

# Integration of Sustainability Risks in Remuneration

## NewPort Capital B.V.

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### 1. Introduction

Financial market participants are required by Regulation (EU) 2019/2088 (the 'Sustainable Finance Disclosure Regulation' or the 'SFDR') to produce a statement outlining how they have changed their Remuneration to take sustainability risks into account when setting employees' compensation.

NewPort Capital (the 'Firm' or 'NewPort') strives to be a responsible investment firm having a positive impact on the planet and our society. To prevent from taking excessive risks considered disproportionate to the risk profiles of the portfolios, the Firm has updated its Employee Manual (i.e., the policy outlining the process for determining remuneration) to consider effective risk management practices into account, including sustainability risks.

### 2. Sustainability Risks

Sustainability risks are understood as financial risks of environmental, social or governance (ESG) events or conditions that, if they occur, could cause an actual or potential negative impact on the value of the investment (found in Article 2(22) SFDR).

The Firm integrates sustainability risks into its investment process to ensure appropriate employee incentivisation and considers it an essential part of the remuneration section of its Employee Manual. NewPort's Remuneration Policy considers sustainability risks, opportunities and impacts by linking both the base salary and the bonus structures to an evaluation including that of the employees' performance regarding their responsibilities of ESG incorporation.

NewPort's Remuneration Policy is a component of the Employee manual which sets policies related to human resources matters. The Remuneration chapter outlines the employee remuneration structure, and differentiates between:

- i) the salary,
- ii) a possible bonus.

### 3. Variable Compensation

The use of variable remuneration increases employee motivation to accomplish diverse business goals. The remuneration structure enables discretionary modifications to be made to take non-financial metrics achievement into account.

The remuneration was amended as of 10 May 2023 to incorporate ESG considerations in the determination of the bonus. Up to 25% of the bonus is made contingent upon the observance of compliance with all structural arrangements made to ensure ESG risks and impacts are duly considered and coherently addressed.

The determination of the bonus is done annually, to incentivise the consistent observation of those responsibilities by the Firm's employees.

### 4. Base Salary

The base salary can undergo periodic salary increases determined based on performance, including the ability to coherently address sustainability matters.

This periodic assessment occurs through conducting an annual evaluation interview, which assesses the general performance, including specific performance of ESG-related areas.