# ESG REPO

KYMA ESG REPORT 2021







## Development of the ESG Roadmap 2021 - 2023

## **Highlights**



Commitment to the Ten
Principles of the UN Global
Compact



Sustainability Officer appointed



Draft of the Responsible Investment Policy and ESG Policy



**Development of proprietary ESG Assessment Tools** 



100% ESG Due diligence and post-investment action plan on new investments



## **Senior Leadership Statement**

As investors, we believe that incorporating environmental, social, corporate governance ("ESG") and culture and ethics impact considerations in our business decisions is essential to create value for our stakeholders, by assigning the appropriate risk-return profile to our investments, and to develop a more sustainable long-term strategy for our portfolio companies.

We are further committed to implement the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption and the Principles for Responsible Investment promoted by the United Nations through all our business activities and investment decisions.

Our responsible investment approach is based on:

- the exclusion/limitation of investments according to our values and to minimum standards of business practice defined by international norms; and
- the integration of Environmental, Social and Governance factors into the life cycle of our investments.





## Index

- 1 KYMA AT A GLANCE
  - 2 KYMA'S RESPONSIBLE INVESTMENT GUIDING PRINCIPLES AND ESG PERFORMANCE
  - ESG AND RESPONSIBLE INVESTMENT IMPLEMENTATION
  - 4 ESG IN KYMA'S PORTFOLIO
  - 5 UN GLOBAL COMPACT PRINCIPLES INDEX





Founded in 2020, KYMA Investment Partners SGR S.p.A. (hereinafter KYMA) is a new independent management company based in Milan, entirely owned by its partners. Kyma invests in growth buy-out transactions, targeting Small and Medium-sized Enterprises focusing on Education and Information Technology.

#### THE DIGITAL OPPORTUNITY IN ITALY



The World Economic Forum has recently highlighted that Italian companies are among the first in Europe in terms of growth potential through digital transformation and among the last for the investments in this area. Kyma has worked on numerous projects in this field aimed at transforming companies' businesses through new technologies and skills and digitalization.

### IMPLEMENTATION OF SOUND INDUSTRIAL PROJECTS



KYMA support companies in transforming their business model, reviewing each business process (from the supply chain to the distribution channels) implementing new technologies, know-how and introducing new talents. This strategy result in faster and higher growth, greater efficiency, greater sustainability, and a stronger competitive position.

### **Private Equity Fund**

KYMA Investment Partners SGR

130 M€ Commitment\* 1 Investment (Datlas)

Kymapartners.com





#### **Drivers and Mission of KYMA**

We work for a **sustainable development,** in terms of social and environmental impact, building better companies that positively affect the territory in which they operate.

We believe in **teamwork, talent cooperation** and in the **ethical** and **moral** construction of universally valid **values**.

We build **real**, **solid relationships** with all the persons who have and will collaborate with us.







#### **KYMA Digitalization Strategy**

Within its investment strategy, the Fund aims to support the portfolio companies in succeeding in the digital transformation path according to their characteristic and context of operations. With this in mind, KYMA has identified the best technology experts to improve portfolio companies digital performance in the following five main areas of digital transformation:

## PRODUCT AND PROCESS IMPROVEMENT

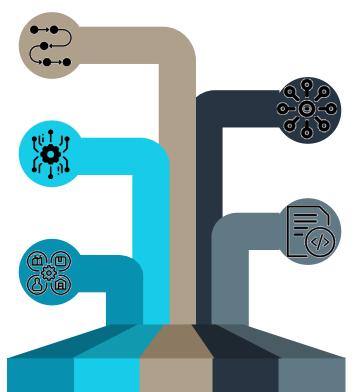
Implementation of Artificial Intelligence, Internet of Things, Augmented and Virtual Reality

#### TECHNOLOGY APPLIED TO THE PRODUCT

Development of new products and services by integrating new technologies into the same offer

#### **SUPPLY CHAIN**

Control of costs and service through new technologies such as Artificial Intelligence and Blockchain



#### **NEW SALES CHANNELS**

Support the development of all digital channels, such as e-commerce and new social media

## INFRSTRUCTURE AND BACKEND PROCESSES

Informatization of all administrative processes with the aim of reducing costs and increasing efficiencies



## Index

- 1 KYMA AT A GLANCE
- KYMA'S RESPONSIBLE INVESTMENT GUIDING PRINCIPLES AND ESG PERFORMANCE
  - 3 ESG AND RESPONSIBLE INVESTMENT IMPLEMENTATION
  - 4 ESG IN KYMA'S PORTFOLIO
  - 5 UN GLOBAL COMPACT PRINCIPLES INDEX





## ESG means creating value for our stakeholders and developing a more sustainable long-term strategy for our portfolio companies

KYMA commits to communicate and promote acceptance of the ESG principles within the Fund, its affiliates, advisors and partners, and to do the best to implement high ESG quality standards within the portfolio companies it is investing in, through close cooperation with their management. These commitments are formalized in our **Environmental**, **Social and Governance Policy**, approved by the Board of Directors on March 2021.

To address key ESG issues and to promote greater responsibility and awareness, KYMA have identified the following specific objectives to which it commits.



**ENVIRONMENTAL, SOCIAL, GOVERNANCE POLICY** 

Approved by the Board of Directors on March 5th, 2021

#### **ENVIRONMENT**

- · Minimize greenhouse gas emissions.
- Reduce waste, increase re-use and recycling, and encourage circular economy principles.
- Promote environmental awareness and improve staff education and involvement.
- Work with suppliers and clients to improve their sustainability performance.
- Acknowledge the Paris Agreement and commit to evaluate in detail the climate change issues in our investment activities, taking into account, where possible, the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).



#### SOCIAL

- Kyma encourages a culture that values meritocracy, openness, fairness, and transparency.
- Ensure fair labor and working conditions.
- Create a harmonious working environment, safeguard the **health and safety** of all employees.
- Promote the **social development** of the communities in which it operates.



#### **GOVERNANCE**

- Comply with laws.
- · Work against all forms of corruption.
- Promote honesty, integrity, fairness and respect.







## Our company's ESG value system is based upon the 10 Principles of the UN Global Compact Initiative

Since 2021 **KYMA Investment Partners** has committed to the 10 Principles of the **UN Global Compact** (<u>www.unglobalcompact.org</u>). Please refer to the following sections for more detail around Kyma's approach on UNGC principles implementation.



**HUMAN RIGHTS** 

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.



**LABOUR** 

**Principle 3**: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4**: the elimination of all forms of forced and compulsory labour;

**Principle 5**: the effective abolition of

child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.



**ENVIRONMENT** 

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.



**ANTI-CORRUPTION** 

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.





#### We have in place a strong responsible investment process for the implementation of our ESG commitments

With the goal of building an investment process that takes into account ESG principles, KYMA has designed a Responsible Investment Policy, in line also with the article 3 of the EU Sustainable Finance Disclosure Regulation UE n. 2088/2019, describing the following:

- a clear overview of ESG Governance at KYMA, defining the roles and responsibilities of the Board, the Investment Committee, the Investment Team and the Head of Sustainability, such as the Sustainability Officer.
- ESG related activities carried out at each stage of the investment process, including a description of our approach to stewardship and exclusion;
- A description of the **reporting methodology**, both internal and external.

KYMA's approach to integrate ESG factors into the Investment Strategy has included the creation of a clear path to follow to identify potential investment opportunities and assess their maturity in managing ESG related aspects.

During the screening phase, ESG factors are used as selection criteria and as a driver to identify potential ESG risks and opportunities of the target company, while in the ownership phase ESG metrics become one of the measures of the Portfolio Company (PC) performance. Finally, during the Exit phase the overall ESG performance is a significant added value for the PC being sold.



RESPONSIBLE INVESTMENT POLICY

Approved by the Board of Directors on March 5th, 2021

The following **tools** have been created to facilitate ESG integration into KYMA Responsible Investment process:



Pre-screening tool to identify main risks against UNGC Principles



ESG Check-list to guide the ESG Due Diligence phase



Climate Change Business Impact check list to identify climate related physical risks and the resilience of the business to climate change



**ESG Questionnaire** to collect ESG data and facilitate ESG performance monitoring



**ESG Exit Report and Vendor Due Diligence documentation** including evidence of improved ESG performances and the value created or risks mitigated through sustainability at the PC



A Reporting form for relevant ESG incidents





#### Along the whole process of Responsible Investment, KYMA publicly adheres to the UN- backed Principles for Responsible Investment

Signatory of:



- Incorporate ESG issues into investment analysis and decision-making processes. account potential ESG issues in any step of the
  - KYMA has implemented a detailed process to take into investment process
- Seek appropriate disclosure on ESG issues by 3 the companies in which we invest. KYMA commits to perform an in depth ESG DD to all investment to identify potential issues and develop a
  - Work together to enhance our effectiveness in implementing the Principles.

KPI dashboard to monitor ESG performance of all PCs.

The entire KYMA team and any internal or external resources is properly trained on Kyma's ESG and Responsible Investment Policies and it's mandatory for them to be fully committed to it.

Be active owners and incorporate ESG issues into our ownership polices and practices. KYMA will actively support the adoption of ESG policies in its PCs and will work with the PC's management to develop and implement an ESG action plan.

Promote acceptance and implementation of the Principles within the investment industry. KYMA commits to actively participate and engage in responsible investment initiatives and with policy makers for a more sustainable financial system

- 6
- Report on our activities and progress towards implementing the Principles. KYMA sets up ESG KPIs and related reporting system at PCs and Fund level. It will also regularly report to third-party institutions and LPs.





#### The definition of a structured governance and clear responsibilities are at the basis of the implementation of KYMA's ESG framework and strategy and ensuring ESG related aspect oversight

#### KYMA TEAM and the ESG Governance



The Board of Directors (BoD) defines and approves the SGR's ESG policy, responsible investment procedure and ESG strategies.

The BoD is responsible for the evaluation and potential preliminary approval of the investment proposals. In case of positive evaluation, the BoD asks the investment team to perform a due diligence, including an ESG assessment. The BoD approves or reject the investment based on the results of the Due Diligence.



#### **Investment Team**





The Investment Team (IT) is responsible 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 Sustainability Officer, for annually reporting on compliance to the Responsible Investment Policy.

The Sustainability Officer is responsible for providing information on responsible investment to the Board. He is also responsible for ensuring PCs' compliance with the ESG policy and ensuring that Sustainability Officer their activities are consistent with the SGR's sustainability objectives as PRI signatory. The Sustainability Officer collaborates on an ongoing basis with the ESG responsible identified within each PC and he is also supported by subject-matter experts for due diligences and in the definition and implementation of portfolio companies' action plans.

#### KYMA Partners\*













# 2

#### **KYMA's Responsible Investment Strategy**

In November 2019, the EU's Regulation on sustainability-related disclosures in the financial services sector (2019/2088 Regulation or "SFDR") has been adopted.

The SFDR aims to harmonize the sustainability-related disclosures at European level, with two main goals:

- enable clients and investors to make informed investment decisions, also from the point of view of the impact on sustainability, and
- move capital and private savings towards activities that are sustainable.

The SFDR requires financial market participants and financial advisers to disclose specific information (both precontractual and ongoing) to end investors regarding:

- their approaches to the integration of sustainability risks into the investment process
- · their consideration of adverse sustainability impacts resulting from investment decisions
- their approach to promotion of environmental or social characteristics and sustainable investment.

In the investment activity, KYMA ensures compliance with current legislation on human rights, environmental and anticorruption legislation, and complies with the principles and guidelines for responsible investments. Moreover, **KYMA** has started to collect the principal adverse impacts (PAI) on sustainability factors of new investments in accordance with the SFDR.

Finally, the Fund falls within the category of products referred to in Article 6 of the SFDR Regulation, integrating sustainability risks in all its investments.



# 2

#### **KYMA ESG Performance**



#### **ENVIRONMENT**

#### **Energy consumption**



**100%** Electricity from renewable

sources.

**5.445** kWh/year

Total energy consumption in 2021\*.

Among energy suppliers, Kyma has chosen an energy company providing 100% electrical energy from certified renewable sources, proving its commitment towards environmental aspects. Electricity is the only source of energy consumption.

#### Environmental initiatives



Initiative in place to reduce the use of plastic with plastic bottles replaced by reusable glass ones.

#### **GHG** emissions

#### Scope 2 – Market-based method



0

ton of CO2 eq

#### Scope 2 – Location-based method\*



**1,7** ton of CO<sub>2eq</sub>

#### International Initiatives



Kyma has signed the 2021 Global Investor Statement to Governments on the Climate Crisis, urging governments to commit to climate policy action by COP26.

<sup>\*</sup>Kyma started its operations in June 2021.

<sup>\*\*</sup>Scope 2 GHG emissions (location-based method) have been calculated using conversions factors by TERNA Confronti Internazionali 2019.





#### **KYMA ESG Performance**



#### SOCIAL

#### Job development & diversity



Total number of employees\* of which 1 woman.



Number of exits in 2021.



Board members (no women).

#### H&S



Number of work-related injuries and near-miss incidents.

#### **Training**



At the beginning of 2022, a training on ESGrelated matters has been provided to all the employees.



#### **GOVERNANCE**



Investments covered by an ESG DD.



No ESG incidents recorded in 2021.



No investments in companies and countries exposed to a high risk of human rights violations and forced/child labor exploitation\*\*.

<sup>\*</sup>Board members not included.

<sup>\*\*</sup> List of countries and sectors exposed to a high risk of human rights violations <u>available here</u>, at risk of forced labor exploitation <u>available here</u>, at risk of child labour exploitation <u>available here</u>.



## Index

- 1 KYMA AT A GLANCE
- 2 KYMA'S RESPONSIBLE INVESTMENT GUIDING PRINCIPLES AND ESG PERFORMANCE
- ESG AND RESPONSIBLE INVESTMENT IMPLEMENTATION
  - 4 ESG IN KYMA'S PORTFOLIO
  - 5 UN GLOBAL COMPACT PRINCIPLES INDEX



# 3

#### ESG is central across the whole investment lifecycle



#### **PRE-INVESTMENT**

- ESG Due Diligence performed for each investment.
- Definition of an ESG improvement plan leveraging the digital transformation.
- Management team commitment to sustainability.



#### **OWNERSHIP**

- Set up of governance structures allowing for adequate management.
- Adoption of appropriate policies, procedures and management systems.
- Definition of specific ESG objectives and targets.
- Monitoring and evaluation of sustainability performance.
- Quarterly and annual reporting on key ESG data metrics.



#### **EXIT**

- Show the value created and/or the risks mitigated through ESG approach.
- Raise acquirers awareness of further sustainability improvements to be achieved and share the plans in place to achieve them.



#### Early identification of key risks and opportunities and detailed due diligence on material ESG topics

Environmental, social, governance, compliance, data responsibility and security, cultural and ethical factors are an integral part of the investment analysis and decision-making process before making any investment.

The Investment Team, with the supervision of the Sustainability Officer, is responsible of conducting an initial screening in order to confirm the compliance with fund restrictions, UNGC principles and the ESG Policy, evaluate the potential target and identify the key ESG factors, risks and opportunities to be further analyzed within the ESG due diligence.

Moreover, KYMA's Investment Team is expected to liaise with legal and sustainability advisors as well as any relevant external professionals to confirm the viability and opportunity of target companies and to ensure compliance with current and proposed future legislation.

In this phase, in line with KYMA's investment strategy, the investment team and the Digital and Operating partner will also investigate all the possible Digital Transformation Projects that will support and improve the adherence to the RI Policy.

Finally, KYMA has adopted formal guidelines to exclude investments in certain sectors or minimize its exposure and apply more stringent requirements prior to the making of investments and during the investment holding period, in case of "Sensitive" sectors. The exclusion list is published in the Responsible Investment Policy available online.

In line with the Principles of the UNGC, KYMA further commits to avoid investing in company that are comprised within the following categories unless resolving these issues is a specific part of the investment strategy:

- do not respect human rights;
- do not directly or indirectly through their supply chain respect standard labour conditions; apply discriminatory policies; and/or use child labour:
- do not comply with **anti-corruption** standards and best practice:
- 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 climaterelated transition or physical risks, and
- · do not have controls and recovery policies in place for cybersecurity.



#### Early identification of key risks and opportunities and detailed due diligence on material ESG topics

In addition to the pre-screening checklist developed to identify main risks against UNGC Principles and requirements (e.g. perform country risks analysis and sector risks analysis, media analysis), an ad-hoc assessment and related procedures have been developed by KYMA to be implemented during the due diligence phase to deeply assess the target company against the 10 principles of UN Global Compact and thus identify any possible negative sustainability outcomes related to new investment's operations.



Review of all DD by third party advisors.



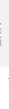
- Review of any material finding related to labor rights, welfare and safety on-the-job.
- Adherence to the national labor contracts as agreed by the major trade unions, no late payments of welfare contributions or any other irregularity about welfare regulations.
- Adherence of the retribution policies to the national labor contracts applicable to the specific industry.
- No sign of child labour, compulsory labour or labour discrimination.



- In depth review of the organizational culture and ethical behavior by completing a thorough analysis and interviewing 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.
- Special attention will be dedicated to human rights issues and their possible abuses.



- 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.





## Early identification of key risks and opportunities and detailed due diligence on material ESG topics

Once performed the relevant assessments and investigated all the possible risks identified, if the investment is not compliant with KYMA's Responsible Investment and ESG policies, the Investment Team and the Sustainability Officer, will determine the appropriate course of action or decide to decline the investment if the risk is not acceptable.

The outcomes of the Due Diligence activities are included in the ESG Due Diligence Report, a document describing the ESG assessment results, including relevant ESG trends and identified risks and opportunities.

In addition, with the support of the externals professionals, an ad-hoc ESG Action Plan is proposed to Target Company, aimed at improving its ESG performance over the investment period. ESG improvement actions described in the plan are linked to specific ESG metrics that are evaluated and agreed upon with the Target before closing the investment.

The main ESG findings are summarized in the Final Assessment Memo, which enables the Investment Committee and the Board of Directors to take into account ESG factors and issues when making investment decisions.



### Constant monitoring and improving ESG PCs' performances

During the investment period, KYMA commits to actively engage with the portfolio companies, ensuring their compliance with KYMA's policies and applicable standards, closely monitoring and supporting them in the definition and implementation of an ESG Action Plan, in the improvement of ESG performance and assessment of the progress. The portfolio company, instead, will endeavor to adopt KYMA's sustainability approach and integrate it into its own. This will typically take place over a three-year period, depending on the sophistication of each business and the maturity of their existing sustainability programs and initiatives.

Each portfolio company is further required to identify an ESG representative with whom KYMA's Sustainability Officer collaborate on an ongoing basis. Starting with an on-boarding process, KYMA will work closely 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.

Within the investment period, each portfolio company will further commits to undertake specific steps set out in KYMA's Responsible Investment Policy in order to enhance for instance, ESG management and strategy, performance monitoring and transparency, governance related issues and Board accountability.

The requirements include, but are not limited to the following:

- Develop a Sustainability Strategy focused on company's material issues;
- Publish an annual Sustainability Report;
- Implement the 231 Model;
- Develop a Sustainability Policy;
- Identify the ESG Manager.



### Constant monitoring and improving ESG PCs' performances

In order to enhance the monitoring of the performance and achievement of the improvement actions and related targets defined within the ESG Action Plan for each Portfolio Company, KYMA has developed, in line with the Regulatory Technical Standards (RTS) defined by the EU Regulation 2019/2088 - SFDR, an **ESG Questionnaire**.

The data collection tool is sent by the Sustainability Officer to the ESG representative of each portfolio company, for compilation. The tool contains the ESG Key Performance Indicators (KPIs) to be reported on:

- o a set of "Core" KPIs defined in line with the RTS are mandatory for all PCs;
- additional KPIs identified during the Due Diligence phase are company specific, depending on business, sector trends and ESG maturity;
- o information about **PC's contribution to SDGs**, including for each SDGs the metric (e.g. Quali/quantitative KPIs or initiatives) used to assess and monitor the impact and the contribution to it.

Finally, KYMA will annually organize a meeting with the PC's management and the Investment Team to present the ESG report on progress targets and foster the inclusion of ESG aspects on the agenda of the Board of Directors.

#### The Regulatory Technical Standards

The European Supervisory Authorities (ESAs) have developed through the Joint Committee (JC) the draft Regulatory Technical Standards (RTS) with regard to the content, methodologies and presentation of sustainability-related disclosures under empowerments Articles 2a, 4(6) and (7), 8(3), 9(5), 10(2) and 11(4) of Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation "SFDR").

The Draft of RTS indicates the 16 KPIs that the SGR has to collect at product level and disclose to its Limited Partners (LPs). The RTS cover the following areas:

- Climate and other environment-related indicators (Greenhouse gas emissions, biodiversity, water, waste);
- Social and Employee, Respect For Human Rights, Anti-corruption and Anti-bribery matters.





### **Constant monitoring and improving ESG PCs' performances**

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 Draft 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.



## Index

- 1 KYMA AT A GLANCE
- 2 KYMA'S RESPONSIBLE INVESTMENT GUIDING PRINCIPLES AND ESG PERFORMANCE
- ESG AND RESPONSIBLE INVESTMENT IMPLEMENTATION
- 4 ESG IN KYMA'S PORTFOLIO
  - 5 UN GLOBAL COMPACT PRINCIPLES INDEX





# Kyma acquired the majority of Datlas one of the most innovative Italian players within the sector of Data Validation and Data Integration services

KYMA acquired the majority of Datlas Srl ("Datlas"), one of the most innovative Italian players within the sector of Data Validation and Data Integration services managed with Robotic Process Automation (RPA) tools integrated within the proprietary "DOME" platform founded in 2017 by Fabrizio Soru (Founding Partner and CEO).

"We were looking for a partner which would believe in Datlas as a player capable to support the Italian economic system and its enterprises in a radical cultural shift toward a reinterpretation of data management and integration processes."

F. Soru - CEO

The Company was founded in 2017 and provides consulting and technology services related to the digital transformation. Datlas is headquartered in Italy, in Milan. It has a small office in Turin (with 3 employees) and manages part of a warehouse for paper documents in Broni (Pavia province). Datlas has a subsidiary company in Romania located in Oradea.

Datlas partners with its customers across multiple sectors (from insurance to manufacturing) to embark on digital transformation journeys, offering technology and services with the Platform as a Service (BPaaS) model, coupled with distinctive process management skills and an exclusive proprietary technological platform. Thanks to the DOME platform and the deep knowledge of multiple verticals, Datlas is capable to develop innovative solutions fully compliant with requirements imposed by the Regulator on several matters undergoing a profound evolutionary path, such as Fraud Detection and Anti Money Laundering in various markets such as banking, insurance, Media & Telco, Retail & GDO and Manufacturing.

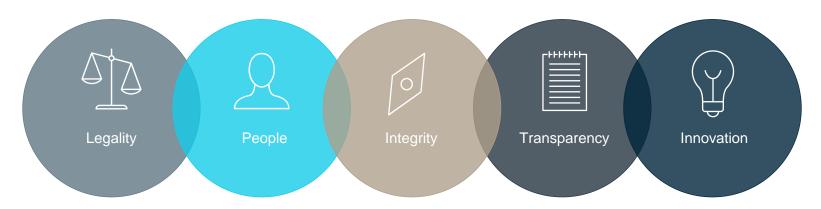
KYMA will support Datlas and its Management team to accelerate the path of growth by enhancing DOME with the acquisition and development of Process Mining and Data Analytics skills, which will complement Datlas' current offering and reposition the company in an international context as a highly qualified player within Data Validation and Data Integration services.



# 4 Datlas Values

"Datlas does not aim to just manage clients' data. Its mission is to create new information"

F. Soru - CEO







#### Datlas defined a set of preliminary priority ESG areas

As part of the ESG project for Kyma, in 2021 Datlas defined a set of preliminary priority ESG areas the Company will work on. The priorities reported below were considered in the development of **Datlas ESG action plan 2022-2025**. Moreover, Datlas performance and initiaves implemented related to these key sustainability priorities are described in the following pages of the ESG Report.







# Datlas has defined responsibilities and policies for all most relevant sustainability topics

Datlas has developed a Code of Ethics, publicly available, which includes company's principles on topics as environmental protection, non-discrimination, diversity and data privacy.

Moreover, an organizational model based on 231 Legislative Decree has been implemented and shared with all the stakeholders in 2018. It will be reviewed and updated during 2022. As required, a whistleblowing system is used to notify wrongdoing occurring within the organization. Confidentiality is guaranteed by an external professional, in charge of monitoring and receiving potential claims.

Datlas' quality and data protection management systems are certified ISO 9001 and ISO 27001. The Company is working on obtaining ISO 14001 certification, starting from Milan office.

	Responsibilities	Policies	Certified Mngmt System
Environment			
Health & Safety			
Human Resources			
Business Ethics			
Data privacy and information s	ecurity		
Supply Chain			
Quality			
Covered Partially covered Gap			

Datlas has defined responsibilities for all most relevant sustainability topics. In particular, for some aspects such as Quality and Data Privacy and Information Security, responsibilities have been formalized in policies and procedures.

So far, the Board of Director has oversight responsibilities on ESG and the HR Manager, based in Italy, is in charge of the majority of ESG aspects.

Datlas is committed to further improving its sustainability management by formally designating a Corporate Sustainability Officer, a responsible person oversighting sustainability related aspects.





#### **Datlas Governance and business ethics**

Datlas has received the **«Bollino Etico Sociale»** certification, which recognizes to Italian companies the effort and commitment in boosting social innovation.

Datlas will further consider the possibility to obtain the "Rating di Legalità" released by the Italian Competition Authority.



In the period 2019-2020, Datlas has reported:

- Days on strike
- Cases of incidents and negative campaigns from the media
- Significant fines and non-monetary sanctions, no enforcement actions
- Relevant complaint received from stakeholders





#### **Datlas Sustainability communication and initiatives**



Internal initiatives focused on improving environmental awareness and employee's well-being





Use of social networks (i.e. LinkedIn) to communicate Datlas sustainability related initiatives and commitments (e.g. disposable plastic reduction)





Development of the Sustainability communication strategy to inform around Datlas sustainability performance and initiatives. The company is working on this action as part of its 2022-2025 ESG Action Plan.





Draft of a Sustainability Report. Datlas is evaluating the opportunity to disclose a sustainability report in the next years as part of the 2023-2025 ESG Action Plan.







# Every year Datlas supports with a small contribution the Why Not non-profit organization.

The association operates in the charity sector and has the following aims:

- Intervene directly where it serves the implementation of water supply projects;
- Cooperate with other non-profit organizations to finance projects or parts of projects that are part of the mission;
- Intervene directly in the development of projects for social, educational and scholastic progress;
- Carry out a concrete action based on the principles of sharing and solidarity, to overcome the various individual and social problems, through a network of opportunities, initiatives and tools, in full respect of the human dimension, promoting the full participation in social and civil life;
- Qualify its presence as a private social organization and, as such, have characteristics of independence and autonomous operational decision-making but, at the same time, be neither a substitute for nor a competitor of the role of the public body and institutions, but act in integration and collaboration with them.









#### **Supply Chain and client management**

#### Suppliers and subcontractors



Suppliers and subcontractors are required to comply with Datlas' ethical principles and standards.

They undergo a qualification process on quality and data security and a qualitative evaluation on corporate social responsibility (e.g. reliability, certifications, absence of child/forced labor). To improve its supplier assessment, Datlas is committed to implementing a **risk assessment of its subcontractors** to identify specific risk profiles; moreover, the Company is structuring a system to perform periodic audits to key subcontractors.

Contracts are developed on a template including clauses on the mandatory alignment to the Company's 231 Model, Code of Ethics and applicable laws on environmental and labor aspects. In order to prove their compliance, suppliers and subcontractors are required to provide documental evidence, which is periodically reviewed by the Company. Moreover, cleaning service companies are required to have ISO 14001:2015 certification.

As for services suppliers, Datlas has selected Amazon AWS as provider of cloud space and datacenter services. The selection of the datacenter provider was performed in 2017 (year of Datlas' start of activities) and took into account a set of criteria including global presence, infrastructure maturity, infrastructure solidity, security certifications, energy efficiency and use of renewable sources.

Suppliers of electronic devices are mainly from Europe and US.

#### **Clients**

Clients commonly request Datlas to provide documents related with certifications, insurance coverage and compliance with taxes and labor insurance payments.

Selected clients perform web-based audits on quality and data management. The results are shared with Datlas responsible function which will implement the improvement actions identify, if any.





#### **Datlas Social - Employment and Diversity**

#### Datlas' Total workforce by gender in 2020



#### **Diversity**

- **24** Managers and directors in 2020, 29% of which women
- Women in top management in 2020 (6 in the Italian company and 1 in the Romanian subsidiary).
  Datlas is committed to improving diversity among its management and we will take action in this respect as part of its ESG action plan.
- of employees in the Italian company have a permanent contract, while in the Romanian subsidiary the 16% of employees are employed with a permanent contract. This is mainly due to Romanian labor market specificities and job positions in line with client's needs. In most of the cases, Datlas extends the temporary contracts of its employees, whether possible.
- of employees covered by collective bargaining agreements (100% in the Italian company and 50% in the Romanian subsidiary). This reflects mainly the fact that collective bargaining agreements do not exist in Romania. However, in 2021 Datlas has established a company agreement with the 100% of employees of the Romanian subsidiary for determining, among other things, working conditions and terms of employment.
  - In Italy, Datlas works mainly with two cooperatives. Workers from cooperatives are mainly involved in document sorting and scanning. The number of employees working within the two cooperatives are respectively about 16 and 8 in 2020\*.





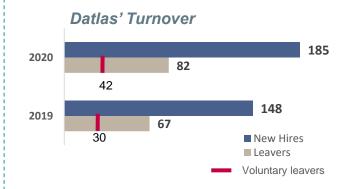
#### **Datlas Social - Turnover**

The Company hired 185 employees in 2020 (+ 25% vs 2019). The relatively high turnover\* rate (32% in 2020, - 22% compared to 2019) is a common industry challenge and Datlas has worked on an action plan to mitigate this risk (see below).

#### Actions to improve talent attraction and retention

**Improvement actions** were identified and **have been implemented since 2021**, in order to better manage employee attraction and retention. Among the others, Datlas is implementing the following:

- Process of continuous recruiting to have better access to human capital and easily find substitutes in case of exits.
- ✓ Dedicated initiatives related to training and employee's engagement.
- ✓ Smart-working policy, which includes the possibility to work remotely 2/3 days per week, in order to incentivize the remote work and to reduce the environmental impact of commuting.
- Employee satisfaction survey to understand the general status of employees' well-being at work, their needs and stress triggers.
- Welfare program based on employee's needs and feedbacks; its effectiveness will be monitored annually.



**185** New hires in 2020 (+25% vs 2019) of which 85 hired in the Italian company and 97 in the Romanian subsidiary

Kymapartners.com

<sup>\*</sup>Turnover be

<sup>\*</sup>Turnover below 10-15% is considered a positive indicator. Turnover rate is evaluated as follows: leavers/ending number of total employees





#### **Datlas Social - Unadjusted Gender Pay Gap**

The gap in terms of average hourly earnings between male and female employees is quite significant in the Italian sites (27%), while it is not relevant (1%) in the Romanian subsidiary as employees are mainly employed as white collars in the OPS department (except for one manager). Gender pay gap by age within Romanian workforce is zero in almost all age groups.

Considering employee' categories in the Italian company, the gender pay gap is positive. Among Directors there is only one woman which is paid on average 27% less than her male colleagues.

The gender pay gap is significant in all age group categories; in addition, it becomes more and more relevant as the age range increases. In particular, the gap is extremely high for employees in their forty as women are paid 55% less than their male colleagues.

In 2022, **salary of employees of specific areas** (e.g. OPS) **will be reviewed**, accordingly with the yearly budget, by the HR manager and department's directors, if needed. This will take into account also existing gender pay gaps by looking at the salary estimate of certain job position regardless of employee's gender.



<sup>\*</sup>The unadjusted gender pay gap is calculated as the difference between average hourly earnings of male and female employees over the average hourly earnings of male employees. Please consider that the values and data provided in this slide refers to 30/10/2021.





## **Datlas Social – Human resources management**

Since its foundation, Datlas has adopted a HR policy which defines the principles related to labour practices and human capital management. In Datlas, human resources are managed by the **HR team**, which is **coordinated by the HR Manager**, based in Italy at Milan's office. Payroll management is outsourced to third-part specialist firm.

In addition, within the Code of Ethics, Datlas promotes equal opportunities and condemns any forms of discrimination, including in the hiring process. In the reporting period, no incidents of harassment and discrimination have been registered.

Moreover, since 2021 Datlas has extended the programs and activities implemented to manage human resources at the Italian company to the people working at the Romanian subsidiary. This will improve standardization of management practices between the two companies, if applicable.

So far, Datlas hasn't performed any employee and subcontractor's satisfaction survey, due to the recent implementation of several initiatives around human capital management, including the project "Migliorinsieme". The Company is planning to perform a satisfaction survey in the coming years as part of its ESG action plan.

Datlas is working on improving the monitoring on human resources data. Indeed, a set of relevant KPIs, which will be periodically collected and analyzed, is currently under development. KPIs will include turnover, results of exit interviews, diversity, school level, age, contract level, overtime, absenteeism, data on health and safety. Each KPIs will also be linked to a quantitative target (under development).







## **Datlas Social – Human resources management**

Employees' performance evaluation

The Company is **developing a performance and skills evaluation process**, which has been adopted in January 2021 as a pilot for the first and second lines of the Operations area (39% of total workforce) and will be extended to all employees in 2022.

An annual interview will be conducted to evaluate the employees' alignment to the 8 key competences for Datlas, as innovation and team-working. The final outcome of the evaluation will be an ad-hoc development plan for each employee, periodically monitored, reviewed and updated.



In 2020, 12% of employees was covered by MBO (Management by objectives) with variable payment system linked to objectives. The employees covered by MBO belong to the following categories: directors, sales, R&D people, team leaders and Datlas' professionals who manage strategic goals.







## **Datlas Social – Human resources management initiatives**

#### Project «Migliorinsieme»

Due to the rapid growth, the concentration of responsibilities and its type of business, Datlas is fully aware of the potential sense of stress that can affect its employees. To tackle this issue and to enhance employees' wellbeing and sense of belonging, since 2021 the Company has started promoting different **group initiatives** both in the Italian company and the Romanian subsidiary. The proposed initiatives are organized within the so-called project **«Migliorinsieme»** which aims to **improve and monitor** through the creation of ad-hoc KPIs the management and internal **awareness** of the following relevant **sustainability aspects.** Datlas will consider to directly engage with employees in the selection of the initiatives to be implemented, for instance by launching a contest and selecting the most voted or the most attractive initiatives.



**Environmental awareness** 



Promotion of healthy habits and responsible consumption (i.e. use of sustainability-related apps, courses on financial education, nutritional advices in collaboration with experts)



Well-being



People (i.e. diversity and inclusion)



Communication and teambuilding (i.e. Breakfast meeting, morning running sessions)





## **Datlas Social – Human resources management initiatives**

#### Project of prisoners' reintegration

Datlas is involved in a social project which aims to foster the **re-employment of ex-inmates**, in collaboration with GSP.

Ex-inmates are employed in standardizing and scanning paper documents within Datlas Milan's office. In order to be selected, the ex-inmates undergo a selection process where they are evaluated for their curriculum and the type of crime committed: prisoners in charge of theft, data privacy violation, fraud and other crimes not suitable to Datlas' ethics are excluded. Once selected, ex-inmates are trained by Datlas' professionals to acquire technical skills.

The Company is also considering to further support exinmates beyond work related subjects, by initiatives of engagement with Datlas' employees to improve social integration.



#### Main Goals





1. Create employment opportunities for disadvantaged groups



2. Enhance social value creation by Datlas



3. Raise awareness among local communities and companies in general on succesful ex-inmates reintegration in the society and related opportunities





## **Datlas Social – Training**

Once employed, each employee receives a **general induction training** about the Company and its policies, with a focus on **H&S**, **data privacy and 231 Model**. Technical training, which tend to be very specific, is then provided in accordance to the role of the employee and the assigned project. Among the voluntary training provided, educational activities aimed to enhance and develop employee soft and hard skills are provided. (e.g. time management, R&D architecture, P&L training). In 2020, Datlas has provided 11.417 hours of training (44 hours of training per employee), of which almost 76% of training courses provided were voluntary.

Datlas is committed to provide **additional training courses to talented employees**, aiming at enhancing skills beyond their day-to-day tasks and specific project and their employability in different projects, if needed.

Moreover, as clients are increasingly demanding personnel located in the Romanian subsidiary with a good level of Italian, Datlas is providing additional and ad-hoc language training courses to workforce in Romania, by directly involving Italian employees as professors.

Finally, Datlas is planning to **implement an academy section on its training platform** where records of technical training can be saved, in order to enhance employees' flexibility in participating to the course and reduce the costs of organizing on-site trainings. In this way, the resources implemented to organizing the training could be leveraged as the training could be accessible online for further consultation, if needed.



In 2020, Datlas increased the amount of budget invested in training related activities by 4.000€ compared to 2019 (+151%).

The budget is estimated to grow further in the next years (i.e. estimated budget 30.000€ in 2021/2022).

The number of hours of training per employees increased by **36%**, from 32,4 in 2019 to **44,1** in 2020.





## **Datlas Social – Health and Safety**

- Work-related injuries and number of lost days over the last two years. Datlas registered only 3 commuting injuries in 2020.
- Injury rate and severity rate
- Fatalities
- Injuries causing permanent disabilities



A detailed **work-related stress risk assessment** is under review and will be updated by the first quarter of 2023. Datlas performs the work-related stress risk assessment once every three years, as required by the Italian regulation.

Within the Project «Migliorinsieme», since 2021 Datlas has implemented an initiative which aims to improve employees' health by engaging with specialized doctors and professional in body posture. During dedicated session, Datlas' people can directly ask the professional around the exercises employees should do to improve their posture.







## **Datlas Social – Health and Safety**



### H&S compliance and responsibilities

According to the Italian occupational health and safety law (**Lgs. D. 81/2008**), Datlas has assigned and formalized health and safety responsibilities as legally required.



Daltas has appointed external consultants as occupational physician, employees' representative for safety (RLS) and H&S Deputy (RSPP), while internally the HR Manager oversees health and safety aspects.



H&S performances of the Italian office are discussed during the annual meeting with the H&S Committee, involving the CEO, the HR Manager, the occupational physician, the RLS and the RSPP, as legally required.



No issues of concern have been reported during the last H&S meeting. Some improvement actions have been identified to be implemented within 2022.





## **Datlas Environment – Energy Consumption and GHG emissions**

The Company spent 24.975€ for energy purchasing and 10.020€ for natural gas purchasing\*.

#### **Electricity Consumption\***

**152.466** Kwh/year Electricity consumption in 2020

#### **Natural Gas Consumption**

**23.067** Sm3/year Natural gas consumption in 2020 at Milan's office\*.

#### **Other Energy Consumption**

**7.687** kWh/year Heating consumption in 2020 at Romanian office.

**20.329** kWh/year Cooling purchased in 2020 at Romanian office.

#### **Total GHG Emissions**

**75.918** tons of CO<sub>2</sub> in 2020 (calculated only for Italy, Milan's office. It includes GHG emissions generated from electricity consumption and natural gas).

## Actions to improve the environmental management

- ✓ Datlas is assessing the possibility to purchase electricity from certified renewable sources such as Green Certificates, in particular at Milan office.
- ✓ The Company is also committed to reviewing its energy consumption to identify improvement areas and enhance energy efficiency.
- ✓ Moreover, Datlas aims to develop a system to monitor its greenhouse gases emissions (Scope 1, 2 and 3), identify areas of improvements and set reduction emissions targets.

<sup>\*</sup> No data from 2019. No data available for Turin's site.





## **Datlas Environment – Energy Consumption and GHG emissions**

During 2020 and 2021, some energy saving measures have been implemented in Datlas' offices (all rented), including light timers and switching off all lights at offices closure. However, Datlas has not developed a formal plan for energy consumption reduction.

So far, the Company has not monitored its Scope 3 GHG emissions, but it is planning to implement a GHG emission monitoring system.

Among cloud services' suppliers, the entire DOME application ecosystem runs on top of Datlas VPC based on Amazon Web Services (AWS). Datlas has selected AWS as suppliers due to its **commitment of reducing the environmental impacts along the value chain**. It has set an ambitious target to supply 100% of green energy to power its data centers by 2025 and it is committed of improving customers' energy footprint by also offering them a Carbon Footprint Tool to calculate the carbon impact and plan future GHG emissions reduction.

In 2021, Datlas has conducted a **mobility survey in order to assess the environmental impact of its employees' daily commuting in Italy at the Milan's office**. Following the results of the survey, Datlas has identified several measures to be implemented in 2022 to promote car use reduction when driving to and from work, including:

- ✓ Promotion of smart-working and reviewing of existing contracts and related policy;
- ✓ Promotion of car pooling by identifying people leaving close to each other;
- ✓ Organization of a working group with companies operating around Datlas' Milan office to share best practices and promote shared innovative solutions to improve sustainable mobility.







## **Datlas Environment – Waste management**

Apart from common office-like waste (paper, cardboard, print toners and garbage), **Datlas doesn't produce relevant quantities of non-hazardous waste**. Moreover, almost all the non-hazardous waste produced is sent to recycling (99,7% and only 0,3% is sent to other disposal method such as landfill and incineration).

In general, office-like waste disposal is managed by the company renting the offices both in Italy and Romania.

Overall, no significant variation in waste produced has been registered in the period 2019-2020.

Disposal of Client's paper documents from the archive in Broni is performed by specialized paper shredding and disposal subcontractors, at client's request.

Among the initiatives included in the "Migliorinsieme" project, dedicated actions focused on waste reduction, especially paper and plastic consumption reduction have been implemented by Datlas since 2021.

In this regard, Datlas promoted in Italy the download of the Cleanworld app, which rewards its users every time they collect left garbage on public spaces (i.e. beach, mountain, city). Moreover, the use of the mobile app "TooGoodTooGo" to avoid food waste has been promoted within Datlas' employees at Italian's offices.



#### Together to reduce Single Use Plastic consumption

Both in the Italian company and Romanian subsidiary, Datlas has implemented an initiative to reduce the usage of plastic water bottles in the office by incentivizing the use of canteens.

From 2019 to 2021, plastic bottles consumption within Datlas offices has been reduced by 34%.





## The 17 Sustainable Development Goals and Datlas









































## The 17 Sustainable Development Goals and Datlas

#### SUSTAINABLE DEVELOPMENT GOALS



9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation





**Thanks to Dome,** the proprietary platform dedicated to automatization and optimization of back-office tasks, Datlas is committed to bring innovation within companies, ensure a better data management and preserve data privacy. Dome platform optimizes internal processes, reduce employees workload and the overall energy consumption. Dome is certified ISO 9001 (software development process) and ISO 27001 (data / information management security. privacy-by-design).



10. Reduce inequality within and among countries



Datlas strives to raise awareness among its employees and the community in general on diversity and inclusion. The reemployment of ex-inmates is a clear example of Datlas commitment on this matter.



3. Ensure healthy lives and promote well-being for all at all ages



The "Migliorinsieme" project aims at training employees on the importance of healthy habits to preserve well-being.



8. Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all



Dome Platform optimizes internal processes reduce employees workload.



# Index

- 1 KYMA AT A GLANCE
- 2 KYMA'S RESPONSIBLE INVESTMENT GUIDING PRINCIPLES AND ESG PERFORMANCE
- ESG AND RESPONSIBLE INVESTMENT IMPLEMENTATION
- 4 ESG IN KYMA'S PORTFOLIO
- 5 UN GLOBAL COMPACT PRINCIPLES INDEX



# 5

## **UNGC Index**

UNGC PRINCIPLES	REPORT SECTIONS OR DIRECT RESPONSE
HUMAN RIGHTS	
Businesses should support and respect the protection of internationally proclaimed human rights	<ul> <li>2 - ESG means creating value for our stakeholders and developing a more sustainable long-term</li> <li>3 - Early identification of key risks and opportunities and detailed DD on material ESG topics</li> <li>4 - Datlas Values</li> </ul>
2. make sure that they are not complicit in human rights abuses	<ul> <li>2 - ESG means creating value for our stakeholders and developing a more sustainable long-term strategy</li> <li>2 - KYMA ESG Performance</li> <li>3 - Early identification of key risks and opportunities and detailed DD on material ESG topics</li> <li>4 - Datlas Governance and business ethics</li> </ul>
LABOUR	
<ul> <li>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</li> <li>4. the elimination of all forms of forced/compulsory labour</li> <li>5. the effective abolition of child labour</li> </ul>	<ul> <li>2 - ESG means creating value for our stakeholders and developing a more sustainable long-term strategy</li> <li>2 - KYMA ESG Performance</li> <li>3 - Early identification of key risks and opportunities and detailed DD on material ESG topics</li> <li>4 - Datlas Social</li> </ul>
<b>6.</b> the elimination of discrimination in respect of employment and occupation	<ul> <li>2 - ESG means creating value for our stakeholders and developing a more sustainable long-term strategy</li> <li>2 - KYMA ESG Performance</li> <li>3 - Early identification of key risks and opportunities and detailed DD on material ESG topics</li> <li>4 - Datlas Social; The 17 Sustainable Development Goals and Datlas</li> </ul>
ENVIRONMENT	
<ul> <li>7. Businesses should support a precautionary approach to environmental challenges</li> <li>8. undertake initiatives to promote greater environmental responsibility</li> </ul>	<ul> <li>2 - ESG means creating value for our stakeholders and developing a more sustainable long-term strategy</li> <li>2 - KYMA ESG Performance</li> <li>3 - Early identification of key risks and opportunities and detailed DD on material ESG topics</li> <li>4 - Datlas Environment</li> </ul>
<b>9.</b> encourage the development and diffusion of environmentally friendly technologies	<ul> <li>1 - KYMA Digitalization Strategy</li> <li>2 - ESG means creating value for our stakeholders and developing a more sustainable long-term strategy for our portfolio companies</li> <li>3 - Early identification of key risks and opportunities and detailed DD on material ESG topics</li> <li>4 - Datlas Environment; The 17 Sustainable Development Goals and Datlas</li> </ul>
ANTI-CORRUPTION	
<b>10.</b> Businesses should work against corruption in all its forms, including extortion and bribery	<ul> <li>2 - ESG means creating value for our stakeholders and developing a more sustainable long-term strategy</li> <li>2 - KYMA ESG Performance</li> <li>3 - Early identification of key risks and opportunities and detailed DD on material ESG topics</li> <li>4 - Datlas responsibilities; Datlas Governance and business ethics</li> </ul>

