Appendix 1

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: NOVA Infrastructure Fund II (Luxembourg), SCSp

Legal entity identifier:

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ 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
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments 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?

NOVA Infrastructure Fund II (Luxembourg), SCSp ("**NOVA**" or the "**Fund**") promotes the following environmental and social characteristics:

1) **Infrastructure Themes with environmental and / or social benefits**

The Fund seeks to execute investments across infrastructure subsectors which in turn provide solutions to environmental and social issues such as:

Environmental Services: which consists of infrastructure investments that seek to provide environmental solutions to address municipal solid waste, industrial waste, water, wastewater as well as solutions to climate change regarding waste-to-energy and renewable natural gas;

Energy Transition and Energy which consists of infrastructure investments in renewable power generation, alternative fuels/electric vehicles, storage and distributed generation, conventional generation, and natural gas midstream energy, any and all of which may lead to the production or consumption of energy which has low carbon emissions;

Transportation: which consists of infrastructure investments in ports, warehousing and logistics, railroads, aviation in order to support critical supply chain economic activity while taking into account, to the extent possible, certain environmental and social considerations such as lowering the carbon footprint of these assets and improving the safety and security of transportation and logistics activity;

Digital Infrastructure: which consists of investments in wired infrastructure, data centers, and wireless infrastructure while taking into account, to the extent possible, the ability to provide access to historically underserved communities, to support data privacy and security, and to lower the carbon footprint of such assets.

2. Promotion of good ESG practices at Portfolio Company level

In addition, NOVA promotes the consideration of ESG factors in respect of all of its Investments and implements relevant ESG practices at the level of each Portfolio Company throughout its investment process from transaction sourcing, investment screening, evaluation and due diligence, to 100-day planning and ongoing interaction with portfolio company management thereafter, and through exit. In its policy and practices, NOVA focuses on financial materiality and considers industry-level materiality factors throughout the investment process. Further, NOVA takes ESG considerations into account as part of every transaction evaluation, building ESG relevant improvements into its value creation plans. At the Portfolio Company level, NOVA assigns responsibility for maintaining ESG policies to owners and managers who are incentivized and rewarded based on performance.

No reference benchmark has been designed for NOVA.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

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

1. Infrastructure Themes

The following sustainability indicators may currently or potentially be used to measure the attainment of each of the promoted environmental and social characteristics in each of the abovementioned Target Sectors; please note that this list may evolve along with NOVA's portfolio of companies:

Environmental Services:

- GHG emissions
  a. Scope 1 emissions
  b. Scope 2 emissions
  c. Scope 3 emissions
- Fleet Fuel Management
  a. Fuel consumption
- Workforce Safety
  a. Lost Time Incident Rate
  b. Total Recordable Incident Rate
  c. Fatality Rate

Energy Transition and Energy:

- GHG emissions
  a. Scope 1 emissions
  b. Scope 2 emissions
  c. Scope 3 emissions
- Low-carbon energy:

a. Low-carbon energy produced

- <u>Workforce Safety</u>

    a. Lost Time Incident Rate

    b. Total Recordable Incident Rate

    c. Fatality Rate

Transportation

- <u>GHG emissions</u>

    a. Scope 1 emissions

    b. Scope 2 emissions

    c. Scope 3 emissions

    d. Carbon neutrality

- <u>Energy Management</u>

    a. Total energy consumed (gigajoules)

    b. Energy consumption data coverage as a percentage of total floor area, by property sector (percentage by floor area)

    c. (1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity and (3) percentage renewable, by property sector (Gigajoules, percentage)

- <u>Workforce Safety</u>

    a. Number of casualties, percentage classified as very serious (#, % respectively)

    b. Number of Conditions of Class or Recommendations (#)

    c. Number of port state control (1) deficiencies and (2) detentions (#)

d. Total Recordable Incident Rate

e. Fatality Rate

f. (1) Voluntary and (2) involuntary turnover rate for all employees (measured in rate)

Digital Infrastructure:

- GHG emissions

    a. Scope 1 emissions

    b. Scope 2 emissions

    c. Scope 3 emissions

- Environmental Footprint of Operations

    a. Total energy consumed

    b. % of electricity from grid

    c. % of electricity from renewable sources

- Data Privacy

    a. Description of policies and practices relating to behavioral advertising and customer privacy

    b. Number of customers whose information is used for secondary purposes

    c. Total amount of monetary losses as a result of legal proceedings associated with customer privacy

    d. (1) Number of law enforcement requests for customer information, (2) number of customers whose information was requested, (3) percentage resulting in disclosure

- Data Security:

a. Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected

b. Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards

- Workforce Safety

  a. Lost Time Incident Rate

  b. Total Recordable Incident Rate

  c. Fatality Rate

2. Good ESG practices

General: The following additional sustainability indicators are used to measure good ESG practices at Portfolio Company level:

- ESG Policy:

  a. Number of Portfolio Companies that have implemented a policy to identify and monitoring of ESG key performance indicators

- Job Creation

  a. Number of new jobs created

- Diversity:

  a. Measures of the diversity (female, minority) of employees, managers, and senior executives.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

NOT APPLICABLE

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

NOT APPLICABLE

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

NOT APPLICABLE

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

NOT APPLICABLE

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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

☐ Yes, ______

x No

What investment strategy does this financial product follow?

Building on more than two decades of experience, as well as the employment of the investment process in Fund I, the NOVA Team has developed a structured investment process in four phases: origination, due diligence, ownership (operations and value creation), and exit. At each stage, the NOVA Team combines its uniquely capable people and systematic, repeatable processes to mitigate risk and generate upside returns with value-add strategies in Middle Market infrastructure in North America. NOVA evaluates investment attributes, asset by asset and contract by contract, and seeks to implement strategies to reduce risk, actively catalyze value, and enhance returns.

As part of this process, NOVA formally considers ESG factors and implements relevant ESG practices throughout its investment process from transaction sourcing, investment screening, evaluation and due diligence, to 100-day planning and ongoing interaction with portfolio company management thereafter, and through exit. NOVA focuses on financial materiality and considers Sustainability Accounting Standards Board ("SASB") industry-level materiality factors throughout the due diligence process. Further, NOVA takes environmental considerations into account as part of every transaction evaluation, building ESG relevant improvements into its value creation plans.

1) **Origination**: In the origination phase, the NOVA Team sources investment opportunities using its market connectivity. A broad ESG filter is used at this stage to identify opportunities that fit the Fund's target sectors generally which increases the likelihood the opportunity fits the promoted characteristics (for example, low carbon energy production, or environmental solutions to waste management, etc.). NOVA Team members will conduct additional broad ESG filtering at this early stage to advance to the formal Due Diligence phase. For example, opportunities that fail a simple desktop due diligence check (for example: environmental spills or accidents, poor employee relationships, fraudulent or criminal activity) or fail a simple integrity due diligence check (from a background search commissioned by NOVA) will not advance to formal Due Diligence.

2) **Due Diligence**: Due diligence is the foundation upon which NOVA's investment decisions are made. It is from due diligence that NOVA identifies risk for mitigation and develops strategies to add value to the investments in the Fund's portfolio. Due diligence begins with the initial screening of the sourced opportunity by the NOVA deal team. Due diligence typically takes two to four months and involves detailed interaction with a management team and the review of all material information on the investment opportunity. The deal team meets with the operating company management, makes site visits, and reviews publicly and privately available documentation. NOVA also recruits external experts to assist in the technical evaluation of the asset or opportunity, such as financial, accounting, legal, engineering, ESG / environmental, and regulatory / government affairs experts. With respect to ESG / environmental, NOVA considers ESG

risks and opportunities, as aligned with NOVA's ESG Policy and material industry-level risk factors. The NOVA team considers the following during due diligence:

a. Follow NOVA's ESG due diligence checklist, which is formed at the outset and tailored to each particular investment and considers the promoted characteristics and indicators mentioned above and the ESG Review questions listed further below in the Investment & Ownership phase;

b. Incorporates industry experts and third-party advisors as appropriate;

c. Performs an environmental review, often in consultation with environmental experts;

d. Reviews financial materiality of ESG factors, starting with SASB guidance;

e. Identifies ESG-related risks and analyzes using NOVA's Risk Taxonomy and Risk Matrix;

f. Identifies near / long-term value-creation opportunities;

g. Considers alignment with sustainable development goals (i.e., UNSDGs).

3) **Investment and Ownership**: After initial screening and due diligence, the deal team will evaluate the results and recommend either passing on the deal or moving forward. For those deals that the deal team decides to move forward, the deal team will present to the Investment Committee the findings of due diligence, the proposed transaction structure, the potential financing commitment(s), and the plan for managing and improving the asset post-acquisition in the formal Investment Committee Memo. In the investment process, the Chief Risk Officer submits an ESG Review as part of the Investment Committee Memo to the Investment Committee as independent analysis and assessment of the individual asset's fit with the Fund's ESG Policy and plan for ESG improvements. More broadly, NOVA is committed to transparent monitoring and reporting of material information on its ESG practices and materiality factors.

The aforementioned ESG Review includes the following questions, which start to be addressed during the Due Diligence phase:

i. Does the potential investment comply with NOVA's ESG policy?

ii. Does the potential investment align with NOVA's commitment to the UNPRI?

iii. Does the potential investment contribute to UN SDGs?

iv. Were relevant SASB industry-level materiality considerations evaluated and addressed during due diligence?

v. Was the company and/or the assets confirmed during due diligence as being clear of historical environmental violations?

vi. Has it been confirmed that the company and/or any of its key principals were not involved in lawsuit related to ESG issues over the past three years?

vii. Is the company diverse, inclusive and responsible in its labor and employment practices?

viii. Were ESG-related risks and value opportunities integrated into investment merits and considerations?

ix. Were any initiatives identified to generate positive ESG impact during NOVA's ownership?

x. Has a reporting package been developed to monitor financially material ESG metrics?

xi. Was management compensation structured to track compliance with NOVA's ESG policy?

To submit a binding bid or letter of intent the deal team must receive approval from the Investment Committee which serves as a partner with the deal team in securing a transaction. Ultimately NOVA will seek to "buy right", negotiating a sale agreement (at an attractive valuation) and finalizing the financing structure and commitment, including all legal documentation.

To facilitate active management of middle market assets, NOVA invests significant Partner and Senior Advisor time early, leveraging the experience and expertise of the NOVA Team. Together the deal team and extended portfolio company team develop performance metrics and an accompanying value-creation plan for the first 100 days that focuses on operational improvements, cash flow optimization, and development of a robust ESG policy and strategy. During ownership, NOVA collects data on each of the Fund's portfolio company's performance against set ESG metrics that are co-developed with the management teams over the life of each portfolio investment or as required by regulatory authorities. NOVA reports on its ESG metrics to its investors as part of its Annual ESG Report and regular reporting packages, including the bi-annual Portfolio Risk Report, as well as through its annual United Nations Principles of Responsible Investing (UNPRI) reporting.

4) **Exit**: The final phase of NOVA's structured process is the Fund's sale of the infrastructure asset or platform. NOVA values the discipline of exit in its structured investment process. Such investment exits will typically be made by one of the following methods: (a) a private sale to a long-term, buy and hold infrastructure investor, (b) sale to a strategic industry player or a portfolio company of a larger infrastructure investor, or (c) an initial public

offering or other public market exit. NOVA anticipates that ESG will comprise a meaningful part of due diligence for the new owner(s) of the business and will be prepared to share ESG practices and data to facilitate investor diligence, particularly as new investors assess the results of NOVA's value-creation activities within ESG.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***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?***

All parts of the abovementioned investment strategy process are binding. All parts of the process must be followed each time NOVA evaluates an investment; no part of the investment process may be selectively followed or disregarded.

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

N/A.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

Some of the indicators that NOVA considers is the existence of a formal Board of Directors; the composition of the Board of Directors (whether there are any independent Board members on it, and the diversity of that Board); tax compliance (or avoidance); employee relations, management compensation structures, and ethical behavior.

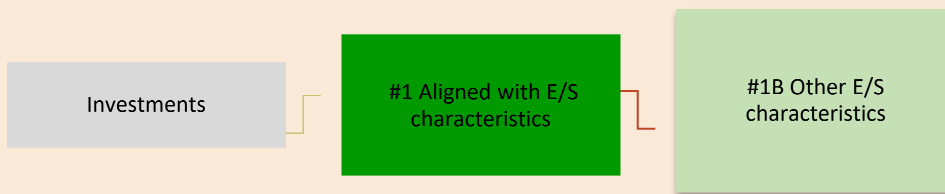
This is verified during due diligence by submitting due diligence requests to the company (with such requests being informed by both internal and external team members) and reviewing the responsive materials, or lack thereof, with internal and external team members. NOVA expects each counterparty to represent that all of the due diligence information that its counterparties have shared are true and correct in all material aspects. NOVA understands that many potential investee companies may be too early in their lifecycle to have implemented optimal or advanced governance practices that may be expected of more mature companies with more resources. If any areas of improvement are identified, NOVA would seek to address those in connection with closing the transaction and in its asset management plan with the company post-close.

What is the asset allocation planned for this financial product?

It is expected that all of the Fund's investments will be aligned with its promoted environmental and social characterisitics, excluding any cash held for liquidity management purposes.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#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.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

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

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

NOT APPLICABLE

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

Not applicable, so the minimum extent would be 0%.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

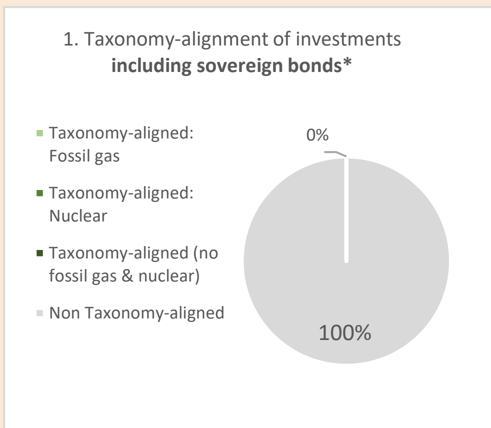
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

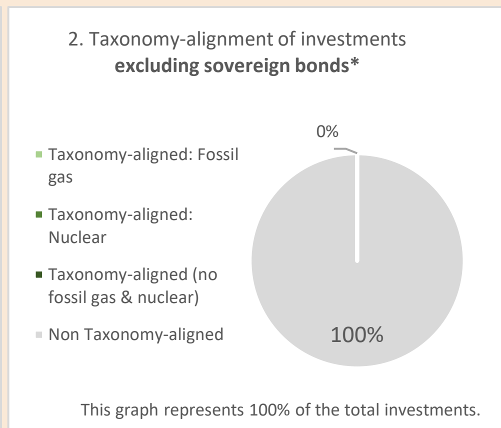
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

NOT APPLICABLE.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

NOT APPLICABLE

What is the minimum share of socially sustainable investments?

NOT APPLICABLE

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The Fund may hold cash for liquidity management purposes.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.novainfrastructure.com/