Sustainability-related disclosures

1. Summary

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

1) Rejection of investments conflicting with the **Exclusion list** conceived to exclude industries and activities with significant negative social or environmental externalities and risks 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.

By promoting these characteristics, Fund II's investment process incorporates sustainability considerations at the core of its operations. The Fund does so to ensure portfolio companies' ('PCs') sustainability risks are being addressed and that companies with significant negative risks are not added to the Fund. Additionally, the Fund assists PCs with the monitoring and addressing of their Principal Adverse Impacts ('PAIs') using the Principal Adverse Impact indicators framework as stemming from the Sustainable Finance Disclosure Regulation ('SFDR').

For PCs, Fund II makes equity investments in mid-market companies whose headquarters are in the Netherlands. PCs might make additional equity investments in foreign countries. The Fund does not have a specific industry focus, and focuses both on B2B and B2C markets, including but not limited to software, data and technology, financial and business services, manufacturing and packaging, and food industry.

The Fund has currently not set a target for sustainable investments. It aims to have 100% of its investments qualify as investments with sustainable characteristics. This strategy is applied to ensure the gradual consideration of sustainability matters by Fund II's PCs.

Further information concerning Fund II's sustainable characteristics, the processes the Fund employed for incorporation, a graphical representation of its asset allocation and an overview of the indicators used to monitor achievement are laid out in the rest of this document.

Further information related to NewPort's approach in ensuring compliance as Fund Manager with the SFDR and its framework for incorporating sustainability considerations into the investment process can be found on NewPort's website.

2. No sustainable investment objective

This financial product promotes environmental and social characteristics but does not have as its objective sustainable investment.

NewPort has developed an ESG policy and engagement policy to systemise the way in which it exercises its fiduciary duty as investment steward. These policies help the Manager to guide its PCs towards thorough monitoring and reporting on relevant sustainability risks and impacts.

3. Environmental or social characteristics of the financial product

The following list enumerates all environmental or social characteristics that are promoted by the Fund. This happens throughout the Fund's entire investment process.

The social and environmental characteristics sought by Fund II are the following:

1) Rejection of investments in industries and activities generating significant negative social or environmental impacts as outlined in the **Exclusion list**;
2) In-depth **ESG due diligence assessment** through an ESG DD questionnaire;
3) Monitoring of portfolio companies' environmental and social impacts through the **Principal Adverse Impact ('PAI') Indicators** framework.

To ensure the attainment of such characteristics, Fund II monitors, assesses, and incorporates sustainability metrics before and throughout ownership. These characteristics are employed in a systematic manner with view of ensuring Fund II thoroughly considers sustainability throughout the entire investment process.

The framework is further defined through the application of the following set of targets for each characteristic:

1) Exclusion List screenings:
   a) 0% investments made in activities/industries listed in the Exclusion list
2) ESG Due Diligence:
   a) No investment in companies where red flags have been identified in the ESG Due Diligence of which the Investment Manager cannot convince the Fund's Investment Committee that it can be properly dealt with during the holding period
3) Monitoring the Principal Adverse Impact indicators:
   a) Ensuring a gradual decrease of between 1 and 3 impacts on individual PC level.

4. Investment Strategy

Fund II makes equity investments in mid-market companies whose headquarters are in the Netherlands. PCs might make additional equity investments in foreign countries. The Fund focuses on both B2B and B2C industries, including data and technology, financial and business services, manufacturing, packaging, as well as the food industry.
The sustainable characteristics' targets, as outlined above, constitute Fund II's sustainability ambitions. The Fund integrates sustainability considerations throughout the investment decision-making process to ensure it attains the sustainability characteristics it seeks to meet.

The Fund's begins its process by performing a pre-due diligence screening for all PCs and add-on investments considered for potential investment. The Fund resorts to its Exclusion List to ensure Fund II does not invest in companies which generate part or all of their revenue from engaging in excluded activities and industries.

Next, in the due diligence stage, potential portfolio companies complying with NewPort Capital's minimum sustainability criteria (as outlined in the Exclusion List) undergo a thorough ESG due diligence assessment. This is done by screening each potential investment for their consideration of environmental, social and governance matters through a questionnaire. Additional inquiries are made depending on the answers received to an initial set of questions to ensure a progressive in-depth analysis of prevalent ESG matters specific to the company in question. The intention is for the Investment Manager to gradually assist the portfolio company in addressing the identified risks and taking advantage of identified opportunities through engagement. Fund II makes use of this primary assessment to identify the current position of companies and facilitate the required support.

Next, Fund II has opted in for the Principal Adverse Impact ('PAIs') indicators framework on product-level in accordance with the SFDR. Making use of this framework allows Fund II to assess the social and environmental impacts of its portfolio companies throughout ownership, facilitating the former to assist the latter in addressing significant impacts identified. Fund II uses all mandatory PAIs and selected the following additional indicators to ensure due consideration of the adverse impacts our portfolio companies' operations might have on the environment and society on the presence of carbon emission reduction initiatives, grievance mechanisms and the days lost due to illness, injuries, accidents, and fatalities.

The assessments' results are used in conjunction with NewPort Capital's Engagement policy to assist Fund II's portfolio companies in addressing their sustainability risks and impacts throughout the investment process.

5. Proportion of Investments

The Fund Manager decides on the Fund's investments and ensures that only companies which fall within the investment strategy can proceed to the next stages of the investment process.

All (100%) of Fund II's investments are assessed against and therefore present sustainable characteristics. The Fund makes no sustainable investments with way of meeting a sustainable objective. The Fund does not plan to make any investments without social and environmental characteristics.

The proportion of investments in accordance with the SFDR's classification of investments is outlined below:

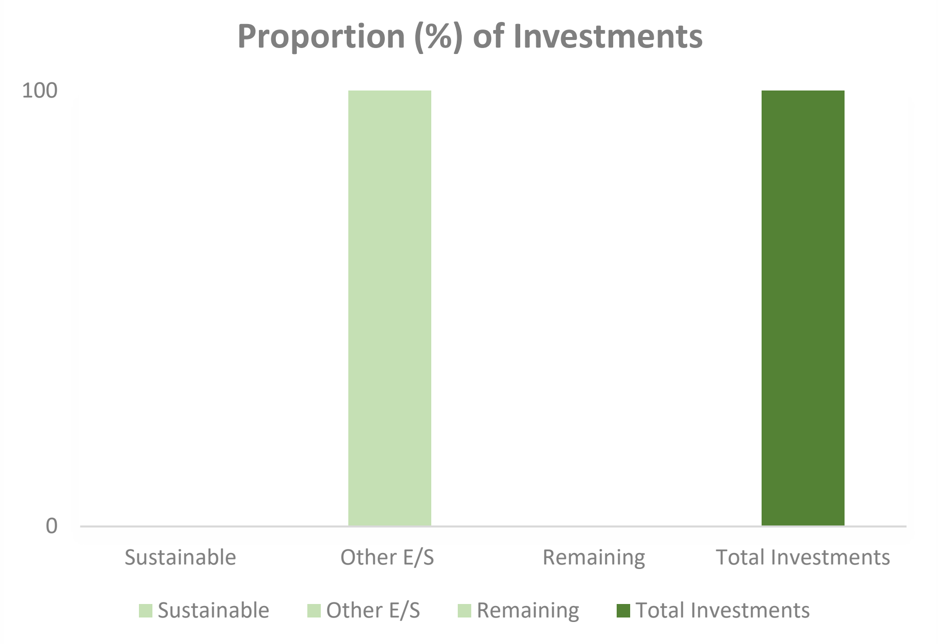

Figure 1 - Proportion of Fund II's Investments

6. Monitoring of environmental or social characteristics

All of Fund II's potential investments are assessed to identify their sustainability risks and impacts. When the Investment Manager deems that the risks or impacts are too significant and appear unmanageable, the option of making an investment in the company can be rejected. If the potential company exceeds the target set by Fund II regarding the ESG due diligence results, the Investment Manager makes an assessment to decide whether the risks or impacts can still be addressed throughout ownership on a case-by-case basis. In case this assessment reveals that the issues are too important to be addressed, the Investment Manager can preclude the investment.

During ownership, all existing investments within Fund II are assessed to quantify and monitor their Principal Adverse Impacts. The Fund therefore opts-in for the Principal Adverse Impact indicators framework on product-level (as stemming from Article 7 of the SFDR). The framework monitors all mandatory indicators (excluding Scope 3 which will be assessed from next year, in alignment with the principle of proportionality), and the additional voluntary indicators of 'Presence of carbon emission reduction initiatives', 'Presence of Grievance mechanisms' and 'Numbers of days lost due to illness, injuries or accidents'. The indicators are assessed for the reference year of 2022 as baseline, which should allow Fund II to further engage with each of the companies to help them address their largest negative impacts. The results of the PAIs for the baseline year are disclosed in the SFDR Annex to the Periodic report for 2023.

7. Methodologies

NewPort Capital developed an Exclusion List to automatically eliminate specific industries/activities whose operations go against the Firm's sustainability ambitions. This List was revised and approved on

30 September 2023 to include elements the Firm believes are essential to ensure a sustainable economy. This revised version will be reviewed periodically to ensure its relevance and comprehensiveness for Newport Capital and its funds' objectives regarding sustainability.

Fund II's ESG due diligence questionnaire considers in-depth all the following topics: i) Business overview, ii) Sustainability governance-related matters, iii) Environmental concerns, iv) Social aspects, and v) Governance matters. The questionnaire is formulated in the following way. It begins by inquiring on a set of general questions, and depending on the portfolio companies' answers, the latter might have to answer an additional set of more detailed questions concerning the matter in question. The answers of the questionnaire are recorded and summed up to determine whether the company's sustainability risks and impacts exceed Fund II's sustainability risk appetite, and that no 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.

Fund II monitors the Principal Adverse Impact indicators through collaborating with its trusted third-party service provider using their automated tool for data collection and processing. The Fund considers all mandatory indicators and has opted in for three voluntary indicators, namely 'Presence of carbon emission reduction initiatives', 'Presence of Grievance mechanisms' and 'Numbers of days lost due to illness, injuries or accidents'. These are monitored in accordance with the regulatory technical standards ('RTS') set by the European Commission within its Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (the SFDR). The Fund has collected data from all portfolio companies for the baseline year of 2022, and will report those on 30 September 2023 in the annexed disclosure to the periodic statement of Fund II.

8. Data Sources and Processing

The Fund performs its ESG Due diligence assessment using data directly obtained from the portfolio company representatives as they are responsible for answering the questionnaire in detail. The results are compiled at the end of the questionnaire, and assessed by the responsible Investment Manager who will present its findings to the Investment Committee which will make an independent decision on whether the sustainability risks and/or impacts are significant or manageable.

The PAIs' data is equally sourced directly from the portfolio companies through our trusted third-party provider's PAI platform. The primary data comes directly from the PCs and is then further assessed by the third party to derive the required PAI results (indicators), using financial data obtained directly from the Fund Manager. These results are made available in the SFDR Annex to the periodic reporting, and further described in the SFDR annex to the prospectus documents of Fund II.

9. Limitations to methodologies and data

While performing the PAI framework assessment, Scope 3 has been excluded from the monitoring exercise for this first year, in accordance with the principle of proportionality. While obtaining results from the portfolio companies concerning this specific indicator proves complex, too time- and resource-intensive to realise within the timeframe, Fund II aimed to strengthen its sustainability ambition and begin the data collection of the PAI indicators. The baseline calculations obtained from the year 2022 will therefore include all mandatory indicators excluding Scope 3 Greenhouse Gas ('GHG') emissions. Fund II will begin monitoring on the indicator from next year (2023), using the data obtained from that year as baseline.

Furthermore, the results of the indicators related to adherence with the OECD and UNGPs are obtained by the PAI platform using the guidelines as suggested by EU in their Guidelines and reports relating to the Minimum Safeguards. The methodology laid out in these guidelines is set in accordance with the principle of proportionality and allows companies to identify which areas they still need to improve on, and how to ensure they are fully adherent to these standards.

10. Due diligence

The ESG DD questionnaire ensures that potential investments are duly considered before effectuating a potential investment.

The questionnaire is a mandatory step during the due diligence phase, and ensures that environmental, social, and governance-related matters are taken into consideration before an investment is made in a potential portfolio company. The results of the questionnaire inform the Fund Manager on the sustainability ambitions, risks, opportunities and impacts of the company, and provide further insight for the Manager to make a final decision.

The results of the DD further inform the Fund as starting point for engaging with the portfolio companies to help them address and minimise substantial sustainability risks and/or impacts, as well as to take advantage of sustainability opportunities as identified during the assessment. Selected topics assessed during the due diligence phase are translated into the PAI indicators, which allows for the continuous monitoring of these key topics throughout ownership, and further inform the engagement strategy and planning to ensure the continuous improvement on key sustainability impacts and risks.

11. Engagement policies

Fund II engages with all companies forming part of its portfolio. The investment team interacts with the companies through regular meetings during which it offers direction and support in determining the pertinent KPIs, setting the necessary procedures in place to monitor them, and establishing pertinent targets and thresholds.

Fund II's engagement ensures that portfolio companies are assisted in:

a) Identifying, assessing, and managing sustainability risks, as highlighted in the ESG Due Diligence questionnaire;
b) Discussing ESG performance and promoting ongoing improvement;
c) Responding to and taking appropriate action on the PAI indicators framework's findings as required by the SFDR; and
d) Ensuring transparency and disclosure of pertinent ESG data.

The Engagement policy outlines the processes for Fund II to engage effectively with its portfolio companies. The Fund performs its engagement using varying processes such as milestone meetings and access to network to help them identify risks, opportunities, and impacts, as well as to address them consistently.

The policy further outlines the substantive and procedural rules set for NewPort Capital to interact with its portfolio companies and identifies the coherent approach for dealing with varying circumstances.