategies, commensurate with the Firm’s level of influence, particularly in the context of minority investments and co-investments.

Any sustainability commitments made by the IK Funds are subject to the Firm’s fiduciary obligations to investors and obligations under applicable law and the terms of a relevant partnership agreement.





## Our Approach

Our investment approach aims to seamlessly integrate sustainability-related risks and opportunities throughout the investment lifecycle, including through rigorous assessments of material sustainability-related matters and active ownership strategies.

We seek to support the management teams of portfolio companies ("PCs") in recognising and managing material sustainability-related risks, as well as identifying associated opportunities that can help us enhance or protect value across the portfolio.

We are well-positioned to do so because:

- We are strategic and forward-looking in identifying sustainability-related tailwinds that could impact the sectors we invest in;
- We perform detailed due diligence before every acquisition;
- We systematically consider material sustainability matters in our investment advice; and
- Our funds are actively represented on the boards of PCs.

Where relevant, we engage with and provide support to PC boards regarding awareness and management of material sustainability risks.



Material sustainability matters could include, but are not limited to:

- Climate Change Vulnerability
- Pollution and Contamination of Land, Air and Water
- Eco-Efficiency and Resource Efficiency
- Waste Management
- Water Stress
- Natural Resource Scarcity
- Biodiversity Loss / Ecosystem Collapse
- Labour Management
- Human Capital Development
- Health and Safety
- Customer Wellbeing
- Community Relations
- Human Rights
- Employee Attraction, Retention and Development
- Diversity and Inclusion
- Supply Chain Management
- Data Privacy and Cybersecurity
- Compliance
- Anti-Bribery and Corruption
- Business Ethics
- Transparency and Accountability
- Board Composition and Independence
- Shareholder Rights
- Whistleblower Protection

A topic is considered material if it has, or has the potential to have, a significant impact on a PC's ability to create or preserve financial value. We use various approaches to determine the materiality of sustainability-related matters.

## Policy Governance Arrangements

This Policy applies to all investments considered or made by IK Funds. IK's CEO, with the support of the Partner Group, owns the IK RI Policy and is responsible for overseeing its implementation. It is then the responsibility of all IK investment professionals to ensure that decisions are taken after careful examination of material sustainability matters and that IK's RI principles are upheld throughout the investment lifecycle. The IK RI Team provides ongoing support to our investment professionals regarding adherence to this Policy.

This Policy is subject to periodic review by the IK RI Committee (a part of the Finance and Administration Steering Committee) to ensure its continued relevance and effectiveness. The Policy may be amended as appropriate from time to time, with or without notice.

### Our Principles

IK's RI commitments are based on the following principles:

- Respect for the internationally proclaimed human rights principles;
- Equal opportunity independent of gender, race, religion, sexual orientation, age or disability or any other legally prohibited grounds;
- Freedom of association and the right to bargain collectively;
- Working conditions that surpass basic health and safety standards;
- The conduct of good governance practices, particularly in relation to bribery and conflicts of interest; and
- Environmental responsibility.

### Our Commitments

At IK, we are committed to:

- Integrating the aforementioned principles into our decision-making process, by carefully considering material sustainability matters associated with any potential investment during the due diligence phase.
- Encouraging PCs to follow the principles by implementing governance structures that provide appropriate levels of oversight and by seeking disclosure on material sustainability-related matters.
- Seeking to be transparent in our efforts to integrate material sustainability matters into investments — particularly with investors in IK Funds — and reporting on our progress annually.
- Complying with national and other applicable laws.
- Continuously striving to improve sustainability-related performance within IK and PCs, where associated with the creation or protection of value.
- Offering sustainability-related training and support to IK investment professionals, so that they may perform their work in accordance with our principles and with this Policy.
- Helping to promote the implementation of our principles throughout the private equity industry.
- Considering alignment with other related conventions and standards set by Invest Europe, United Nations Global Compact and Principles for Responsible Investment.
- Informing all IK employees about our RI principles, enabling us to align all our policy-related activities — including those carried out by third parties — with IK's position on responsible investing.

## RI in Practice – Key Steps in the Investment Process

### Sourcing & Selection

- All investments must align with the IK RI Policy and any additional fund-specific commitments outlined in the governing legal documentation. This is considered in pre-investment screening and due diligence, with material findings incorporated into Investment Committee (“IC”) materials.
- IK’s investment professionals, with the support of the IK RI Team, will assess material sustainability-related risks using internal and (where applicable) external tools, frameworks, research and analysis. The Firm may also instruct external specialists to perform enhanced sustainability due diligence on potential targets.

### IC Memorandum & Decision-Making

- The IC Memorandum includes an overview of material sustainability-related risks and opportunities, along with key screening and due diligence findings as well as an overview of alignment with any fund-specific sustainability-related requirements.

### Active Ownership & Portfolio Monitoring

- **Board Representation:** IK actively participates on the boards of certain PCs, enabling us to provide strategic guidance and monitoring. We encourage the board of directors to address material sustainability topics at least once a year.

- **Business Ethics:** We continuously strive to institute and maintain high standards of governance and business ethics within our PCs by asking them to formally adopt the IK Ethical Guidelines for Portfolio Companies. In addition, IK requires all PCs to implement an Anti-Bribery and Corruption Policy and conduct a risk assessment.
- **Portfolio Monitoring:** We encourage our PCs to periodically report sustainability key performance indicators and perform fund-level sustainability risk analysis. IK’s RI Team is responsible for aggregating and analysing the data provided by PCs. The collected data may be used to enable the Firm and its funds to conduct risk analysis, meet regulatory reporting requirements and fulfil data requests received from investors.

### Exit

- **Vendor Due Diligence:** Depending on the structure of the exit process, vendor due diligence may cover sustainability-related matters.
- **Exit Presentation:** We aim to include an overview of key sustainability developments during IK’s ownership in all exit presentations.





## Collaboration

- Where appropriate, IK may collaborate, primarily with co-investors, to both pool resources and enhance the effectiveness of engagement objectives.
- IK engages with industry-wide initiatives focused on sustainability.

## Referral List

This referral list applies to new investment opportunities made on behalf of certain clients and commingled funds and is subject to any laws, regulations and mandatory guidelines that are applicable to IK, our clients and funds, as in effect from time to time.

Notwithstanding anything to the contrary in this referral list, the determination of whether an investment is deemed “excluded” will be made solely at the time of the investment decision. This evaluation will be based on the information available to IK during due diligence. The Firm does not undertake any obligation to reassess or retroactively evaluate investments should new information become available after the investment decision has been made.

IK has determined that certain activities are not eligible for investment by IK Funds as they are not aligned with its risk tolerance or investor expectations. Accordingly, IK will not invest in companies that:

- Have demonstrated a systematic denial of basic human rights
- Participate in child labour or forced labour
- Are engaged in a pattern of non-compliance with environmental regulations

Furthermore, the activities listed below are considered as potentially high risk and accordingly, IK would need to conduct further diligence on any investments that are directly involved in these activities and may, in certain circumstances, determine that such an investment would not be aligned with its risk tolerance:

- Activities that have an unacceptable high greenhouse gas footprint and the company has failed to take reasonable steps to reduce these emissions (each as determined by IK in its reasonable opinion)
- Gambling
- Tobacco
- Alcoholic Spirits
- Pornography
- Controversial Weapons

The list is not exhaustive and is qualified by the legal documentation governing IK Funds (including any applicable side letters) and investments therein and judgment must be applied for activities not on the list, but which carry similar risks.



## Disclosure

The term “IK Partners” and any derivative terms such as “IK”, “we” or “our” may be used in this Policy to refer to IK Investment Partners Sarl and its affiliates and subsidiaries. Except where specified either in this Responsible Investment Policy or any other documents, any ESG, sustainability or impact goals, targets, commitments, incentives, initiatives or outcomes referenced in any information, reporting or disclosures published by IK Partners are not being marketed to investors or promoted and do not bind any investment decisions made in respect of, or the management or stewardship of, any funds managed by IK Partners for the purposes of Regulation (EU) 2019/2088.

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