

Environmental, Social & Governance Policy

July 2022



Introduction

Novacap recognizes that environmental, social and governance (ESG) risks and opportunities can have a significant impact on private equity investment, in terms of raising funds, making investments, managing investments and creating value in each portfolio company.

The purpose of Novacap's ESG policy (the "Policy") is to define Novacap's approach to integrating the consideration of the ESG risks and value creation opportunities into investments made by Novacap. Novacap recognizes that the importance of ESG risks and opportunities varies across industries and geographies and that all stakeholders (i.e. limited partners, shareholders, employees, community, etc.) have an interest in positive corporate social behavior and sustained business performance. Novacap also looks beyond negative screening and adopts a proactive approach when it come ESG investments.

In developing this Policy, Novacap has given consideration to a range of codes and standards, including the United Nations supported Principles for Responsible Investment ("UNPRI").

Novacap commits to consider ESG risks and opportunities in the course of its due diligence, its investment decisions, in the monitoring of portfolio companies and in the exit process, to the extent reasonably practicable under the circumstances.

This Policy shall apply to all portfolio companies directly or indirectly controlled by Novacap and to all other investments, with necessary adjustments.

1. POLICY GUIDELINES

A. By adopting this Policy, Novacap seeks to:

- Set practical goals for the future by considering existing and emerging practices and priorities.
- Enhance risk-adjusted returns, provide a common approach across Novacap funds, and favor practical measurability and comparability between portfolio companies.
- Incorporate internationally recognized reporting frameworks into its due diligence process and into the reporting of its portfolio companies, during the period of ownership.
- Grow and improve the portfolio companies in which Novacap invests for long-term sustainability.
- Consider and integrate the principles developed by UN PRI.
- Provide information to Novacap's limited partners in a timely manner on the matters addressed herein and work to foster transparency about Novacap's activities.
- Encourage managers of Novacap portfolio companies to advance these same principles.

2. GENERAL APPROACH TO MANAGEMENT OF ESG FACTORS

- A. Given Novacap's sectorial fund approach, the materiality of social, environmental and governance considerations varies across sectors. A structured and practical assessment of materiality therefore requires, in addition to Novacap's overarching ESG matrix, sector specific ESG materiality assessments to favor relevant and clear information.
- B. In this context, Novacap adopted some of the Sustainable Accounting Standard Board standards ("SASB standards"). This will allow comparability amongst portfolio companies as well as between companies in their respective sectors/industries. The application of some of the SASB standards will help define common quantitative and qualitative KPIs and deliver more clarity and coherence in reporting and improve measuring the ESG impact of its operations and those of its portfolio companies.



3. INTEGRATION OF ESG INTO THE INVESTMENT PROCESS

A. PRE-INVESTMENT

i. Risk identification and management

- Novacap deal team shall undertake a comprehensive due diligence analysis of the potential investment. This analysis shall include a review and an identification of the ESG risks of such potential investment.
- The Novacap deal team shall focus primarily on identifying material ESG risks, being those it determines to have the potential to impact a company's ability to create or preserve long-term financial value («**Material ESG risks**»).
- When Material ESG risks are identified, external advisors may be engaged to carry out additional ESG-related due diligence.
- Material ESG risks shall be included in the presentations made by the deal team to the relevant Investment Committee and investment decisions shall consider same.

ii. Value Creation

- During the due diligence analysis of a potential investment, Novacap shall also consider whether the potential investment presents good ESG practices and/or ESG opportunities and investment decisions shall consider same, when applicable.

B. DURING INVESTMENT

i. Risk identification and management

- When material ESG risks are identified during the due diligence process, Novacap shall include the management of these issues in the Value creation plan, or otherwise monitor the progress on these ESG risks, as applicable.
- Novacap shall work through the Board of directors of the portfolio companies and the Deal Team dedicated to the portfolio company to encourage the management teams of its portfolio companies to consider ESG factors in their management of the company and to report ESG risks to the relevant decision-makers, including, where appropriate, to the Board of Directors of the portfolio company. The Deal Team is the team composed of Novacap investment professionals who manage a portfolio company's M&A strategy and stay involved in the business during the ownership period.

ii. Value Creation

- Novacap will initiate and maintain conversations with the portfolio company management about which ESG opportunities should be prioritised, and then begin to plan how to manage them through the collection of data on certain key performance indicators (KPIs) deemed relevant to Novacap or to the industry in which the portfolio company operates.
- In addition to the establishment of KPIs, Novacap may also encourage its portfolio

companies to implement specific measures to further enhance its ESG performance. Those measures may include:

- Initiating informal and formal ESG discussions with portfolio company's management;
- Assigning resources and responsibilities, and setting up processes to implement a ESG policy;
- Making the portfolio company's board accountable for ESG performance;
- Putting ESG at the agenda of Annual Board ESG meetings;
- Organizing meetings with representatives from all portfolio companies to share knowledge on ESG topics; and
- Offering dedicated training sessions on thematic issues.
- Novacap shall work through the Board of directors of the portfolio companies and the Deal Team dedicated to the portfolio company to encourage the management teams of its portfolio companies to enhance their ESG performance.

4. INVESTMENT RESTRICTIONS

Novacap is committed to respect any investment restrictions it is subject to (including pursuant to requirements of the relevant Limited Partnership Agreement) and any other investment restrictions that may be determined from time to time by the relevant Investment Committee.



5. REPORTING ON ESG

- A. Any Material ESG risks in relation with a proposed investment will be included in the presentations made to the relevant Advisory Committee.
- B. Through the Board of directors of the portfolio companies, Novacap shall incitate the management teams of its portfolio companies to immediately report any Material ESG incident to the Board of Directors of the portfolio company.
- C. From time to time, Novacap shall establish ESG objectives at the firm level and for each of its funds. To help monitor the progress on those objectives, Novacap will utilize KPIs and metrics developed by internationally recognized reporting frameworks (including SASB). The KPIs and metrics identified will be adopted by Novacap's Executive Committee and approved by the Board of Directors of Novacap.
- D. Novacap is committed to be transparent in its approach to considering and incorporating ESG risks and opportunities in its investment and holding procedures by reporting annually to its limited partners on its progress and outcomes.

6. DIVERSITY, EQUITY AND INCLUSION

- A. Novacap commits to formally encourage its portfolio companies to promote diversity, equity and inclusion (**DEI**) in their workplace and to foster the development of an inclusive culture, notably, via the collection of data and measures described under section 3.b.ii above.
- B. Novacap's approach to DEI at the firm level is supported by a range of policies that further encourage inclusive business practices:
 - i. Our Diversity, Equity & Inclusion Policy provides a framework for new and existing DEI-related initiatives and policies across Novacap.
 - ii. Our Employee Code of Ethics provides a framework for maintaining a healthy and safe environment for all employees and sets out the standards of behaviour and conduct that is expected of all Novacap employees.



7. RESPONSIBILITIES

- A.** Novacap's commitment to sustainability starts with the involvement of its leadership team and the allocation of resources.
- B.** Chaired by the Chief Legal Officer, the ESG Committee is a cross-functional team that reports to the Executive Committee. The committee is primarily tasked with:
- Adopting and implementing the ESG framework;
 - Monitoring the integration of the ESG framework in the investment due diligence process and in the reporting of current investments;
 - Publishing the annual ESG updates and the annual ESG reports;
 - Promoting internal awareness of ESG considerations through internal training and education;
 - Promoting Novacap's sustainability initiatives within the industry and keep up to date with market trends and industry best practices;
 - Allocating the approved budget and resources for the different ESG initiatives;
 - Overseeing and tasking the ESG Working Group with dedicated projects; and
 - Reviewing and making periodical updates to this Policy.
- C.** The ESG Working Group (the «**Working Group**») is composed of team members who will focus on operationalizing the ESG framework through various initiatives. The ESG Committee will provide

the Working Group with dedicated projects, aimed at further integrating the ESG framework in the investment process, in the measurement of ESG performance in the portfolio companies, and/or in the implementation of corrective measures within the portfolio companies.

8. QUESTIONS

Any questions relating to this Policy should be addressed to the Chairman of the ESG Committee of Novacap. The ESG Committee is responsible for administering this policy.

9. ANNUAL REVIEW

This Policy will be reviewed at least once a year for adequacy and effectiveness. The Policy, and any amendments thereto, must be approved by Novacap's Executive Committee.

Selected ESG Disclosure Topics by Sector

To establish and work towards its objectives, Novacap uses two (2) types of Key Performance Indicators (KPIs): core KPIs (applicable to all portfolio companies, which can be rolled up to generate a fund-level KPI) and tailored KPIs based on sector. Given Novacap's sectorial fund approach, the materiality of social, environmental and governance considerations varies across sectors.

The KPIs identified below were developed using some of the Sustainability Accounting Standards Board standards ("**SASB standards**") and the Task Force on Climate-Related Financial Disclosures recommendations ("**TCFD**").

YEAR: 2022-2027

Industries

Disclosure Topics	Framework	Category	Metrics	Unit of Measure
Employee Diversity & Inclusion	SASB	Quantitative	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	Number, Percentage (%)
Workforce Health & Safety	SASB	Quantitative	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees.	Number, Percentage (%)
Green house Gas Emissions	TCFD/SASB	Quantitative	Assessment of Scope 1 and Scope 2 emissions	Metric tonnes CO2

Technologies Media and Telecommunication

Disclosure Topics	Framework	Category	Metrics	Unit of Measure
Employee Diversity & Inclusion	SASB	Quantitative	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	Number, Percentage (%)
Data Security	SASB	Quantitative	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected.	Number, Percentage (%)
Environmental Footprint of Hardware Infrastructure (e.g. data centers)	TCFD/SASB	Quantitative	1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)
Green house Gas Emissions	TCFD/SASB	Quantitative	Assessment of Scope 1 and/or Scope 2 emissions	Metric tonnes CO2

Novacap Financial Services

Disclosure Topics	Framework	Category	Metrics	Unit of Measure
Employee Diversity & Inclusion	SASB	Quantitative	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	Number, Percentage (%)
Selling Practices & Product Labeling/ Transparent Information & Fair Advice for Customers	SASB	Quantitative	Complaints-to-claims ratio / Customer retention rate.	Rate
Green house Gas Emissions	TCFD/SASB	Quantitative	Assessment of Scope 2 emissions	Metric tonnes CO2

Digital Infrastructure

Disclosure Topics	Framework	Category	Metrics	Unit of Measure
Employee Diversity & Inclusion	SASB	Quantitative	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	Number, Percentage (%)
Data Security	SASB	Quantitative	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Number, Percentage (%)
Environmental Footprint of Hardware Infrastructure (e.g. data centers)	SASB	Quantitative	1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)
Green house Gas Emissions	TCFD/SASB	Quantitative	Assessment of Scope 1 and/or Scope 2 emissions	Metric tonnes CO2



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