Pre-contractual Disclosure for the Financial Products referred to in Article 8

Product name: NewPort Capital Buyout Fund II

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ **No**

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an envitonmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

- What environmental and/or social characteristics are promoted by this financial product?

NewPort Capital B.V. ('NewPort', 'the Firm', 'the Manager') ensures that the following environmental and social characteristics are promoted by **Fund II** ('the Fund', 'Fund II'):

1) Automatic refusal of investments which conflict with the **Exclusion list** conceived to exclude industries and activities with negative social or environmental characteristics as set in the ESG policy;
2) Performing an in-depth **ESG due diligence assessment**;
3) Monitoring portfolio companies through the **Principal Adverse Impact ('PAI') Indicators** framework.

  - *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The indicators (and corresponding **targets**) set for meeting each of the characteristics are set as the following:

1) Exclusion List screenings
    a) Target: 0% investments made in activities/industries listed in the Exclusion list

b) The indicator is therefore 'x% of investments in activities part of the Exclusion List'.

2) ESG Due Diligence
   a) Target: No investment in companies where red flags have been identified in the ESG Due Diligence of which the Investment Manager cannot convince the Investment Committee that it can be properly dealt with during the holding period
   b) The indicator is therefore 'x investments in portfolio companies ('PCs') where red flags have been identified in the ESG Due Diligence that cannot be dealt with in the ESG DD'.

3) Monitoring the Principal Adverse Impact indicators

Fund II uses the PAIs to assess the social and environmental impacts of its PCs. We use all mandatory PAIs and have selected the following additional indicators to ensure due consideration of the adverse impacts our portfolio companies' operations might have on the environment and society.

a) Target: Ensuring a gradual decrease on impacts from the baseline year (i.e., 2022).
   a. Investment Managers will help set an engagement plan with each portfolio company individually, where they will identify between one and three impacts with the highest importance and severity, and in the plan come up with a roadmap for addressing those issues gradually, so the PAI indicators results keep diminishing.
b) The indicator is therefore '0-3 indicators' out of 1-3 identified indicators with a successful decrease on impacts identified 2022'.

- **Does this financial product consider principal adverse impacts on sustainability factors?**

✖ Yes

☐ No

To quantify and track the Principal Adverse Impacts of each existing investment within Fund II, an assessment is conducted. In light of Article 7 of the Sustainable Finance Disclosure Regulation ('SFDR'), Fund II chooses to participate in the Principal Adverse Impact indicators framework on product-level.

The framework tracks all mandatory indicators (with the exception of Scope 3, which will be evaluated starting next year in accordance with the principle of proportionality) as well as the voluntary indicators of "numbers of days lost due to illness, injuries, or accidents" and "presence of carbon emission reduction initiatives." The indicators will be evaluated throughout engagement using 2022 as the first reference year, which should enable Fund II to work even more closely with each of PC and help them address their biggest negative effects.

- **What investment strategy does this financial product follow?**

NewPort makes equity investments in mid-market companies whose headquarters are in the Netherlands. PCs might make additional equity investments in foreign countries. Fund II makes equity investments in mid-market companies with Dutch headquarters. The Fund focuses on both B2B and B2C industries, including software, data and technology, financial and business services, manufacturing, packaging, as well as the food industry. The Fund employs an exclusion list and an ESG Due Diligence assessment to select its investments and utilises the PAI indicators framework to monitor and reduce the negative sustainability impacts of each investment.

- *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*

1) Exclusion List screenings

The **initial** (pre-due diligence) **screening** that is conducted for all prospective investments is the first step in the process for Fund II. The Manager's Exclusion List is used as a screening tool to ensure Fund II excludes investments in companies generating revenue from activities and sectors that have unfavourable externalities for the environment and/or society.

2) ESG Due Diligence

Throughout the due diligence phase, Fund II employs an 'ESG Due Diligence Screening' to identify the ESG risks and opportunities of companies. This is done by screening **each potential investment** for their consideration of environmental, social and governance matters through a questionnaire. The intention is for the Fund Manager to progressively assist its portfolio companies in tackling the identified risks and utilise ESG opportunities through engagement. Thus, Fund II makes use of this assessment to identify the current position of companies and facilitate the required support.

- *What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?*

Fund II began working thoroughly in January 2023 to conceive and implement new tools for ESG consideration throughout the investment process. It did so with the aim to adopt a robust ESG consideration in its investment strategy. Fund II will continue developing and strengthening this strategy throughout its 'lifecycle'.

The exclusion list was updated to exclude investments without the unanimous consent of the Investor Advisory Committee in companies whose core activity consists of the production of fossil fuels and/or palm oil after 1 June 2023 and thus its updated version applies to subsequent investments. Nevertheless, previous investments are not contradictory to the updates.

The 'ESG Due Diligence screening' assessments are applied to investments considered after 30 September 2023, the date on which it was first implemented into the strategy. Due to the nature of this characteristic and the impossibility to apply it retroactively, the Fund Manager utilises the third characteristic to ensure existing companies' ESG matters are duly taken into consideration. This is done by monitoring of the PAI indicators on product-level.

Fund II performed a retroactive application of its PAI monitoring strategy. The Fund Manager therefore assessed all existing investments of the Fund against all selected Principal Adverse Impact Indicators. This procedure ensures that the Fund promotes the sustainability characteristics for all its investments, as determined in the proportion of investments allocated for Fund II.

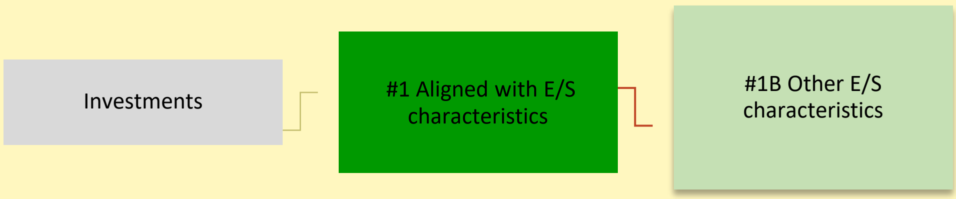
Through this retroactive application, the characteristics are sought out regardless of the moment of acquisition. Since this commitment is not relevant for Fund II, it does not commit to setting a minimum rate to reduce the scope of investments made prior to the update.

- *What is the policy to assess good governance practices of the investee companies?*

To examine whether good governance procedures are present in its investee companies, Fund II utilises the mandatory social PAI indicators and the voluntary social indicator 'Number of days lost to injuries, accidents, fatalities, or illness'. The Fund evaluates the governance procedures of its portfolio companies using an automated instrument provided by a third party (FourOneFour). The tool interacts directly with portfolio company representatives to assess the company's management of issues including but not limited to i) employee relations, ii) staff compensation, iii) management structure, and iv) tax conformity.

The findings from the assessment are used to identify areas that require further action (such as the adoption of new procedures, guidelines, and policies) during engagement. To the greatest extent possible, Fund II aims to assist its investments in adopting all necessary 'good governance' principles during the ownership tenure proportionally to its capabilities in acting as responsible investor. It is vital to note that this goal is based on a 'best efforts' basis and that Fund II is not obliged to assist portfolio companies in overly complicated and resource-intensive assessments.

- **What is the asset allocation planned for this financial product?**



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The asset allocation planned for this product aims to have 100% of investments be aligned with environmental and social characteristics as PCs undergo (i) the exclusion list, (ii) ESG due diligence screening and (iii) PAI monitoring. All of those will meet 'other environmental and social characteristics' which do not qualify as sustainable investments.

Fund II aims to use the 'PAI' SFDR framework to progressively reduce the sustainability impacts of Fund II's portfolio companies. The PAIs of the portfolio companies have all been monitored for the financial calendar year 2022, which will be used as a reference benchmark ('baseline') for measuring the success of the Fund Manager's engagement, as well as the portfolio companies' ambition to address sustainability matters.

- **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Fund II does not aim to make sustainable investments with an environmental objective and therefore does not resort to the EU Taxonomy Regulation.

- *Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*

☐ Yes

☐ In fossil gas ☐ In nuclear energy

☒ No

More product-specific information can be found on the website:
https://newport.capital/e-s-g/