

Responsible Investment Policy

Failup Fund 1 Ky

General

At Failup Ventures, we believe that we have the responsibility to improve on our **society** from how it was given to us at birth. A well-functioning society is the key to our modern civilization. We recognize that our primary goal is to bring financial returns to our limited partners, but we can deliver those returns in a way that benefits all of society.

We will follow and promote the following impacts in the society through our investments:

- Reduction of greenhouse gas emissions
- Reducing waste from consumption
- Increasing diversity, equity and inclusion in the workplace
- Increasing workplace happiness and wellbeing

The General Partner oversees that the Management Company is compliant with this policy. The board of the Management Company will regularly review the state, progress and development needs of ESG matters in Investee Companies and the Management Company.

Professional standards

Due consideration is given to Finnish Venture Capital Association's (FVCA) guidelines and recommendations such as the Openness and Transparency Recommendations of FVCA (www.paaomasijoittajat.fi/en/fvca/rules-and-guidelines/).

UN PRI

The General Partner acknowledge that some of the Limited Partners are committed to the Principles for Responsible Investment (PRI) instituted by the United Nations (www.unpri.org) and their objective is to comply with and promote considerations related to ESG matters in investment analyses and decisions as well as in ownership policy.

Ten Principles of United Nations Global Compact

The General Partner acknowledge and follow the Ten Principles of United Nations Global Compact (www.unglobalcompact.org/what-is-gc/mission/principles) and will support the Investee Companies to integrate the principles into their strategies, policies and procedures.

Diversity and inclusion

The General Partner is committed to take diversity and inclusion into account in their own business and will work with their Investee Companies to support them create diverse and inclusive workplaces.

Climate change

The General Partner acknowledge internationally accepted target (Paris Agreement) to strengthen the global response to the threat of climate change by e.g. pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels. The General Partner will assess the climate impact of the potential investee companies and the Investee Companies as part of their investment and investment management processes.

Tax planning

The Management Company or the General Partner will not use and expect that the Investee Companies do not use aggressive tax planning and will pay their income taxes to the country where the value of the business is created.

Exclusions

The General Partner respects the human rights and recognize their importance and universality. The Partnership will not invest in companies in weapons, alcohol, pornography, tobacco, human cloning or gambling industries nor in companies conducting illegal activities or companies which the Management Company or the General Partner determines to operate unethically. Additionally, The Partnership will not invest with founders or investors which the Management Company or the General Partner determines to have serious reputational issues.

ESG matters over the lifetime of an Investment

ESG risks and opportunities are acknowledged at an early stage in any potential investment opportunity and are addressed and monitored throughout the Partnership's ownership of an Investee Company through their reporting.

Pre-Investment

An analysis of the ESG risks and opportunities of a potential Investee Company is part of the Management Company's due diligence process. As ESG related risks and opportunities vary in different industries, markets and stages, they are considered on a case-by-case basis and focus is on the matters that are relevant to each of the target companies and their operating environments. We will use an ESG due diligence check list that we will refer to in each investment decision.

The observations and conclusions of the ESG due diligence review are presented as an attachment to the investment memorandum and taken into consideration in the decision-making for an initial and a follow-on investment.

Post-Investment

After an investment, a discussion on ESG matters is a part of the Management Company's work with the Investee Company. Each Investee Company develops its own corporate responsibility policy, while Failup provides support to that process.

Reviewing ESG matters is part of Investee Companies boards' work. The General Partner believes that the Management Company's support is beneficial to them for example in establishing and further developing good governance policies and social responsibility practices like fair employment, work well-being, avoidance and elimination of discrimination and harassment, diversity, and human rights.

Each investee company will be asked to maintain the following ESG forms that we constantly develop throughout the fund lifecycle:

- Workplace health and safety form
- Climate impact form

Failup believes that good corporate governance is the foundation of effective corporate management and we support the Investee Companies to establish and further develop good governance policies and processes. Failup expects that the Investee Companies conduct their activities according to the laws and regulations they are obliged to

Failup discusses with each of the Investee Companies of their ESG targets, key performance indicators (KPI) and development and ask for regular ESG reports.

Failup reports to the Limited Partners on our ESG strategy, development and KPIs on a regular basis.

Management Company and General Partner

Failup will conduct their businesses according to the laws and regulations they are obliged to and follow good governance principles. The Management Company will follow its own environmental load. Failup's investment strategy requires traveling, but the personnel of the management company will use remote-working tools to avoid meaningless travel. It is understood that face-to-face time is also needed to deepen relationships with stakeholders. The ESG policies and processes are part of the Management Company's internal development goals. ESG matters are on agenda at the board meetings of the General Partner and the Management Company at least once a year. The boards review the state, progress and development needs of ESG matters in Investee Companies and the Management Company.

The Limited Partner Advisory Committee reviews the Responsible Investment Policy and ESG matters at least once a year. The General Partner will provide ESG reporting to the Limited Partners as discussed and agreed with the Limited Partner Advisory Committee.

The Management Company has designated a person for responsible investment matters. At the time of the first closing of the Failup Fund 1 Ky this person is Topias Soininen. The General Partner

will inform the Limited Partners if these responsibilities will be taken over by another person within the Management Company.

ESG aspects of the Management Company

Environment: The Management Company will follow its own environmental load and seek to minimize it.

Diversity, Equity and Inclusion: The Management Company strives to actively promote diversity, equity and inclusion with our team building and teamwork.

Governance: Management Company will conduct their businesses according to the laws and regulations they are obliged to and follow good governance principles.