



Responsible Investment Report 2023-2024

Delivering long-term prosperity sustainably



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The background is a light teal color. A large, dark teal, abstract shape, resembling a stylized 'C' or a comma, is positioned in the upper left quadrant. The bottom half of the image is filled with a pattern of dark teal leaf silhouettes, which are semi-transparent and overlap each other. The leaves are mostly heart-shaped with visible veins.

1

Responsible Investment
at Capital Dynamics

Message from the Chief Executive Officer

Dear Valued Clients,

I hope this message finds you well. I am pleased to present the latest edition of the Capital Dynamics Responsible Investment Report.

As I reflect on the past year, a memorable hike with my family in the mountains comes to mind. Being surrounded by nature's beauty reinforced my sense of responsibility for the future. This experience serves as a reminder of the importance of considering the long-term impact of our actions, both professionally and personally.

At Capital Dynamics, we are committed to delivering strong financial performance while also addressing key environmental and societal challenges. In recent years, our investments in Clean Energy, including solar and wind projects, have played a significant role in reducing carbon emissions and improving air quality. These projects have also created jobs in local communities, contributing to economic stability and social development. We are delighted to announce our 5-Star GRESB rating where we ranked number one across 10 categories. Please refer to the following slide for more detail [here](#).

In the realm of Private Equity, we have made notable progress in enhancing our reporting practices. The issuance of the first European ESG Template (EET) for our latest European Primaries offering underscores our commitment to transparency and alignment with industry standards. Furthermore, our collaboration with Position Green, a leading data collection and analytics platform, strengthens our ability to provide data-driven insights, ensuring we remain at the forefront of Responsible Investment.

Our accomplishments in these areas are the result of a collaborative effort among our clients, employees, and other key stakeholders. I want to express my sincere gratitude to everyone who contributed.

Finally, I would like to share a personal milestone – the recent arrival of my 15th granddaughter. Her presence reinforces my commitment to making a positive impact for the future.

Thank you for your continued trust and partnership.

Martin Hahn
Chief Executive Officer

*“At Capital Dynamics,
we are committed
to delivering strong
financial performance
while also addressing key
environmental and societal
challenges”*

Capital Dynamics at a glance



Global middle-market private assets specialist with local investment expertise



Established early mover in mission-critical renewable energy generation



Early adopter and consistent innovator in Responsible Investment (“RI”), with a trademarked approach to RI underwriting



Distinct advantage to deal sourcing, structuring and execution with proprietary technology and database of over 7,500 funds



Attractive, risk-adjusted investment performance incorporating downside protection through all phases of the market cycle



On-the-ground expertise in fund structuring, operations, reporting and compliance with local specialists based across Europe, USA and Asia

A global partner, truly invested...



Capital Dynamics comprises Capital Dynamics Holding AG and its affiliates.
1 As of December 31, 2023. Assets Under Management are calculated based on the total commitments as of the final closing date for all funds currently managed by Capital Dynamics, including amounts that have been distributed. Assets Under Advisement includes assets for which Capital Dynamics provides services such as reporting, monitoring and risk management.
2 As of December 31, 2023.

Our Responsible Investment Committee

The Capital Dynamics RI Committee members: (i) are signatories to the Firm’s RI policy; (ii) review all CD investments; and (iii) set the Firm’s agenda for RI training, community involvement, and thought leadership.



Verena Rossolatos
Senior Vice President
Co-Chair Responsible Investment



Simonne Cepollina
Senior Associate
Client Relations
RIC Secretary



Carolin Hirschbiel
Senior Managing Director



David Smith
Senior Managing Director



Helen Lais
Senior Managing Director



Mauro Pfister
Managing Director



Linda Monti
Senior Analyst

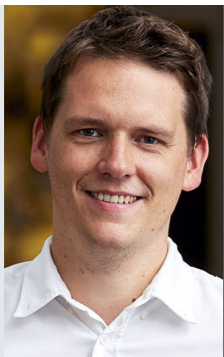
Marketing Communications

Direct Investment

Primaries

Secondaries

Responsible Investment



Barney Coles
Managing Director



Dario Bertagna
Managing Director



Carolyn Skuce
Senior Managing Director



Klaus Gierling
Senior Managing Director



Philippe Jost
Managing Director



Kairat Perembetov
Director

Clean Energy United Kingdom

Clean Energy Europe

Business Development

Solutions & Risk

Research

Responsible Investment team at Capital Dynamics

Capital Dynamics is proud to announce a new addition to the dedicated ESG team. Our ESG team is committed to implementing ESG considerations throughout our processes to support our objective of investing responsibly to reduce downside risk and enhance long-term risk-adjusted returns for our investors.



Verena Rossolatos

Co-Chair of Responsible
Investment Committee
& Co-Head of the
Environmental Committee

“Capital Dynamics has embedded Responsible Investment principles across all of our business lines. Driving forward market-leading RI initiatives positions our investments to deliver long-term enhanced risk-adjusted returns across market cycles.”



Linda Monti

Senior Analyst, Responsible
Investment & ESG
& Member of Responsible
Investment Committee

“At the forefront of our efforts, we evaluate our ESG investment performance through a quantitative lens and use cutting-edge technology to gain clear insights into our portfolios’ environmental, social and governance metrics. This allows us to enhance the RI performance of our investments safeguarding their value to deliver strong returns while fostering a sustainable future.”

Making a difference in Responsible Investment

PRI Benchmarking

The UN PRI benchmark is the world's leading RI benchmark. The PRI has continuously raised the bar, and signatories are now asked to move from making ad-hoc environmental or social investments to adopting a wider investment approach that considers the sustainability outcomes of all their investments. The number of PRI signatories has seen a ~4,900 increase from the time that Capital Dynamics became a signatory in 2008. Throughout this period, PRI signatories have become more advanced in their RI practices. Our ability to continuously receive 5 stars across all categories demonstrates our market-leading RI capabilities and underscores our dedication to best-in-class ESG policies, processes and governance. This achievement highlights our progressive approach to RI practices and reinforces our commitment to delivering long-term risk adjusted returns to our investors.

ESG Platforms

We are excited to announce, that through our partnership with Position Green and Mitiga's EarthScan™, we are offering enhanced reporting designed to meet the rapidly evolving landscape within RI. We are actively tailoring and refining the analysis outputs to cater specifically to our requirements and preferences. By customizing various features and functionalities, we ensure that the tools serve as a bespoke solution that addresses our investors' needs. As a result, this will lead to new RI reporting capabilities that will not only offer a deeper insight into our ESG performance, but also preserve the value of our assets through greater insights into ESG-related risks and opportunities. By leveraging these strategic partnerships, we are staying at the forefront of Responsible Investment.

New RI Reporting

As part of our enhanced reporting capabilities, we now offer our clients with state-of-the-art RI reporting that adheres to internationally recognized frameworks and provides our clients with full transparency of our investments' ESG performance. Examples of our expanded RI reporting offering include the EU Taxonomy for all Clean Energy funds, EDCI template for Clean Energy funds, European ESG Template ("EET") for our recent Clean Energy and Future Essentials funds. Additionally, we will be offering the EET for our Mid-Market Direct strategy in 2025. [Click here](#) for a full list of our Responsible Investment reporting suite.

Capital Dynamics Clean Energy Fund VIII Receives Top Rankings from GRESB Across Multiple Benchmarks



We are excited to share that Capital Dynamics' Clean Energy and Infrastructure VIII SCSp ("CEI VIII") has earned 5-Star Ratings and an outstanding score of 99 out of 100 at both the Fund and Asset levels from GRESB, the leading global ESG benchmark for real estate and infrastructure investments. We are deeply honored to have been recognized #1 rankings across multiple benchmarks for 2024. Capital Dynamics' Clean Energy platform follows the same Responsible Investment principles as the rated fund, notably leveraging the firm's proprietary R-Eye™ scorecard. Introduced in 2019, the R-Eye™ scorecard is designed to assess ESG factors throughout the entire investment lifecycle.

Asset Level

- #1** in Renewable Power: Wind Power Generation – Europe / Private
- #1** in Renewable Power: Wind Power Generation – Europe
- #1** in Performance Score
- #1** in Performance Score within Renewable Power: Wind Power Generation

Fund Level

- #1** in Renewable Power
- #1** in Management Score
- #1** in Renewable Power- Europe
- #1** in Management Score within Renewable Power
- #1** in Renewable Power – Private
- #1** in Performance Score within Renewable Power

Our 2023 PRI result



The Principles for Responsible Investment (PRI), supported by the UN, recognize the commitment by institutional investors to act in the best interest of beneficiaries as part of fiduciary duty, which includes the consideration of financially material RI factors in the investment process. Our dedication to being industry leaders in Responsible Investment is exemplified with our top scores among the UN PRI. While the number of signatories have increased, Capital Dynamics has consistently achieved top scores and outperformed the median benchmark among peers.

Signatories to the initiative commit to integrate Responsible Investment best practices in their investment process. The number of UN PRI signatories has grown from 360 signatories in 2008, when Capital Dynamics originally signed, to 5,345 signatories as of March 2024. Our top performance among the benchmark over the past 16 years, exemplifies our dedication to Responsible Investment and our ongoing efforts to stay aligned with new regulations and industry best practices.

The early benefits from tackling climate issues are shown in our business lines where we were one of the first asset managers to invest into wind and solar assets delivering strong risk-adjusted returns to our investors. The growth of our dedicated ESG team and partnership with two state-of-the-art platforms in 2024, along with other initiatives outlined in this report, demonstrate our commitment to establishing the gold standard in Responsible Investment.



In 2023*, we obtained 5-Stars in all reporting modules

Policy Governance and Strategy	★	★	★	★	★
Private Equity Strategy	★	★	★	★	★
Clean Energy Strategy	★	★	★	★	★
Confidence Building Measures	★	★	★	★	★

* The third-party ratings shown were received by Capital Dynamics in the year indicated, based on activities undertaken in the prior calendar year. Capital Dynamics did not provide any direct compensation in connection with obtaining such third-party ratings, although in certain cases we have paid a fee to become members of an organization, which membership is a precondition to obtaining a rating, or have paid a fee in order to use the issuing organization's logo in our marketing materials

Industry recognition in 2023 and 2024

Capital Dynamics is proud to lead the way in the private assets industry with recognition for our strong performance, values and excellence across our Private Equity and Clean Energy platforms. Responsible Investment is a guiding principle to support our short-, medium- and long-term goals. Receiving these recognitions in 2023 and 2024 from respected voices in the market is an important acknowledgement of our commitment to deliver strong risk adjusted returns within a Responsible Investment framework. By integrating Responsible Investment principles into the lifecycle of our investments and actively managing these factors, we are not only seeking to generate attractive financial returns but also to create positive environmental and social outcomes that benefit our society as a whole.



We are truly excited to be named a winner in the Private Equity Wire ESG European AAA Awards 2023 in multiple categories.

Capital Dynamics' sector-leading ESG policies and deep commitment to sustainability has won the following prestigious awards for our Clean Energy and Private Equity funds:

AAA 2023 Best ESG fund: Fund of Funds

AA 2023 Best ESG fund

A 2023 Best ESG fund: Climate Focused

Additionally, in 2023 we were the winner of the **Pensions & Investments 2023 "Best Places to Work in Money Management."**

This industry accolade recognizes the strength and success of our workplace culture and underpins our dedication to supporting employees across all stages of their careers, using inclusive hiring practices to secure new talent.

Engagement with industry leaders

A core part of our commitment to Responsible Investment is composed of engaging with policy makers and industry associations to shape the future of sustainable finance policies and development of regulation in the private markets. We are proud to drive forward positive progress towards Net Zero targets by 2050.



Review of Sustainable Finance Disclosure Regulation (“SFDR”)

Through our participation in the fundamental review of the SFDR, we expressed our support for the proposed labelling scheme and endorsed the regulatory direction and adoption of the framework aimed at improving market practices.



IIGCC / ICI working group to publish Supplementary Private Equity Infrastructure Guidance

We participated in the IIGCC working group that provides actionable insights into evaluating infrastructure assets according to their maturity in support of Net Zero. The guidance clearly defines climate solutions as ‘achieving Net Zero’ and is expected to be released in Q4 2024.



Co-led IIGCC working group to steer Net Zero Investment Framework (“NZIF”) for Private Equity

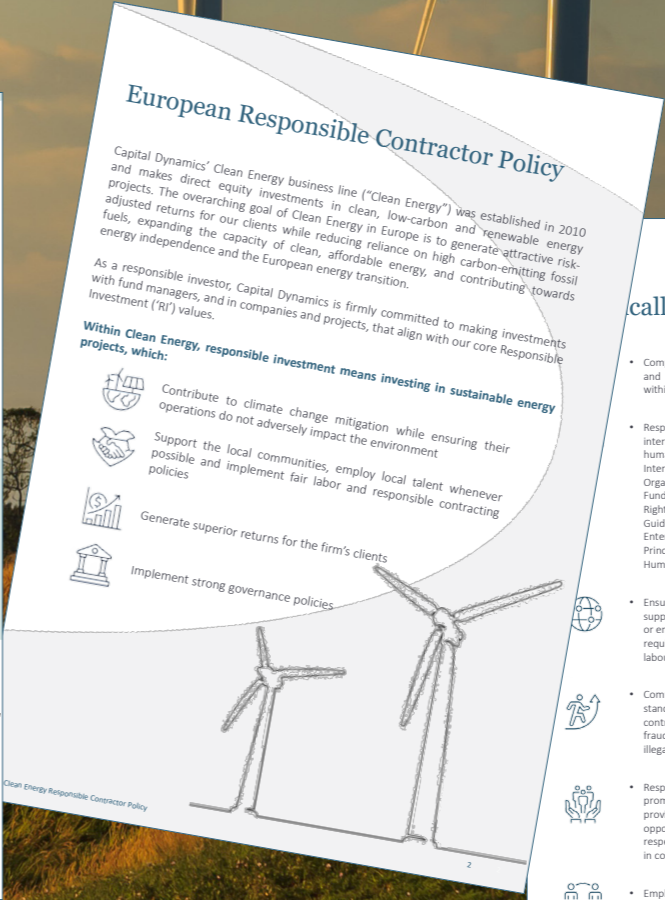
In 2023, the final guidance was released which encompasses a pragmatic, science-aligned approach for the Private Equity industry on how to support the goals of Net Zero. The NZIF Private Equity component can be found [here](#).

Clean Energy Responsible Contractor Policy

Capital Dynamics is committed to respecting all human rights and preventing any form of Modern Slavery and human trafficking throughout our business. This is particularly relevant for the PV solar supply chain, where there is a high risk of labor rights abuse in the modules manufacturing space. To mitigate the risk, we align our investments with the UN Guiding Principles on Business and Human rights and the OECD guidelines for responsible business conduct. In 2023, we have rolled out a new Clean Energy Responsible Contractor Policy in addition to our supplier contracts, requiring them to adhere to applicable labor laws and international standards to respect human rights.

Our strategic partnerships are forged with like-minded contractors that align with our vision, mission, and core values. We have a zero-tolerance policy for unlawful labor, and all our contractors are required to comply with the applicable laws, including laws covering modern slavery and forced labor. Capital Dynamics assesses its contractors by evaluating them against a set of criteria including but not limited to indicators of financial performance, health and safety, sustainability, cost, experience and skillset. The qualification process for contractors and suppliers consists of completion of questionnaires, provision of documentation and interviews. Our Clean Energy business line considers a responsible contractor to be one that provides competitive and high-quality services while adhering to the highest environmental, health and safety, and labor standards, and commits to enhancing the Environmental, Social and Governance performance of the project(s) they are involved in.

You can find a copy of our policy [here](#).



Now offering EETs for our Clean Energy and Future Essentials funds

The European ESG Template (“EET”) is a comprehensive, machine-readable report designed to disclose ESG performance data required under a range of European ESG regulations, including SFDR, the EU Taxonomy, and the ESG portions of MiFID and IDD reporting requirements. By integrating the EET reporting into our offerings, we are providing our clients with a more tailored approach to RI reporting, ensuring compliance with regional requirements and enhancing transparency and accountability.

We are now providing the 2023 EET for our recent Future Essentials fund and Clean Energy funds. This will ensure compliance with regional requirements and enhance transparency and accountability.


Additionally, Capital Dynamics has partnered with Position Green, a market-leading ESG data collection and analytics tool, which will enhance reporting capabilities, leading to the expansion of the EET for our latest Mid-Market Direct fund in 2025.

50%

Of underlying GPs are PRI signatories for our latest Future Essentials fund


4,606t CO₂e

Carbon Footprint Scope 1, 2 and 3 for our latest Future Essentials fund¹



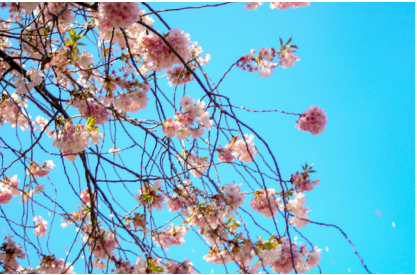
93%

Sustainable investments taxonomy aligned for our latest European Clean Energy fund



43%

Board gender diversity for latest United Kingdom Clean Energy fund



94%

Environmentally sustainable investments for our latest United Kingdom Clean Energy fund

7%

Of our investments for our latest Future Essentials fund are aligned with social objectives²

Our commitment to Net Zero

The Firm supports the Paris Agreement and Net Zero through its investment in Clean Energy projects. Our investments into solar and wind energy projects represent ambitious Net Zero targets aimed at scaling investments into climate solutions with attractive risk-adjusted returns for our clients. Further, our Clean Energy investments help meet global targets including the SDGs and the Kyoto Protocol, simultaneously providing a solution for members of the RE100, a list of over 370 companies committed to ‘go 100% renewable.’³ All of our Clean Energy assets contribute substantially to or enable emissions reductions to support decarbonization in line with credible 1.5°C pathways towards Net Zero. Our focus on wind energy and solar PV projects are crucial to the transition to a Net Zero economy and corresponding policy goals, such as the EU Green Deal and the UK’s Net Zero plans.

We are strongly committed to supporting the expansion of sustainable and accessible Clean Energy in Europe and doing our part to reduce greenhouse gas emissions associated with our investments. In 2023, we acquired five assets with a dedicated decarbonization target. Our previous Clean Energy funds support the Paris-Aligned investment Initiative Net Zero Investment Framework (“NZIF”) in our contribution to displacing fossil fuels with our investment in solar and wind projects. Further, all of our solar and wind assets are investments into climate solutions and play a critical role in meeting the achievement of Net Zero.

1 Due to data gaps with underlying funds 64% of Future Essentials NAV is calculated
 2 7% of investments were sustainable weighted by NAV as of December 31st 2023
 3 Source: <http://there100.org/>
 4 For example, through solar powered temporary offices, use of electric vehicles for worker transportation and waste reduction
 5 Reduce own energy usage of investments and increase procurement of renewable energy at asset level

Our new Clean Energy funds are committing to Net Zero initiatives through:

- 1

Measurement of construction and operational emissions
- 2

Offsetting residual emissions with verified carbon removal project
- 3

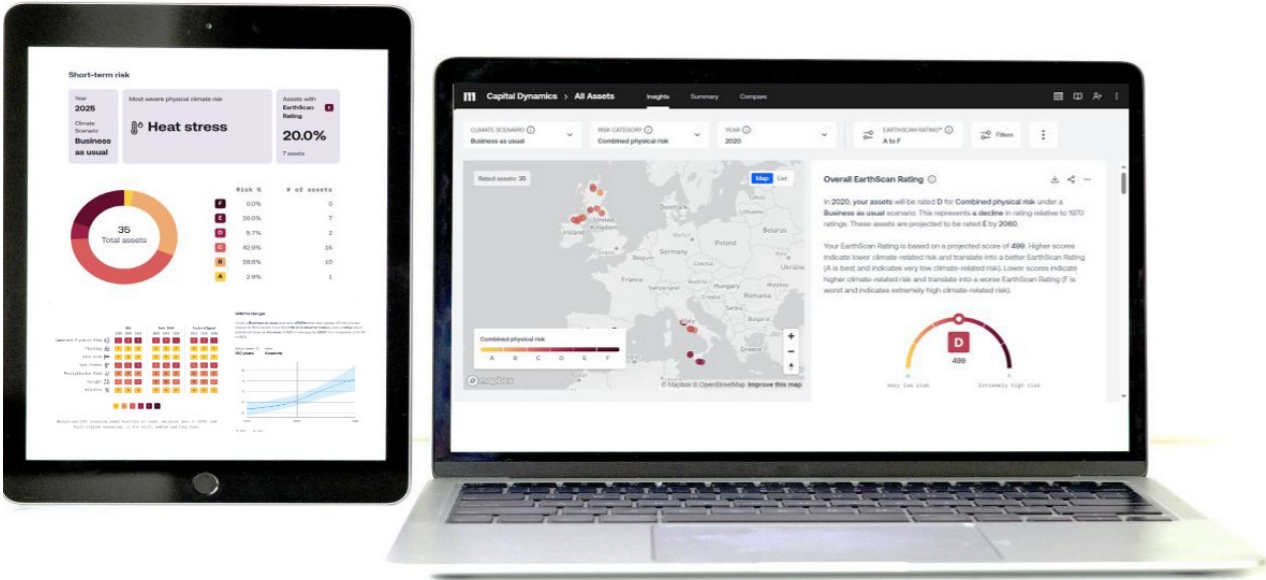
Decarbonization targets with reduction of construction emissions⁴ and operational emissions⁵

Implemented pioneering climate scenario tech

To effectively analyze climate risks and identify adaptation measures, Capital Dynamics’ Clean Energy business line has implemented Mitiga’s EarthScan™ platform. This innovative tool, which we have worked with Mitiga to optimize for our business, enables us to comprehensively assess climate-related risks across our European Clean Energy portfolio and provide valuable insights into financially material climate hazards. By leveraging advanced data analytics and scenario modelling, we can proactively identify vulnerabilities and develop targeted strategies to enhance resilience. Additionally, we use the outputs of the climate scenario analysis for the following purposes:


- Offer our clients market-leading climate risks reporting in line with the TCFD and ISSB disclosure frameworks and in accordance with the EU Taxonomy
- Conduct pre-transaction due diligence
- Produce internal and external risk reporting on financially material climate matters
- Undertake physical asset exposure analysis and location planning to protect asset value and generate long-term risk-adjusted returns for our clients

Climate Scenario Analysis




Utilizing the EarthScan™ platform, we identify and assess physical climate risks, which our European Clean Energy assets are exposed to over the short- (2025), medium- (2030) and long-term (2050) time horizons. The following physical climate risks are subject to our analysis:


Heat stress




Extreme precipitation




Drought




Extreme wind



Flooding (coastal and riverine)

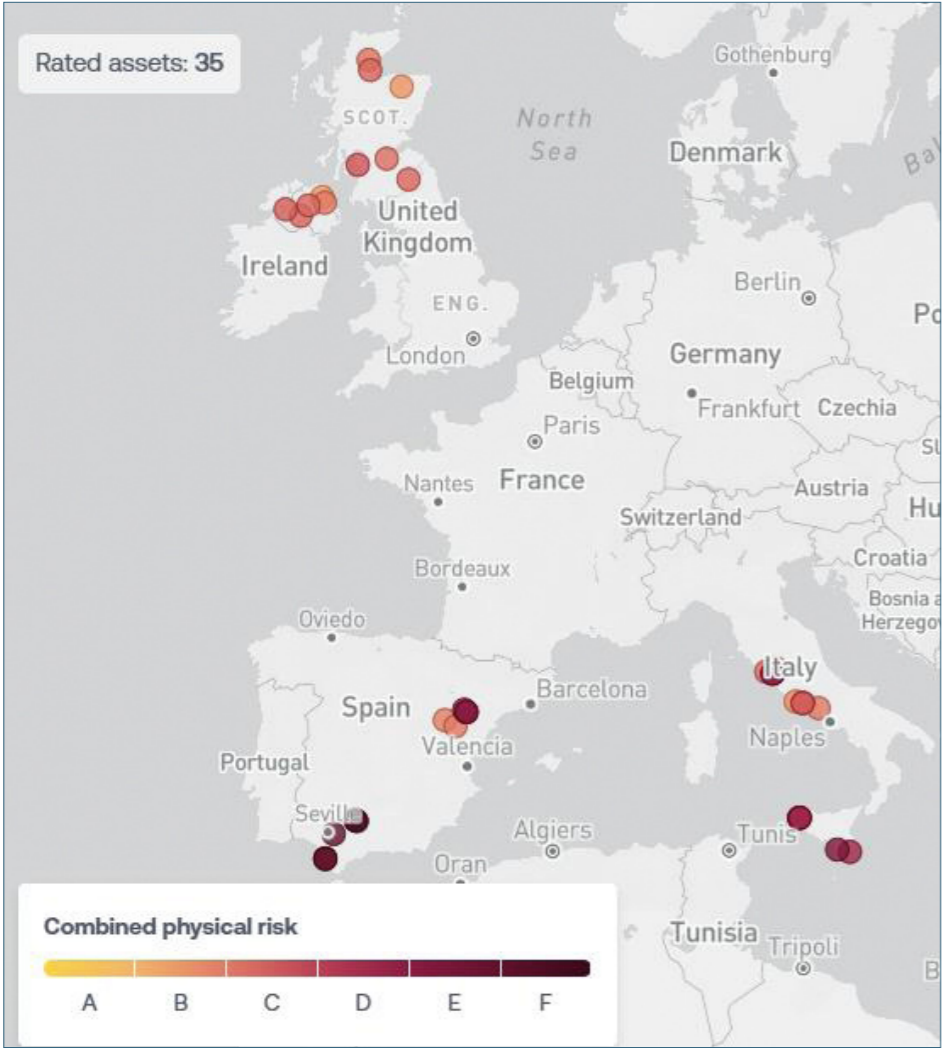


Wildfire










Physical climate risk exposure of our European Clean Energy portfolio

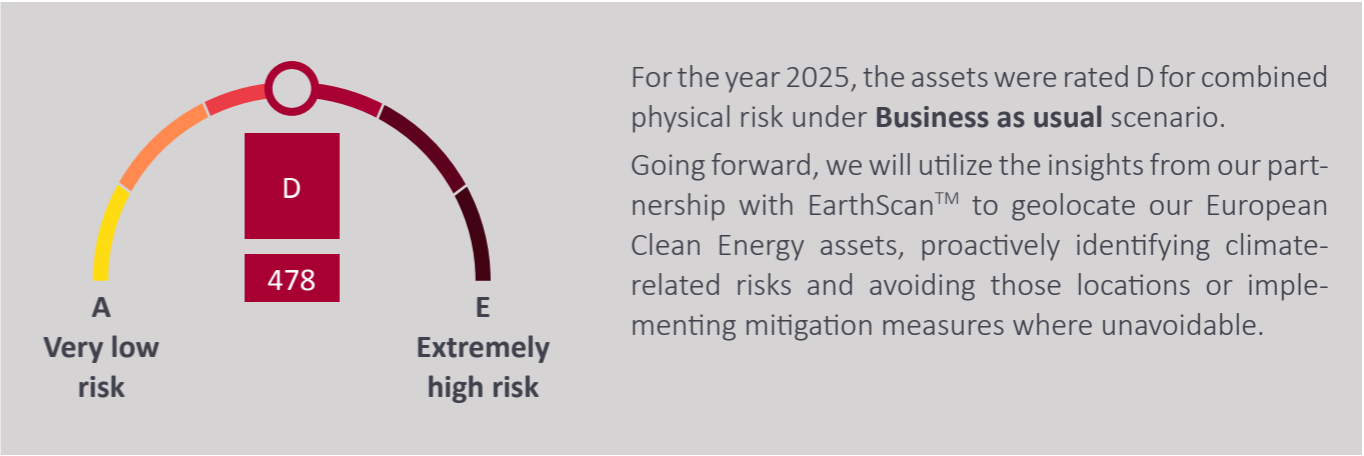
The map below showcases the asset distribution across Europe, alongside the EarthScan™ rating from A (very low climate-related risk) to F (extremely high climate-related risk). While some of our solar assets are located in Southern Europe exposed to high risks of heatwaves, we have implemented strong climate adaptation measures to enhance resilience against climate risks, ultimately ensuring our assets generate optimal clean energy outputs.



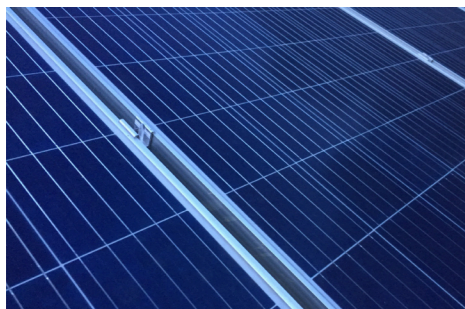
EarthScan™ ratings range from A = very low risk to F = extremely high risk

The risk matrix shows the portfolio’s average EarthScan™ Rating for each climate hazard. This shows how average climate exposure may change over the short, medium and long-term under three scenarios: business as usual, emissions peak in 2040 and Paris-aligned.

		BAU			Peak 2040			Paris-aligned		
		2025	2030	2050	2025	2030	2050	2025	2030	2050
	Combined Physical Risk	D	D	D	D	D	D	D	D	D
	Flooding	A	A	A	A	A	A	A	A	A
	Wind Risk	A	A	A	A	A	A	A	A	A
	Heat Stress	C	C	D	C	C	D	C	C	C
	Precipitation Risk	B	B	B	B	B	B	B	B	B
	Drought	C	C	C	B	B	C	B	B	C
	Wildfire	A	A	A	A	A	A	A	A	A

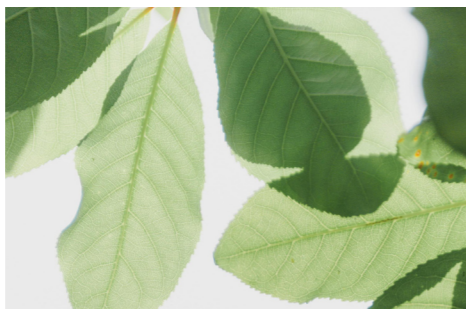


Clean Energy climate adaptation measures



Heat mitigation

Capital Dynamics use Tier 1, AAA solar panels, which are composed of the highest quality and durability and can withstand temperatures of up to 60-65°C. In addition, we ensure equipment in substation is adequately ventilated to avoid overheating. Consideration on shift times will be taken into account to ensure workers avoid working during the hot hours of the day.



Vegetation management

Once operational, all assets create and follow planned preventative maintenance programs. As part of these plans, dry vegetation is cleaned at defined intervals including the perimeter fence vegetation to create a firebreak between the area covered by PV modules and the external vegetation.



Resilience to extreme weather events

All assets are equipped with trackers that tilt the angle of the solar panel depending on the weather conditions to ensure maximum efficiency of the technology. The added benefits of such trackers is that they can change the position of the panel depending on the weather conditions (extreme wind and sun position) improving the cooling and ventilation of the panels despite the temperature onsite.



Extreme weather preparedness

All assets develop emergency plans which address fire risks, flooding, high winds and first aid. Moreover, each asset conducts fire risk assessments. Further, to comply with local legal requirements, fire extinguishers are placed within the premises. To enhance the resilience of our wind turbines, they're equipped with sensors, automated control systems, and shutdown mechanisms triggered by conditions such as excessive wind, wind gusts or increased temperatures.



Water management

Water usage is notably low across the CD portfolio. Water is used at welfare facilities and for irrigation purposes. Panels are washed with ionized water, which is brought to the assets in water tanks. Wind turbines operate independently of the main water supply. However, all assets have water bottles to ensure visitors' well-being.



Components durability

Our wind turbines are built with resistant materials and components. Furthermore, regular external inspections of the blades are conducted to identify and rectify any deterioration, including damage caused by adverse weather conditions.

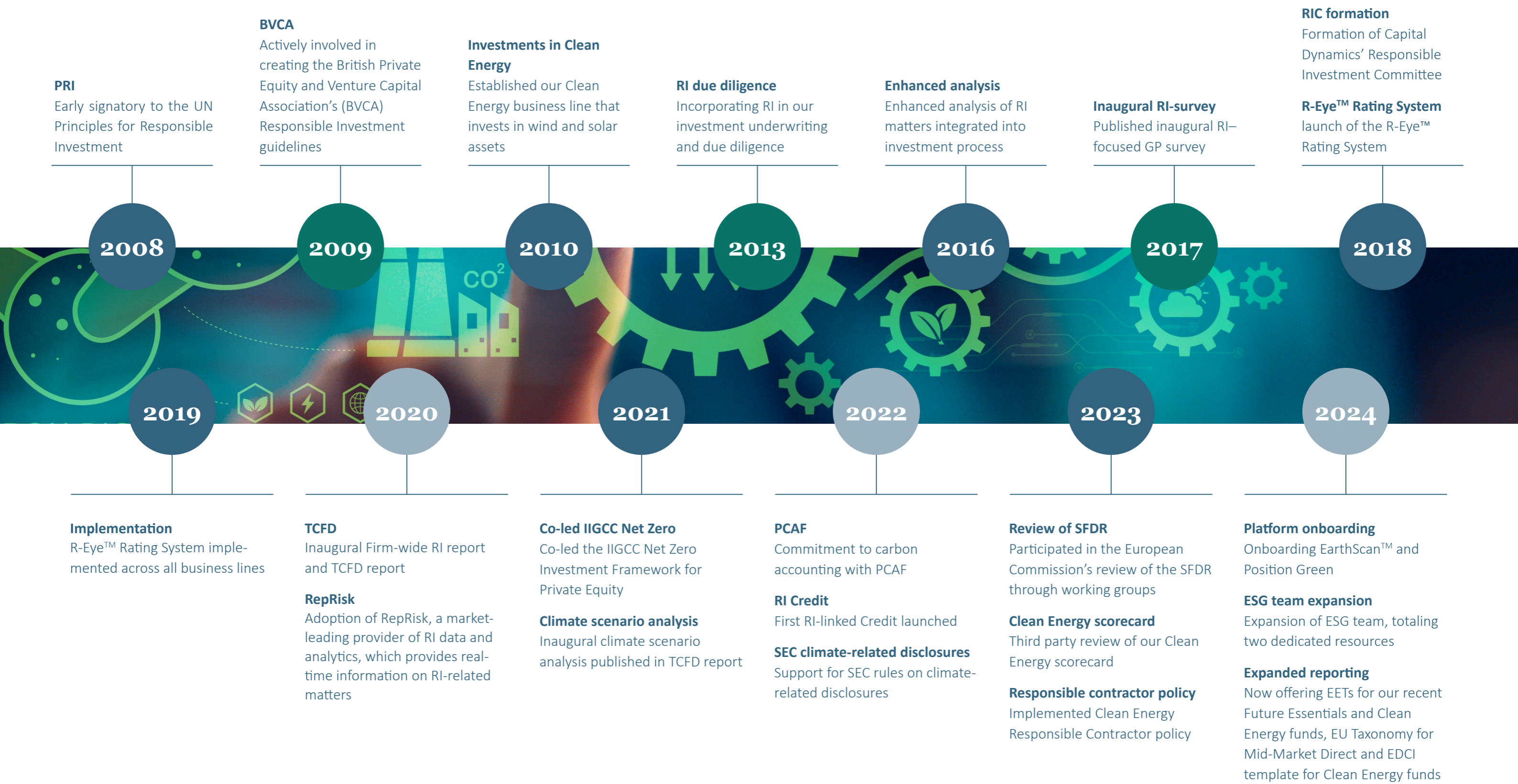
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2

Progress with Responsible Investment Initiatives

Our history in Responsible Investment

Capital Dynamics is deeply committed to Responsible Investment. Our journey began as one of the first PRI signatories in 2008 and our continued commitment to integrating Responsible Investment into every aspect of the Firm’s business lines has been a cornerstone of our goals over the years.





Verena Rossolatos
Co-Chair of Responsible
Investment Committee
& Co-Head of the
Environmental Committee

“Our strategy is centered on delivering consistent returns across market cycles while minimizing risk for our clients’ portfolios. We were among the first middle market private equity firms to focus on Responsible Investment, recognizing its alignment with global macro trends. By understanding the intersection of investment opportunities and market demand, we aim to deliver sustainable, long-term returns. Our approach is both adaptable and client-focused, ensuring we meet the evolving needs and objectives of our clients.”

Capital Dynamics’ RI story by the numbers

10

RI alerts addressed and solved across all strategies in 2023

8.3

Net promotor score in 2023

99 out of 100

Received on the asset and fund level GRESB submission

0%

Wind or flood risk in EarthScan™ for our Clean Energy European assets

5 stars

Across all PRI categories in 2023

107%

Female hiring target achieved as of December 31, 2023

50%

Of underlying GPs in our latest Future Essentials fund are PRI signatories as of December 31, 2023

27,521,187 tCO₂e

Avoided emissions through our Clean Energy assets in Europe and U.S. as of H1 2024¹

£242k

Contributed to local causes by our assets in the UK in 2023 through their Community Benefit Funds

9,641

Gross MW capacity installed – includes operating assets across U.S., UK and EU as of December 31, 2023²

B Corp

Investment into Fashionphile for our Mid-Market Direct strategy

85%

Employee satisfaction based on 2023 survey

100%

Of our Clean Energy European assets are eligible under the EU Taxonomy

1 Emission factors used: Commencing in 2021, we have updated our emission factors data source for European assets. Emission factors for UK assets are derived from the UK Government GHG Conversion Factors for Company Reporting, while those for assets in Italy and Spain are obtained from the International Energy Agency (IEA) emissions factors. The environmental benefits displayed are not adjusted by Capital Dynamics Funds’ shares and have been restated due to the adoption of more accurate emissions factors. The data for the years 2013 to 2020 were calculated using the US Environmental Protection Agency (EPA) calculator. However, beginning in 2021, we have transitioned to sourcing emission factors for our US portfolio from the US EPA Emissions & Generation Resource Integrated Database (eGRID). We update the reported emissions semi-annually on the website. For any formal emissions reporting or inquiries, investors are encouraged to reach out to us directly or refer to the quarterly investor report, where we disclose emissions generated and avoided for each quarter.

2 Capacities for US assets include the CCGT plants.

Responsible Investment targets across our investment platforms

Clean Energy

Strong GP alignment by linking a third of our carried interest to two impact targets for our latest Clean Energy funds

- 1 Utilizing our proprietary R-Eye™ scorecard all investments must score above an average of 4 or above; and
- 2 Decarbonization targets with reduction of construction emissions¹ and operational emissions²

If one or both impact targets are not met, we will provide respective financial support to a charitable cause to compensate for the missed impact targets

- ✓ In 2023, we acquired five assets with a dedicated decarbonization target

Mid-Market Direct

Our latest Mid-Market Direct fund is in line with Article 8 SFDR and seeks to invest in companies that have high RI standards and have implemented the following indicators to measure attainment:

- 1 At least 80% of the Fund’s investments have an R-Eye™ total rating of 3.5 and minimum of 3.0 in the ESG subcategories³; and
- 2 At least 50% of the Fund’s investments or their respective lead investors have a Responsible Investment policy
- ✓ As of March 2024, 95% of our direct investments have a robust RI policy

Future Essentials

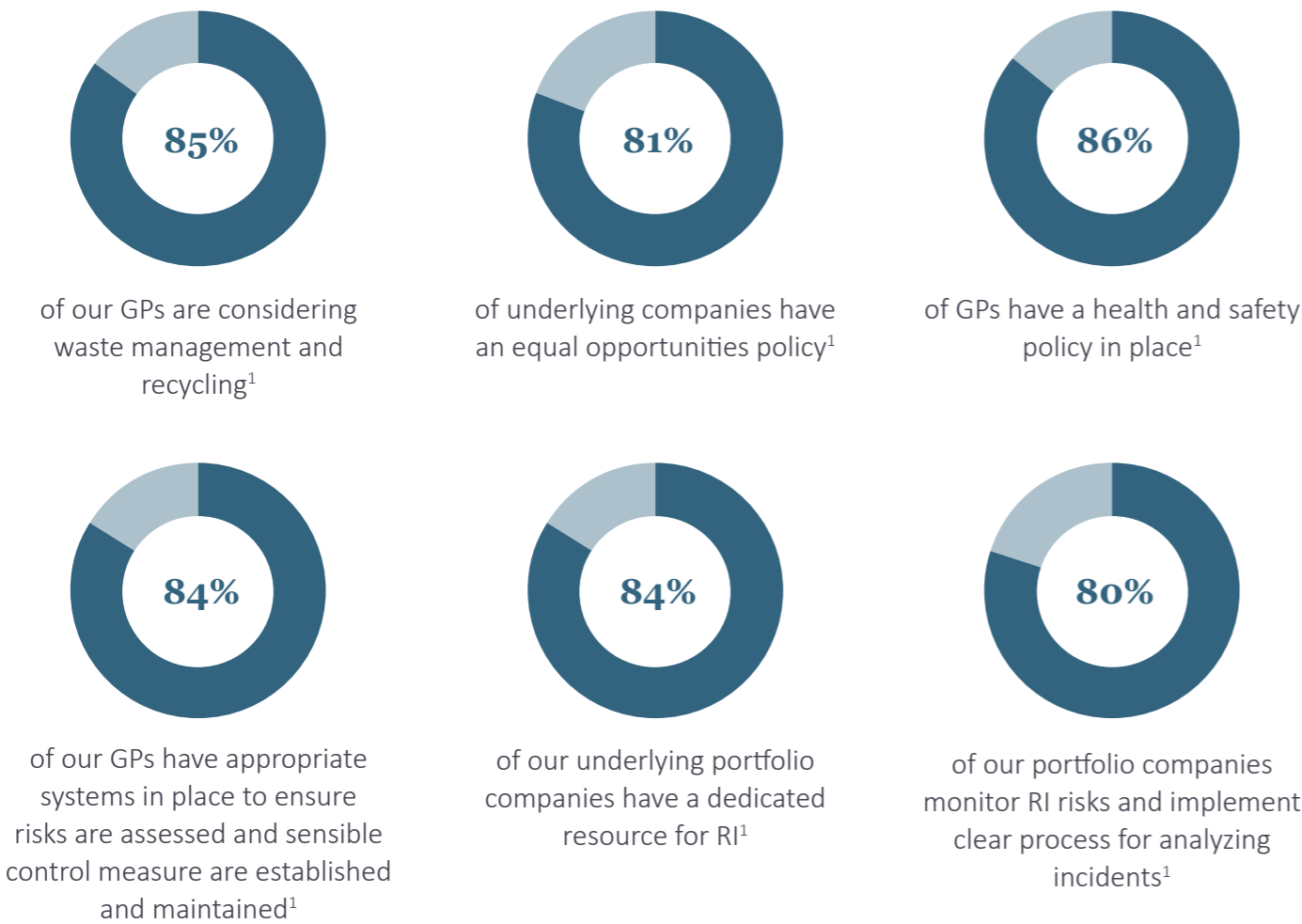
Our latest Future Essentials fund is in line with Article 8 SFDR and in order to attain the environmental and social characteristics promoted by the Fund, we aim to achieve:

- 1 At least 90% of underlying portfolio managers have an R-Eye™ total rating of a minimum of 4 and minimum of 3 across the ESG subcategories³;
- 2 At least 40% of underlying funds disclose in line with SFDR Article 8 or 9⁴; and
- 3 At least 10% sustainable investments that contribute to one of the 17 UN SDGs with a focus on SDG 8, 12 and 13
- ✓ As of March 2024, the total R-Eye™ Scorecard Rating is 4.4 with 100% of the fund fulfilling the target

1 For example, through solar powered temporary offices, use of electric vehicles for worker transportation and waste reduction
2 Reduce own energy usage of investments and increase procurement of renewable energy at asset level
3 At the time of investment or the expectation they achieve that within a year
4 Environmental or social characteristics or pursue investments contributing to environmental or social impact themes

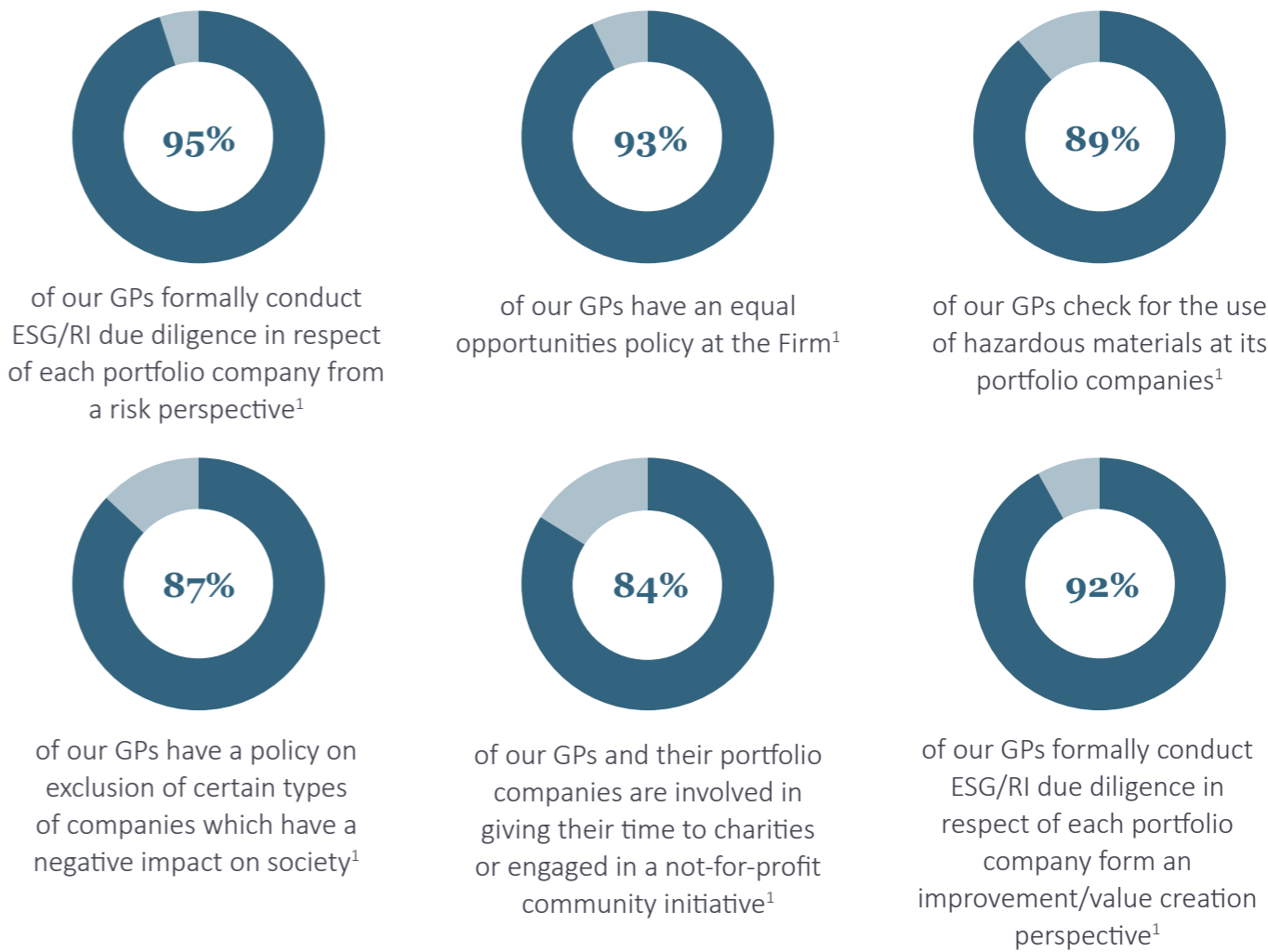
Our Middle Market Direct Responsible Investment Story

Within our portfolio...	2024 ¹	2023 ²	2022 ³	2021 ⁴
Of our GPs have a robust Responsible Investment or ESG policy	95%	95%	92%	96%
GPs are considering gender diversity and ethnicity	90%	90%	89%	89%
Of our underlying companies are encouraging energy-saving techniques	82%	79%	79%	72%



Our Primaries/Secondaries Responsible Investment Story

Within our portfolio...	2024 ¹	2023 ²	2022 ³	2021 ⁴
Our GPs have a robust Responsible Investment or ESG policy	95%	95%	95%	89%
Our GPs have Responsible Investment/ESG as an agenda item at the board level or similar	93%	93%	92%	82%
Our GPs are considering waste management and recycling at the Firm-level	85%	85%	83%	82%
Our GPs have a dedicated resource for RI/ESG	71%	69%	66%	62%



1 Information as of March 31, 2024 2 Information as of December 31, 2023 3 Information as of December 31, 2022 4 Information as of December 31, 2021.



3

Corporate Social Responsibility

Our perspective on value creation through RI

As an early adopter of Responsible Investment principles in the private markets, Capital Dynamics recognizes the important role that alternative asset managers like us can play in leading the industry. It is our belief that we can both benefit a broader set of constituents which will be affected by environmental and societal change and generate enhanced long-term investment returns for our clients. Research¹ shows that strong RI factors have the potential to enhance risk-adjusted long-term returns through five pillars: Top-line growth and valuation, cost reductions, regulatory and legal interventions, investment and asset optimization and productivity uplift.

Top-line growth and valuation

Portfolio companies with strong RI credentials attract customers with more sustainable products and can charge a premium based on positive attributes to the brand. There are exciting opportunities where sustainability drives revenue growth. Sustainable consumer products, for example, can generate up to twice the sales of non-sustainable counterparts, as shown by the Sustainable Market Share Index. Products marketed as sustainable achieved a 5-year compound annual growth rate of 9.9%, compared to 6.4% for conventional products. These products contributed about one-third of all growth in consumer packaged goods, even though they represent less than one-fifth of the market share. For products that deliver a superior sustainable customer experience, a 5% price premium is often justified, according to the 2023 BlueYonder Sustainability Survey.²

Additionally, an analysis done by McKinsey indicates financially successful companies that integrate ESG priorities into their growth strategies outperform their peers—provided they also outperform on the fundamentals. McKinsey looked at total shareholder return, financial performance, and ESG ratings of 2,269 public companies. These “triple outperformers” delivered 2 percentage points of annual total shareholder return above companies that only outperformed on financial metrics (and 7 percentage points above the rest of the dataset), suggesting that a strong ESG commitment adds additional shareholder value for companies that also exceed their peers in growth and profitability. Please refer to the full study [here](#).³

Cost Reductions

Portfolio companies that implement RI initiatives can benefit from cost reductions, for example energy efficiency measures reduce energy bills, and companies may have a lower cost of capital. Investee companies can also avoid accidents and shutdowns by implementing strong health & safety measures. Italcer, a portfolio company in one of our Mid-Market Direct funds, is committed to managing resources for its production processes in a circular perspective, implementing processes to recover, recycle and reuse materials resulting from its activities. Today, powders are made to produce ceramics containing more than 50% recycled material. Starting in 2024, Italcer Group will be able to recover 100% of the ceramic waste generated in its processes by obtaining authorization to recover spent lime to produce atomised powder.⁴ Through this process, Italcer can reduce costs through waste reduction and circulatory. Reducing and reusing scraps during production to minimize waste has long been proven to be financially beneficial.

Regulatory and legal interventions

Portfolio companies that implement RI initiatives can reduce litigation risks and achieve greater strategic freedom through deregulation. Further, they may benefit from public support or subsidies. Lawsuits involving ESG-related issues have increased by 25% over the past three decades.⁵ Europe’s top human rights court ruled in favor of more than 2,000 Swiss women that the Swiss government had violated the human rights of its citizens by failing to do enough to combat climate change. The Swiss women, known as KlimaSeniorinnen aged over 64 said that the climate inaction put them at risk of dying during heatwaves arguing their age and gender made them particularly vulnerable to such climate change impacts.⁶ Climate litigation is a rapidly growing threat with an increasing number of climate lawsuits being brought to the private sector resulting in significant innovation from the private sector to manage climate-related risks.

Investment and Asset Optimization

Portfolio companies with strong RI processes have the potential to reduce absenteeism and boost employee motivation through engagement. They also attract talent through greater social credibility. A Harvard Business Review study found that purpose-driven organizations are 25-40% more productive. For example, Unison Capital, a Firm based in Japan, faced labor constraints due to the country’s aging population. To address this challenge and retain talent, Unison introduced several employee-focused initiatives at one of its pharmaceutical companies. These initiatives included converting contract workers – who made up half of the workforce – into full-time employees, implementing a formal performance evaluation system, increasing compensation, and launching an employee stock option program that saw 90% participation.⁶ These efforts led to significantly improved retention rates and contributed to the company’s strong financial performance during the holding period.

Productivity uplift

Investment returns can be enhanced by better allocating capital for the long-term (e.g., more sustainable plant and equipment), and achieve multiple expansion through enhanced RI credentials. This is the case in Queensland, Australia, where a former coal plant will be turned into a Tesla Megapack, sustainable energy hub. The USD 330 million investment will provide energy storage and support to stabilize the grid preventing outages and leading to cheaper, cleaner and more reliable energy.⁷

1 McKinsey & Company, McKinsey Quarterly “Five ways that ESG creates value” November 14, 2019.

2 BlueYonder “Blue Yonder Survey: Consumers Interest in Sustainable Products and Practices Still High” March 28, 2023

3 Mickenseny & Company, “The triple play: Growth, profit, and sustainability” August 9, 2023

4 Italcer Group Sustianability Report 2023

5 Trellis, “Get Ready for more ESG lawsuits” July 24, 2024 6Reuters “Swiss women win landmark climate-case at Europe top human rights court” April 9, 2024

6 World Economic Forum “Creating Value though Sustainability in Private Markets” April 21, 2022

7 TCD “Former coal plant will transform into clean energy hub thanks to Tesla technology: signals an incredibly positive investment”, March 11, 2024.

RI Integration in our investment process

Integrating sustainability risks in the investment process has the potential to meaningfully enhance long-term financial returns. That is why we have implemented our proprietary screening tool in 2019, which evaluates all investments from a sustainability risk point of view across all our business lines. Our analytical and repeatable approach pays special attention to social impacts on mid-sized businesses and fair employment practices. The risk scoring is tracked and updated on an annual basis, resulting in enhanced monitoring and improved RI decision-making. Capital Dynamics has developed its proprietary R-Eye™ Rating System, which pays special attention to material impacts on environmental, social and governance factors and is modeled on the basis of the 17 UN Sustainable Development Goals.

In 2023, the Clean Energy team partnered with a third-party to review the R-Eye™ scorecard. The review assessed the comprehensiveness¹, effectiveness and consistency of the scorecard and scoring methodology. The risk scoring is tracked and updated on an annual basis, resulting in enhanced monitoring and improved RI decision-making.

¹ Comprehensive RI screening involves a detailed evaluation of investments and suppliers based on sustainability and ethical criteria. Capital Dynamics utilizes both the R-Eye™ scorecard and RepRisk to evaluate investments across a range of possible impacts. This process includes, among other criteria: Environmental: Assessing impact on climate, energy use, and waste management; Social: Evaluating labor practices, human rights, and community engagement; and Governance: Analyzing leadership, transparency, and business ethics. The goal is to identify and mitigate ESG-related risks, ensuring alignment with sustainable and responsible business practices.



Partnering with GPs that share our RI principles

At Capital Dynamics, we take our Responsible Investment practices very seriously and monitor our investments through this framework. We are happy to support one of our Primaries underlying portfolio managers, Ambienta, a leading asset manager embedding environmental impact in its investment strategy since its inception in 2007. Ambienta exclusively backs pan-European “environmental champions” businesses whose products or services positively contribute to Resource Efficiency and/or Pollution Control. Thanks to its proprietary Environmental Impact Analysis, Ambienta ensures positive environmental impact is measurable, material and a driver of long-term growth.

Ambienta’s Environmental Impact Analysis uses 11 KPIs to assess the contribution of a potential investment to environmental sustainability. Once invested, Ambienta continuously measures the relevant KPIs, reporting results publicly on an annual basis. Ambienta is committed to transparency and accountability: the full 2023 environmental impact report can be found [here](#).

In addition to measuring impact, Ambienta leverages ESG as a value creation tool in its own right. Through its proprietary “ESG in Action” program, Ambienta ensures that effective actions are implemented at portfolio company level to unlock value and develop best practices across the portfolio.



Andrea Mazzaferro
Managing Director
Head of Primaries, Europe

16,445

tons of pollutants avoided

50,712

tons of material recycled

233,027 tCO₂

reduced

~98,367 Toe

energy saved

Ambienta’s proprietary Environmental Impact Analysis KPIs are closely aligned to the UN Sustainable Development Goals (SDGs), as shown below. As such, Ambienta’s portfolio contributes to the 2030 Agenda for Sustainable Development.

Resource Efficiency and Pollution Control				
	Energy Saved			
	Water Saved			
	Materials Saved			
	Land Saved			
	Food Saved			
	CO ₂ Emissions Reduced			
	Air Cleaned			
	Pollutants Avoided			
	Water Cleaned			
	Materials Recycled			
	Biodiversity Preserved			

Sustainability in luxury fashion



FASHIONPHILE



FASHIONPHILE is an online fashion resale website, included in our Mid-Market Direct strategy. FASHIONPHILE is committed to extending the life cycle of pre-loved luxury items with the overarching goal of maximizing the positive impact on the environment and contributing to a more sustainable and equitable world. Capital Dynamics is delighted to share that FASHIONPHILE recently received the accreditation as a B Corp, the first underlying portfolio company to reach this. Capital Dynamics is proud to partner with portfolio companies that share our vision for Responsible Investment and corporate values.

Certified B Corporations are companies that meet the highest standards for social and environmental performance, transparency and accountability. After becoming a B Corp, FASHIONPHILE continued to value these standards and made the following progress in 2023 (not all inclusive):

Social:

- Bias and sensitivity training to all employees
- Close collaboration between HR and impact teams
- Policies and procedures were amended to be in line with B Corp values (including: charitable giving program policy, inclusive hiring practices, timekeeping and attendance)

Environmental:

- Recycling rights training and education regarding proper disposal was provided to all employees
- Waste audit and compliance assessment conducted
- Environmental management system policy



“Capital Dynamics is proud of this great achievement in one of our direct investment underlying portfolio companies. As a Firm, we believe it is of extreme importance to recognize RI achievements like FASHIONPHILE receiving the B Corp accreditation. Capital Dynamics continues to enhance and expand its RI efforts in order to blaze path toward a more sustainable future”

Andrew Bernstein
Senior Managing Director
Head of Private Equity

0.078

Emissions intensity in 2023
down from 0.637 in 2021¹

325,000

Pounds of CO₂-equivalent emissions have been
avoided due to solar installation

2 million

Pounds of CO₂ saved by solar generation at the
Carlsbad HQ by 2034

¹ These number reflect only Scope 1 and Scope 2 emissions.



In 2021, FASHIONPHILE installed solar panels on the roof of their San Diego Flagship location. In San Diego, 232,562 kWh of electricity was used, and 80% of that came from solar power. Meanwhile, in NYC, 533,135 kWh of electricity was used, and 100% of it was offset through the purchase of Renewable Energy Credits (RECs).



Sustainability in action



We are proud to partner with GPs that strongly focus on Responsible Investment. A recent example is our partnership with FSN Capital, who integrates ESG principles into every stage of their investment process through three structured approaches, each designed to generate both sustainability outcomes and commercial value.

ESG Priorities

Portfolio companies set specific, actionable ESG targets that address industry trends and stakeholder expectations. These priorities and related KPIs mitigate risks and unlock new commercial opportunities, ensuring ESG is embedded into the overall commercial strategy and a driver of value creation.

Governance

Each portfolio company appoints a dedicated ESG officer, and ESG is a standard item at every board meeting. Also, FSN sets minimum requirements for all portfolio companies with regards to ESG policies, implementation, and governance.

Decarbonization

FSN participated in the development of the guidelines for the private equity industry on how to set Science Based Targets and was thereby among the first 6 Private Equity firms worldwide to set SBTs. As such, all FSN portfolio companies measure, manage, and reduce greenhouse gas emissions to become sustainability leaders that are both attractive to stakeholders and competitive in the market.

Capital Dynamics has recently completed a GP-led transaction with FSN Capital involving two assets (1) Nordlo, and (2) Saferoad. Nordlo is a Nordic provider of cloud and infrastructure services and digital transformation to SMEs, NGOs and public institutions. The portfolio company is dedicated to solutions to safeguard long-term sustainability and quality. They set sustainability goals over the short- and long-term and measure achievements across these goals, as shown in the chart to the right. Nordlo’s sustainability work rests on three pillars:

Sustainable offering

Sustainable supply chain

Sustainable organization



Long term objectives:	Selected initiatives and achievements:	
Strong Responsible Investment principles	Consistently top in Radar’s annual survey ¹ on customer-perceived values and quality	Supports customers in their sustainability challenges, including GHG reduction and increasing needs for IT security
	23% eNPS ²	78/100 Customer satisfaction (CSI) ²
Reduce climate impact	Will continue to set and obtain validated emission reduction targets in line with SBTi’s 1.5°C target and net zero	
	100% renewable electricity in the Sweden and Norway data centers as of 2022	
Attractive and inclusive employer	Offset 100% of Scope 1 and 2 and areas closest to Scope 3 through certified project in 2023	
	Female and non-binary staff in 2023:	Salary mapping is done in order to prevent, detect and remedy unreasonable salary differences
Reliable partner with the highest ethical standards	21% Leaders	8% Operational staff
	Updated GDPR training and ongoing micro-courses in IT security for all employees	
	70%+ of employees working in ISO-certified business units ³	
	Updated code of conduct and whistleblower policy in line with the EU Whistleblower Directive	

Information for this case study was pulled from the following reports: Nordlo Sustainability report 2023 and FSN Capital ESG Report 2023. The full 2023 sustainability report for Nordlo can be found [here](#) and the FSN Capital ESG Report for 2023 can be found [here](#).

1 Radar is a Swedish research and advisory firm specialized the Nordic IT industry

2 Information as of 2022.

3 ISO 9001, ISO 14001, ISO 45001. Several business units are externally certified according to IEC/ISO 27001.

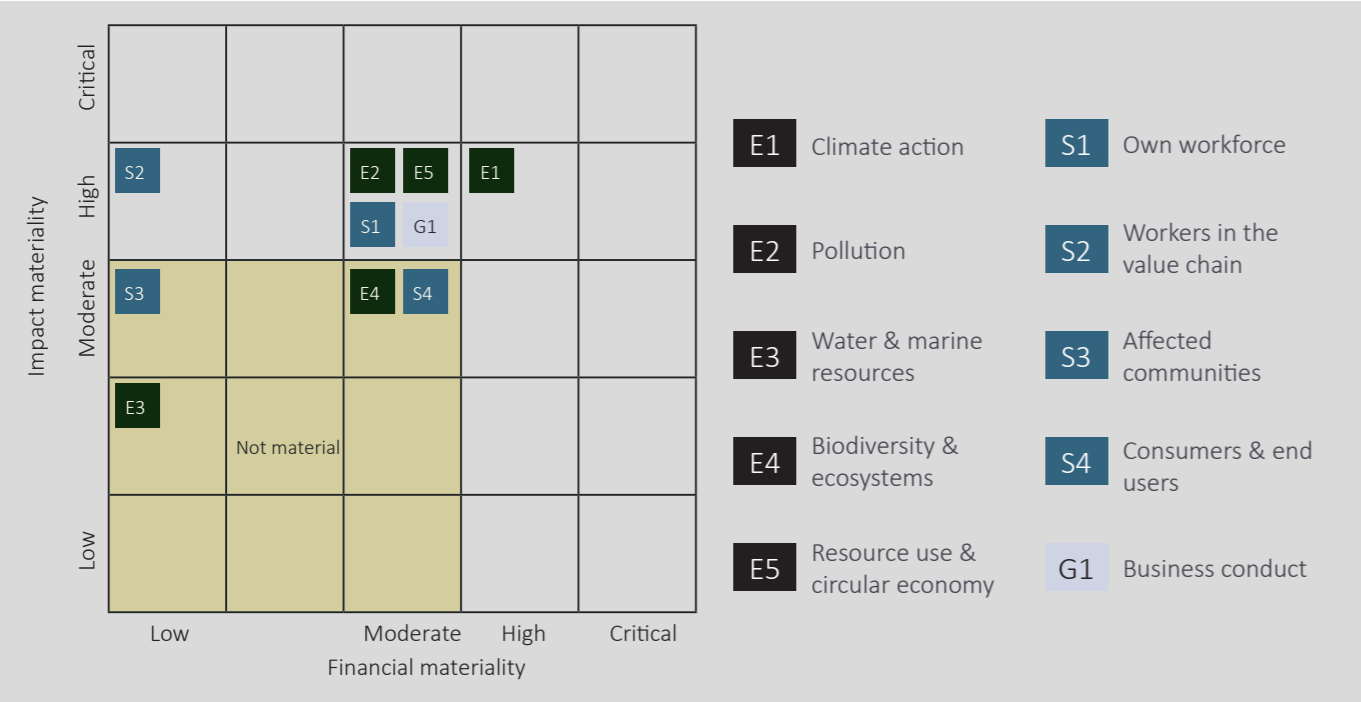
Sustainability in action on the road



Saferoad, the second asset in the recently completed GP-led transaction is a leading road safety and infrastructure supplier in Europe. Sustainability is a core component of Saferoad’s strategic planning and management systems, driven by regulators and customers. To understand what sustainability factors are material to Saferoad, the portfolio company conducted a double materiality assessment (DMA), which identifies ESG factors that have the potential to impact its financial performance (financial materiality) and its ESG impact on the environment, society and economy (impact materiality). The outcome of the DMA helps the company understand the strategic focus of their sustainability program.

The identified topics reflect the areas where Saferoad has the most significant impact and/or the risks and opportunities arising from sustainability.

All topics with an average score above 4 either on impact or on financial materiality, are considered material. A topic with high severity or high financial consequences, is a topic Saferoad believes should have a strategic focus either for mitigation and remediation, or in some cases, for opportunities to pursue. For more information on the DMA conducted during Q4 2023 and Q1 2024, please refer to the Saferoad 2023 Integrated Annual Report [here](#).



Targets

Having identified climate action as its most material topic, Saferoad aims to decarbonize their operations and value chain based on science-aligned GHG reductions. The products Saferoad manufactures are based on materials such as steel, aluminum and plastics, which involve substantial energy-intensive processes contributing to their environmental footprint. To mitigate this negative impact, Saferoad has committed to setting near- and long-term company wide emission reduction in line with SBTi such as:

- **Set GHG emissions reduction** targets for Scope 1, 2 and 3
- To make **decarbonization and transition plans**
- To integrate these into the **financial and budget planning**

To further support its climate action, Saferoad is working on a comprehensive environmental program. Of note, this is not an exhaustive list of Saferoad’s environmental targets for 2026:

- **Reduce energy consumption** in line with 2050 net-zero target
- Reduce material waste (metal scrap and hazardous waste) **by at least 50%**
- 100% of production units ISO 14001 certified
- Work towards offering **low-carbon product or service** by 2030
- **Transparency within our supply chain** for high-risk products, materials and services

Information for this case study was pulled from the following reports: Saferoad Integrated annual report 2023 found [here](#) and the FSN Capital ESG Report for 2023 found [here](#)

Our dedication to Biodiversity

Capital Dynamics is committed to minimizing any potential negative impact on the environment by refraining from knowingly investing in assets whose operations could potentially result in serious negative impacts on the environment, such as severe degradation of air and water quality.

We perform Environmental Impact Assessments ("EIA") on all investments to screen for environmental compliance and all of our European Clean Energy assets are required to undergo an environmental assessment during the planning phase. During this assessment, local authorities place certain constraints on the asset layout to avoid impacts to local biodiversity and the community and require a set of mitigation measures in order for the project to receive planning permission.

We have committed to a range of initiatives implemented across our European Clean Energy assets that are outlined below:



Livestock Grazing

The majority of our assets allow for livestock grazing within the perimeter of each asset in the UK and continental Europe.



Drinking Points and Ponds

Our assets in Spain have drinking points and ponds for animals. These points are refilled with water monthly. The assets also have vegetated areas to allow the maintenance of the existing biotope.



Agrovoltaic Project

One of our assets in Spain is making relevant land adjustments in order to receive authorization as an agrovoltaic project during 2024. Agrovoltaic is the process of using the same area of land to obtain both solar energy and agricultural products.



Environmental Monitoring Program

In certain instances, the asset has implemented an environmental monitoring program that covers the construction phase and the operation of the plant in order to monitor the soil, air and watercourses in the area. Capital Dynamics employ industry-leading local biodiversity and environmental scientists to execute such programs.



Mitigation Planting

Our assets in Italy have installed mitigation measures, which consist of a perimetral vegetation band around the plant made of autochthonous flowers and vegetation species. These include the typical Mediterranean flora, cultivation of cereal and grass vegetation in the internal areas of the plant with flowers to allow the proliferation of bees, the installation of apiaries inside the plant and spots in the fence to ensure free circulation of animals.

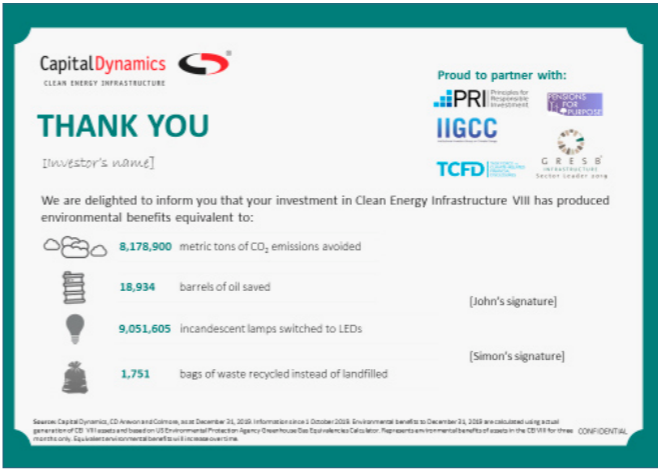
Our Responsible Investment reporting capabilities



Annual RI report provides a summary of our responsible investment initiatives throughout the year



Task Force on Climate-Related Financial Disclosures (TCFD) report provided annually



Clean Energy Green Certificates to be issued to LPs annually



Quarterly reports include RI updates



Annual Clean Energy Sustainability Report provides a portfolio overview of the clean energy business and manager



Website includes real-time 'Environmental benefits' ticker found [here](#)



Annual UN-supported PRI report



Annual GRESB submission report available to LPs

Coming in 2025: European ESG Template (EET) for Mid-Market Direct

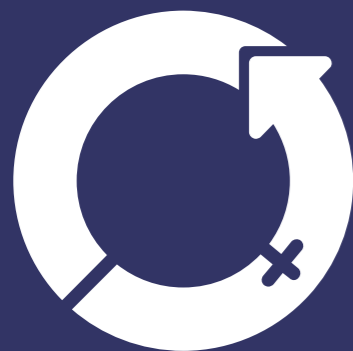
Published 2024 European ESG Template (EET) for our recent Future Essentials and Clean Energy funds available to LPs

International women's day 2024

Capital Dynamics is committed to further diversifying our workforce to include more talented females across all teams and all levels of seniority. As Truly Invested partners, we've been a proud supporter of 2024's International Women's Day theme, "InspireInclusion." In our journey as a global asset manager, we recognize the most valuable assets are people.

Over the recent years, Capital Dynamics introduced its Inclusive Hiring Policy, embedded accountability with our recruitment partners through the introduction of our Recruitment Partners Pledge and partnered with and/or sponsored organizations that are focused on advancing female talent within the financial services industry. In 2023, we welcomed a number of talented female professionals into the Firm and exceeded our female hiring targets. We are committed to actively renewing our dedication to an inclusive culture, one where every voice is heard, every potential is acknowledged, and every achievement is celebrated—without women feeling the need to prove their strengths by going the extra mile. Here's to inspiring inclusion at every level and in every decision we make.

Together in 2024, the Diversity & Inclusion Committee, Human Resources and Senior Leadership remain committed to improving gender parity within the financial industry.



International Women's Day (IWD) is celebrated on March 8th and represents a commemoration for women's rights. The first IWD was celebrated over a century ago, in 1911, and received the support of more than a million people. The United Nations began celebrating IWD in 1975. Today IWD is recognized international.

"As a female leader with more than two decades of experience in the industry and over a decade at Capital Dynamics, I have witnessed the transformative power of inclusion. In light of this year's International Women's Day, I urge us all to continue breaking barriers and building bridges. As part of the Capital Dynamics leadership team, I will continue to collaborate with management to cultivate an environment where every woman feels empowered to bring her full self to work, and where diversity isn't just welcomed, it's valued."

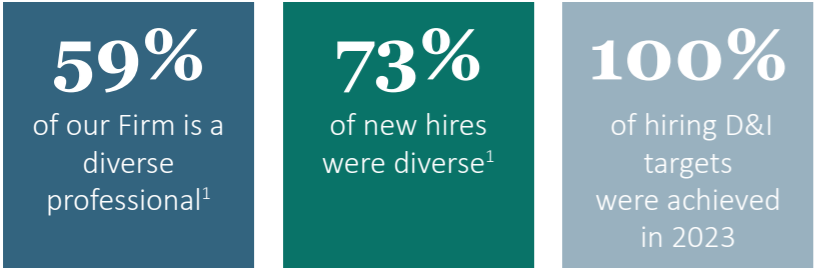
Carolyn Hirschbiel
Senior Managing Director
Chief Marketing
Communications Officer



Capital Dynamics diversity, equity & inclusion

Capital Dynamics truly embraces a diverse and inclusive work culture in which all of our staff can thrive. Diversity and inclusion are critically important to our culture and fuels our innovation and success. Our focus on RI has always been market-leading and our success is deeply rooted in our efforts to embrace our Diversity & Inclusion ethos. Our employees’ diverse perspectives, cultures and experiences lead to better decision-making, greater resilience and define our company’s success. Each year, Capital Dynamics conducts Firm-wide RI training and in 2023 we again achieved a 100% participation rate.

In our commitment to creating a diverse and inclusive workplace, we formed the Truly Invested® in Diversity and Inclusion Committee in 2019. The Committee is co-chaired by Mandi Akali, Head of Human Resources (“HR”) and Susan Giacin, Head of Business Development, North America. The D&I Committee has implemented, and will continue to implement, various changes to the Firm with the intention of creating a culture that is inclusive to all people, regardless of background, aiming to have a more diverse work environment over time, if done in conjunction with increasingly mindful hiring practices.



1 Hiring statistics for full year 2023. Diverse professional includes gender, race and sexual orientation in this calculation
2 Not exhaustive

Our Priorities

Recruiting Exceptional Talent: We recognize the value of diverse backgrounds and opinions within our Firm. Thus, we have embedded in our recruitment principles the importance of inclusion. We will continue to lead the private assets sector as a model for inclusive hiring.

Mentorship and Retention: We are committed to offering bespoke talent development opportunities for our professionals, facilitated through mentorship programs, engagement in our partnership programs, deliver D&I trainings and employee assistance program to all employees.



Mandi Akali, Co-Chair
Director
Head of Human Resources



Susan Giacin, Co-Chair
Senior Managing Director
Head of Business
Development, Americas



Hina Ahmad
Senior Managing Director
Chief Operating Officer



Simonne Cepollina
Senior Associate
Client Relations

Our progress and path forward²

- Truly Invested® in Diversity & Inclusion (D&I) Committee formed, outlined D&I framework and defined D&I
- Inaugural Annual D&I Survey (ongoing)
- Celebration of global D&I events (e.g., International Women’s Day, Pride Month, etc.) (ongoing)
- Sponsorship of / partnership with various, global D&I organizations (ongoing)
- New D&I Policy, Inclusive Hiring Policy and D&I Guide for Portfolio Companies
- Signatories of: ILPA Diversity in Action, Out Investors, HM Treasury Women in Finance Charter

2024 and beyond²

- D&I Training (ongoing)
- Mentorship program (ongoing)
- Women Empowerment Initiative (in process)
- Benefit program review (in process)

Dedicated to inclusive hiring practices

Further, we recognize the importance of continuing to expand the role and opportunity set of women within the Firm and in the private equity industry more broadly. With this in mind, we made ‘female empowerment’ a top priority of the Diversity & Inclusion sub-committee. In 2023, we exceeded our female hiring targets:



Our Firm adopts inclusive hiring processes, whereby we connect with, interview and hire a diverse set of individuals through understanding and valuing different backgrounds and opinions. We are committed to being a leader in inclusive hiring within the private assets sector and have implemented our inclusive hiring framework.

1 Hiring statistics for full year 2023.
2 Gender board diversity is based on Capital Dynamics’ Executive Committee
3 Promotions are based on 2023 performance and announced in 2024.
4 Does not include individuals who prefer not to disclose their gender.
5 Information as of August 2024.

Our inclusive hiring process



- Embedded inclusive recruitment principles
- Inclusive and structured hiring processes
- Inclusive job descriptions
- Diversified advertising channels



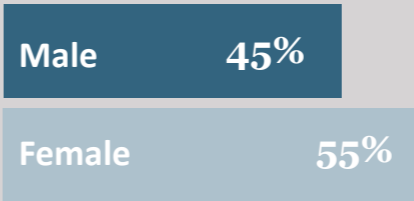
- Clear and consistent evaluation criteria
- Balanced candidate shortlists
- Gender-balanced interview panels
- Evidence-based decision-making



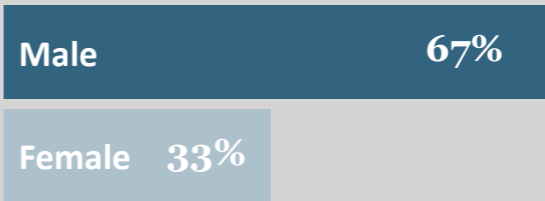
- Human Capital Business Partnering model, working shoulder-to-shoulder to attract diverse talent
- Agency mandates – CD Recruitment Pledge
- D&I affiliations

The program includes mentorship opportunities, career development and efforts continuously to improve our hiring and promotion practices to support our female talent. Data below represents the gender diversity at Capital Dynamics in 2023:

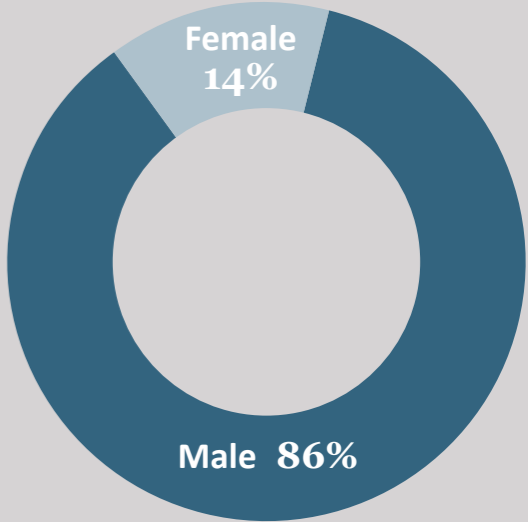
Recruitment Gender Split



Promotions Gender Split³

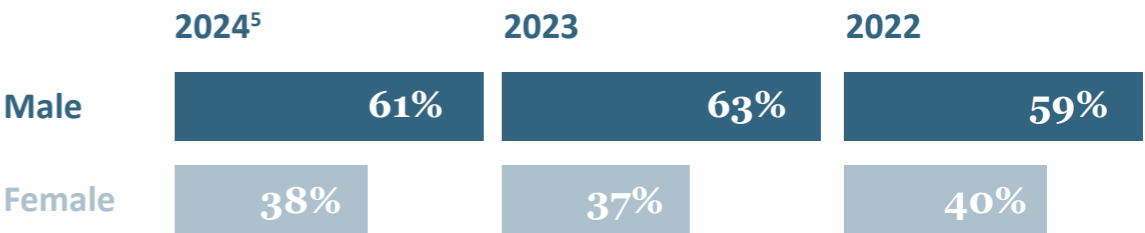


Gender Board Diversity²



At Capital Dynamics we recognize that board diversity is essential for the Firm’s success, as it fosters innovative thinking. While our long-term goal is to enhance board diversity, we emphasize the importance of consistency. As new board seats become available, we will prioritize inclusive representation while upholding the highest standards. Further, in our newer Clean Energy funds, we have set a target for 40% of the board to be female.

All employees gender diversity⁴



Industry engagements

Capital Dynamics is an active member and/or supporter of a variety of stewardship-related initiatives in the private assets industry and has received recognition for our leadership in this space:



As a member of IIGCC, Capital Dynamics Co-led the Institutional Investors Group on Climate Change’s (IIGCC) Net Zero Investment Framework for Private Equity, with final guidance published in 2023.



Capital Dynamics is an influencer for Pensions for Purpose, a leading collaborative initiative whose aim is to raise awareness of impact investment among the pensions’ community.



Capital Dynamics is a member of ic International – France, a collective commitment to understand and reduce the carbon emissions of private equity-backed companies and secure sustainable investment performance.



Capital Dynamics is a member of Invest Europe, the world’s largest association of private capital providers, and the Firm is active in their Working Group on Accounting Standards, Valuation, and Reporting as well as the Responsible Investment Round-table that represents Europe’s private equity, venture capital, and infrastructure investment firms, as well as their investors, including some of Europe’s largest pension funds and insurers.



We were early adopters of the PRI, signing on in 2008. In the most recent (2023) assessment, we received 5-Star ratings.



Capital Dynamics joined the Partnership for Carbon Accounting Financials (PCAF) in April 2022. PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas emissions associated with their loans and investments. The PCAF standard is the only global standard built on and reviewed by the GHG Protocol for measuring and disclosing financed emissions of financial portfolios. Using the standard allows financial institutions to deploy a harmonized, robust method to assess climate-related financial risks in line with the Task Force on Climate-Related Financial Disclosures (TCFD).



Capital Dynamics is a supporter of the Task Force on Climate-Related Financial Disclosures, an initiative created to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. We are proud to have issued our first annual Task Force on Climate-Related Financial Disclosures (TCFD) Report in 2020 and we have produced our third TCFD report in 2023 for our European Clean Energy portfolio.

Authors

We hope that you enjoyed learning more about our journey in Responsible Investment and look forward to sharing our future endeavors with you. As stewards of capital, we recognize our responsibility to our clients, communities and planet, and we remain committed to making decisions with that focus in the years ahead. Together, we will continue to drive positive impact while generating long-term risk adjusted returns to our clients. To obtain additional information or to share your views, please contact the authors of this report or visit our website www.capdyn.com.



Verena Rossolatos
Senior Vice President
Co-Chair Responsible Investment

Vrossolatos@capdyn.com



Linda Monti
Senior Analyst
ESG & Responsible Investment

Lmonti@capdyn.com

Contact details

North America

New York
Capital Dynamics, Inc.
Capital Dynamics Broker Dealer LLC
444 Madison Avenue
21st floor
New York, NY 10022
United States
+1 212 798 3400

Florida
3080 Tamiami Trail East
Naples, FL 34112
United States

Europe

London
Capital Dynamics Ltd
Whitfield Court, 2nd Floor
30-32 Whitfield Street
London W1T 2RQ
United Kingdom
+44 20 7297 0200

Munich
Capital Dynamics GmbH
Possartstrasse 13
81679 Munich
Germany
+49 89 2000 4180

Milan
Capital Dynamics SRG S.p.A.
Via degli Omenoni 2, 1st Floor
Milan 20121
Italy
+39 02 3031 771

Luxembourg
Capital Dynamics AG
16, Rue Jean-Pierre Brasseur
Luxembourg L-1258
Luxembourg
+352 661 261 245

Middle East

Tel Aviv
Capital Dynamics Israel
Ramat Aviv
Tel Aviv
Israel
+972 52 618 6598

Birmingham
One Snowhill
Snow Hill Queensway
Birmingham B4 6GB
United Kingdom
+44 121 200 8800

Zug
Capital Dynamics AG
Bahnhofstrasse 22
6301 Zug
Switzerland
+41 41 748 84 44

Paris
Capital Dynamics France
124 Rue Réaumur
Paris 75002
France
+33 1 73 06 25 96

Madrid
CapDyn Spain, S.L
Jose Abascal, 41
28003 Madrid
Spain
+34 919 54 9441

Asia

Tokyo
Capital Dynamics Co., Ltd
7F Otemachi Park Building
1-1-1 Otemachi Chiyoda-ku
Tokyo, 100-0004
Japan
+81 3 6551 2700

Seoul
Capital Dynamics
(Hong Kong Ltd)
10th Floor, Miso Building
Daeche-dong 890-47, Gangnam-gu,
Seoul 06193
Korea, Republic of
+82 2 556 2351

Disclaimer

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