Capital Dynamics Responsible Investment Policy

June 2021

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1. Principles and Purpose

Capital Dynamics (the "firm") has a long-standing commitment to corporate responsibility; it is deep-rooted in the firm's DNA. In recognition of the importance of responsible investment, each of the firm's three business lines (Private Equity, Private Credit and Clean Energy Infrastructure) integrates the United Nations-supported Principles for Responsible Investment ("PRI"), the United Nations Sustainable Development Goals ("SDGs") and other environmental, social, and governance ("ESG") factors throughout the investment appraisal, due diligence, decision making and post investment monitoring process. Moreover, the firm's proprietary R-Eye™ (inspired by the shape of the human eye) Rating System (with the pupil of the R-Eye™ containing the average score) has furthered the level of transparency offered to clients.

This policy represents our formal overarching responsible investment policy, which all business lines are required to follow. Given the breadth of the firm's offerings and their specific governance factors, sub-policies have been developed for each business line, described herein.

Capital Dynamics believes that responsible investment leads to enhanced long-term financial returns[1] and a closer alignment of objectives amongst investors, stakeholders and society at large. The firm is truly invested in tracking the impact of ESG considerations in an effort to better understand how these factors affect performance over time. While considerable supporting data is available covering the public markets, this is not the case for private markets. Given the "hands on" and long-term nature of the asset classes in which Capital Dynamics participates, the firm believes that the relationship between responsible investment and performance may be closer and more pronounced in the private markets. Capital Dynamics expects that by tracking data, the firm will develop a better understanding of this relationship and contribute to the public discourse in this growing sphere of investment activity. Furthermore, Capital Dynamics also understands that ESG best practices must extend beyond the investments made on behalf of the firm's clients. Capital Dynamics is truly invested in its role as a global corporate citizen and prioritizes its commitment to the local communities where it operates, invests and works.

A timeline of Capital Dynamics' commitment to responsible investment

2008	2009	2010	2013	2016	2017	2018	2019	2020
Capital Dynamics becomes a signatory to the Principles for Responsible Investment	Capital Dynamics becomes actively involved in creating the British Private Equity and Venture Capital Association's (BVCA) Responsible Investment guidelines	Introduction of a Corporate Social Responsibility section in the executive summary of each private equity investment memo Clean Energy Infrastructure business line established	Incorporation of ESG-focused questions as part of its rigorous due diligence and investment decision-making process	Enhanced analysis of ESG/responsible investment matters introduced along with a revised investment memo format to capture this diligence	Publication of the results of firm's first ESG GP survey Launch of first Private Equity focused multi manager solution[2]	Formation of a dedicated Responsible Investment Committee and creation of the R-Eye™ Rating System	R-Eye™ Rating System is tested and implemented across all business lines Responsible investment sub-committees are formed specifically addressing Diversity, Performance, Communities, Environment and Client initiatives	Inaugural firm wide ESG report and TCFD report are issued Incorporated R-Eye™ into our fund reports across all strategies RepRisk is implemented to monitor investments and firm's third party suppliers

[1] Based on a survey conducted by Capital Dynamics in 2019. 32% of surveyed Private Equity GPs reported incremental growth in EBITDA across portfolios as a result of Responsible Investment implementation.
[2] Formal launch of Future Essentials in the DACH region.

Each year, the firm participates in the PRI's annual transparency assessment, which is designed to provide feedback to signatories in support of ongoing learning and development. It is also a key step in building a common language and industry standard for reporting and responsible investment activities. The firm also participates in the annual GRESB[3] survey.

2. Principles for Responsible Investment ("PRI")

Capital Dynamics has been a signatory of the PRI since 2008. In 2020, Capital Dynamics was once again awarded the highest ranking (A+) in the category of Strategy & Governance by PRI. As a signatory, the firm commits to the following principles:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

The firm has modeled its proprietary R-Eye™ Rating System based on the United Nations Sustainable Development Goals ("SDGs")[4]**.** It has mapped each SDG to 10 or 12 responsible investment criteria in the R-Eye™ rating, depending on the strategy.

On an annual basis, the RI Committee reviews all strategy-specific rating systems, as they relate to the SDGs, and continuously looks for ways in which the firm's investment teams can enhance their ESG due diligence and decision-making.

Capital Dynamics also completes the GRESB assessment, the ESG benchmark for real assets, for the firm's real asset strategies,. In 2019, Capital Dynamics Clean Energy Infrastructure business received the highest ranking from GRESB in multiple categories and was recognized as "Sector Leader" for the Renewable Power Generation sector.

Capital Dynamics is happy to share previous years' survey and assessment results with existing or prospective clients and other third parties.

[3] *A recognized ESG benchmark for real assets, originally known as the Global Real Estate Sustainability Benchmark, promoted by GRESB B.V.*
[4] *Illustration of Sustainable Development, source: https://www.unpri.org/sdgs/the-sdg-investment-case/303.article accessed: April 1, 2018.*

3. Environmental, Social and Governance ("ESG") Evaluation

It is core to our fundamental belief that strong RI practices enhance long-term value creation for our clients. Capital Dynamics defines ESG evaluation as a process of the identification of potentially material sustainability opportunities and/or risks that could positively or negatively affect an investment made by any business line constituting its private assets platform. The following table provides examples of ESG-related matters that the firm's investment teams typically research as part of their overall investment appraisal and due diligence process.

Environmental	Social	Governance
Climate change	Health and safety of workforce	Oversight/management Control
Ecosystem impact	Diversity and inclusion	Compliance and conflicts of interest
Water and energy use	Human rights	ESG credentials of counterparties
Treatment of waste products and pollution	Community/employee engagement	Management culture, internal controls and financial reporting

Environmental

Investment decisions can have a long-term impact on the environment, the consequences of which may not be immediately visible. Capital Dynamics is committed to minimizing any potential negative impact on the environment by:

- Identifying and assessing the environmental impact of investments to the degree economically feasible and operationally possible. The firm will aim to identify potential opportunities and risks by conducting environmental impact analysis[5], working with potential business partners or third party service providers to help minimize risks and enhance value where possible. Capital Dynamics will seek to confirm compliance with applicable local environmental laws and regulations;

- Engaging, in certain cases, where emissions are unavoidable, in offsetting measures to reduce the negative environmental impact of investments, such as the purchase of carbon-dioxide emissions certificates;

- Refraining from knowingly committing to certain investments that could potentially result in a serious negative impact on the environment, such as the severe degradation of air and water quality; and by

- Further developing a clean energy infrastructure business line (established in 2010) in a conscious effort to make a material contribution to a more environmentally sustainable future.

Capital Dynamics is truly invested in reducing its environmental footprint. In 2019, the firm removed all single use plastic bottles from its offices and began sourcing 100% of its electricity from clean energy sources.[6] The firm is also a supporter of the Task Force for Climate Financial Disclosures ("TCFD") and issued its first TCFD report in 2020.

Social

Capital Dynamics is committed to improving the long-term welfare of society. In collaboration with its business partners and third party vendors, the firm aims to enhance societal fundamentals such as job creation, working conditions and safety standards by:

[5] *The firm may in its sole discretion commission the environmental impact study to external parties.*
[6] *Through offsetting by way of purchasing Renewable Energy Certificates or through the use of renewable energy providers*

- Identifying and assessing social matters to the degree economically feasible and operationally possible. As part of the identification process Capital Dynamics will aim to conduct[7] a social impact analysis and collaborate with potential business partners to reduce any identified risks (*e.g.*, health and safety risks) and to improve social standards with the aim to enhance value of the businesses. The firm seeks to confirm compliance with applicable local laws and regulations;

- Striving to ensure best practices are followed with respect to health and safety standards in the firm's direct and indirect investments;

- Refraining from knowingly investing in assets that could have a serious negative impact on the general welfare of society or on local communities;

- Our business and investment practices align with (a) the OECD Guidelines for Multinational Enterprises, and (b) UN Guiding Principles on Business and Human Rights

- Favoring the use of unionized labor if it does not affect other ESG goals; and by

- Seeking opportunities to invest in communities with a view to bringing local economic benefits.

Capital Dynamics is truly invested in the local communities where it operates. For investments in locations where union labor may be used, the firm supports freedom of association and the right to collective bargaining. The firm invests in the people with whom it interacts: clients, colleagues and the related communities around the globe. Capital Dynamics' professionals have taken part in numerous community initiatives including, but not limited, neighborhood revitalization projects, charitable events and general community outreach. The firm's 'Truly invested in Communities' committee was formed in 2019 and manages the firm's charitable projects and matching gift program.

Governance

Good governance plays an important role in all Capital Dynamics' investment decisions. The firm believes that good governance leads to better decisions and ultimately to improved investment outcomes. Governance failures can result in material monetary and reputational losses, as well as broader adverse effects on a company's workforce and other stakeholders. The firm's investment decision-making processes take general governance issues, business integrity and corporate governance into account by:

- Identifying and assessing matters related to governance to the degree economically feasible and operationally possible. The firm seeks to confirm compliance with the highest applicable governance standards. This may be in accordance with local regulations or international best practice, whichever is the more stringent;

- Actively monitoring portfolio operational performance including ESG metrics, when acting as an active investor with a managerial role;

- Managing unresolved governance risks. Capital Dynamics is committed to solving any issues that arise on an ongoing basis; and by

- Refraining from knowingly making investments in companies that have a significant risk of governance failure and are believed to lack a high level of business integrity.

[7] *The firm may in its sole discretion delegate completion of a social impact study to third parties.*

Capital Dynamics strives to be a fair and equitable workplace that places high importance on Governance. The firm implemented RepRisk (a leading business intelligence provider that specializes in dynamic ESG risk analytics) for all investment strategies in 2020 to help monitor the firm's assets and, for certain business lines, the asset supply chain. Furthermore, in 2019, several RI subcommittees were formed to help target specific Capital Dynamics initiatives within Responsible Investment including the Environment, Communities, Performance, Clients, and Diversity & Inclusion.

4. ESG Assessment Overview

Capital Dynamics formally incorporates the PRI, the SDGs and other ESG factors in investment appraisal, due diligence and decision making. The firm has created a proprietary R-Eye™ rating system for each business line. This rating system is designed to review a specific set of responsible investment matters, assess sustainability risk and provide transparency to clients.

Capital Dynamics' business lines are likely to reject an investment on responsible investment grounds if certain essential R-Eye™ criteria are not met at the point of initial investment appraisal. However, the firm may consider an investment if it does not meet all R-Eye™ criteria on initial appraisal if it is believed that the required standard can be achieved at the time of investment or commitment, typically through robust ESG negotiation with the asset owners. From time to time, business lines may invest in situations that do not meet all R-Eye™ criteria at completion provided that the investment team can demonstrate a clear action plan to achieve the required standards within a reasonable period of time post-investment (*e.g.*, by implementing remedial action plans developed in the light of due diligence findings).

Capital Dynamics will never knowingly invest[8] in businesses which, above a certain materiality threshold:

- Exploit forced labor or child labor[9] as defined by the International Labour Organization[10];
- Manufacture or trade ammunition and/or weapons[11];
- Manufacture, sell or distribute adult entertainment, pornography or sexually explicit content;
- Are involved in banned products and activities under global conventions and agreements such as those pertaining to pesticides, chemicals, wastes and endangered wildlife; or
- Exploit vulnerable groups in society (in the view of the relevant investment committee).

4.1 Business Line and Strategy-specific Approach

Given the inherent differences in Capital Dynamics' indirect and direct investment business lines (*i.e.*, fund-of-funds or Secondaries *versus* direct equity or credit), the firm's R-Eye™ grades each investment based on a set of criteria specific to the respective offering, *versus* those of a standardized model. The latter would not be appropriate for multiple business lines.

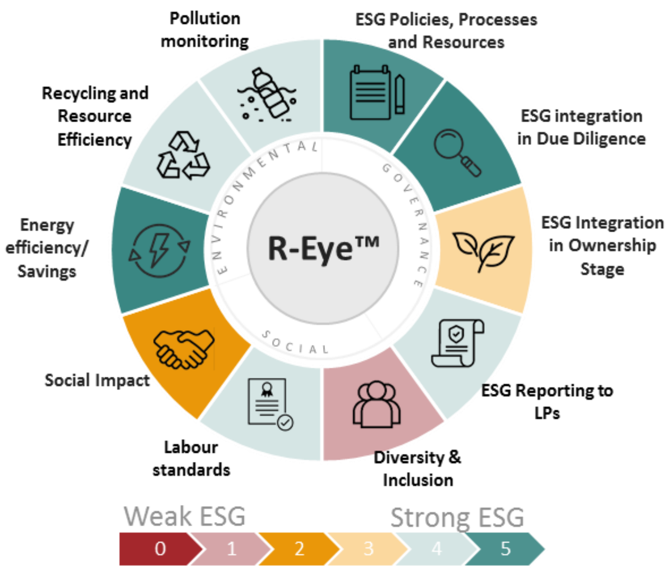
Please refer to sections 10 through 12 for further details at the level of each individual business line.

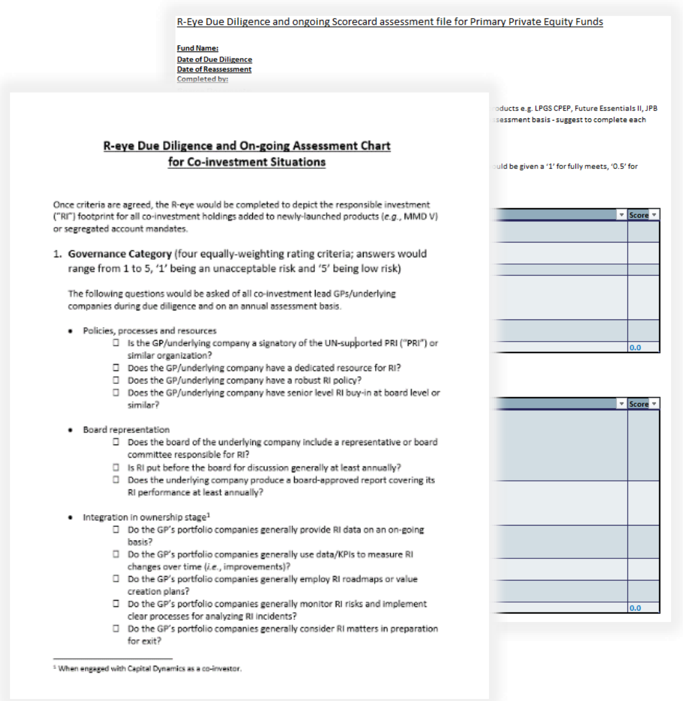
4.2 Proprietary Rating System

[8] Commercially reasonable efforts
[9] See section 6 on Modern Slavery Act
[10] https://www.ilo.org/ipec/facts/lang--en/index.htm
[11] Defined as a Portfolio Company that is primarily engaged in the production and sales of weapons, firearms and munitions. The foregoing shall not apply to an entity that is primarily engaged in the production or sale of any product or component that is not intended primarily for use in the manufacture of weapons, firearms and munitions.

In 2019, the **Capital Dynamics R-Eye™ Rating System** was implemented throughout all business lines to ensure a consistent and transparent approach to ESG due diligence. Each investment made, regardless of business line, is rated on a 0 to 5 scale on the firm's proprietary **R-Eye™ Scorecard**. Investments with the weakest ESG are rated 0 while investments which have the strongest ESG are rated 5. In most cases, these ratings are based on standardized due diligence questionnaires and assessments which were developed by the investment teams within each business line and ratified by the firm's Responsible Investment Committee ("RI Committee").

Sample R-Eye™ and Scorecards





R-Eye Due Diligence and ongoing Scorecard assessment file for Primary Private Equity Funds

Fund Name:
Date of Due Diligence
Date of Reassessment
Completed by:

Score

Score

R-eye Due Diligence and On-going Assessment Chart for Co-investment Situations

Once criteria are agreed, the R-eye would be completed to depict the responsible investment ("RI") footprint for all co-investment holdings added to newly-launched products (*e.g.*, MMD V) or segregated account mandates.

1. **Governance Category** (four equally-weighting rating criteria; answers would range from 1 to 5, '1' being an unacceptable risk and '5' being low risk)

The following questions would be asked of all co-investment lead GPs/underlying companies during due diligence and on an annual assessment basis.

- Policies, processes and resources
  - ☐ Is the GP/underlying company a signatory of the UN-supported PRI ("PRI") or similar organization?
  - ☐ Does the GP/underlying company have a dedicated resource for RI?
  - ☐ Does the GP/underlying company have a robust RI policy?
  - ☐ Does the GP/underlying company have senior level RI buy-in at board level or similar?
- Board representation
  - ☐ Does the board of the underlying company include a representative or board committee responsible for RI?
  - ☐ Is RI put before the board for discussion generally at least annually?
  - ☐ Does the underlying company produce a board-approved report covering its RI performance at least annually?
- Integration in ownership stage[1]
  - ☐ Do the GP's portfolio companies generally provide RI data on an on-going basis?
  - ☐ Do the GP's portfolio companies generally use data/KPIs to measure RI changes over time (*i.e.*, improvements)?
  - ☐ Do the GP's portfolio companies generally employ RI roadmaps or value creation plans?
  - ☐ Do the GP's portfolio companies generally monitor RI risks and implement clear processes for analyzing RI incidents?
  - ☐ Do the GP's portfolio companies generally consider RI matters in preparation for exit?

[1] When engaged with Capital Dynamics as a co-investor.

4.3 Oversight

The RI Committee leads efforts by the firm to embrace the principles of responsible investment and sustainability in order to continually enhance Capital Dynamics' approach to corporate responsibility and to contribute to the discourse and thought leadership surrounding responsible investment in the alternative asset classes.

The chair of the RI Committee is the firm's Head of Product and Strategy. He holds the observer seat in each Capital Dynamics Strategy's Investment Committee. Additionally, the membership of the committee requires representation by a senior investment team member from each of the firm's business lines. This helps ensure proper oversight and strategy level implementation of the R-Eye™ System.

The RI Committee enjoys senior representation from each of the firm's key business lines including Private Equity, Private Credit and Clean Energy Infrastructure. As part of committee members' roles, these senior individuals serve as the RI Committee representative designated to evaluate all investment decisions made by their business lines. If these individuals identify complex ESG issues during their investment review, it is their responsibility to refer the potential investment to the full RI

Committee for review and consideration. The RI Committee will then issue a recommendation to the relevant investment committee, opining on best practice as it relates to the identified issue or issues. The affected investment committee will consider this recommendation, along with other key investment, risk and portfolio considerations, in making a final investment decision. This same RI Committee review process also applies to managers and assets during the investment holding period.

The RI Committee reports to the firm's Executive Committee and Risk Committee and its responsibilities are governed by the Responsible Investment Charter. In particular, the Executive Committee periodically (but no less than annually) reviews the progress made by the RI Committee towards its objectives; and the Head of Investment Risk is an active member of the RI Committee.

4.4 ESG Education and Training

Capital Dynamics conducted an ESG survey in late 2018 of nearly all of the professionals working in the organization at that time. The results of that survey confirmed that the overwhelming majority of professionals working at the firm care about ESG issues and place value on working at an organization that is committed to taking these issues seriously. From the RI Committee's perspective, this support is vital. The firm cannot expect to achieve its responsible investment and corporate responsibility objectives without buy-in and commitment from all professionals at every level of seniority across each department. Buy-in from the firm's senior investment and business professionals and Executive Committee alone is simply insufficient.

As such, the firm is committed to ensuring that all Capital Dynamics professionals receive ESG training on at least an annual basis. The topics and group sizes may vary but the overall purpose is to keep the firm's staff up to date regarding ESG considerations, best practices and lessons learned in the alternative assets industry. Capital Dynamics views this annual training as essential in achieving the firm's external and internal initiatives given the constantly evolving landscape of ESG on a global basis generally and in our industry specifically. The last annual firm wide ESG training was successfully completed by 100% of Capital Dynamics employees. Each business lines also undertakes its own strategy specific ESG training on an annual basis.

5. Investment Monitoring

5.1 General

After an investment has been made, Capital Dynamics actively monitors its underlying investment portfolio holdings with respect to ESG issues and opportunities. Monitoring activities include:

- Ongoing meetings with fund managers at Annual Investor Meetings (AIMs) and 1:1 meetings with Asset Managers to identify any ESG-related issues and opportunities of underlying portfolio companies;

- Periodic meetings with the management of underlying portfolio or project companies to identify any ESG-related issues and opportunities (such meetings solely in the case of the firm's business lines engaged in direct investment);

- Review and re-evaluation of potential issues identified during the fund/manager due diligence;

- Constant news monitoring to identify any potential issues in real time (*i.e.*, emerging ESG issues are added to a 'watch' register for Private Equity and reported to the relevant investment management professionals and investment committees); and

- Review of the list of ESG-related themes that are monitored and update of same list if needed.

Capital Dynamics also monitors its investments to evaluate best practices relating to a diverse range of topics including anti-bribery and corruption, sustainable sourcing and worker safety. Moreover, the firm has adopted a post-closing review, which includes confirmation that anti-bribery, corruption sanctions and conflict screenings are completed.

5.2 RepRisk

As part of our commitment to actively monitor investments, the Head of Investment Risk at Capital Dynamics has implemented RepRisk, a pioneer and leader in ESG data. The market leading tool is used to monitor all of the firm's investment assets and also the firm's own third party service providers to identify any supply chain issues. It is our belief that this tool effectively compliments the investment teams' ongoing, and active, monitoring of active investments and managers. It further provides us with another source of information to transparently communicate with our clients if and when material ESG-related issues are identified.

6. Reporting

6.1 Investor Reporting

Capital Dynamics reports ESG matters to investors regularly. The firm's annual fund reports include a section on ESG activities in the respective program's underlying assets. Capital Dynamics' R-Eye™ assessment is included in the investor reports. Further, Capital Dynamics has established processes to report ESG-related incidents in a timely manner. Incidents are reported to the RI Committee co-chairs and tracked on a central ESG Alert tracker. Depending on the severity of the incident, the co-chairs will advise if the incident should be further reported to the RI Committee who reviews and recommends appropriate action, identifying lessons learned to share with the broader group. Capital

Dynamics will also report to its clients any ESG incidents in portfolio companies, assets and fund managers if they are deemed sufficiently significant and relevant to a particular program.

6.2 Corporate Annual Responsible Investment Report

The firm issues an annual Responsible Investment report to investors detailing specific activities, milestones and new initiatives implemented in the previous year. The inaugural report was published in June 2020 and is available on the firm's website.

6.3 Task Force on Climate-related Financial Disclosures (TCFD) Report

Capital Dynamics supports the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and is committed to producing annual disclosures that consider these recommendations. Capital Dynamics issued its inaugural annual TCFD disclosure report in 2020 and is available on the firm's website.

7. Statement on Modern Slavery Act

Modern Slavery is defined as the act of recruiting, providing, concealing, transporting or obtaining a person for compelled labor through the use of force, coercion, or fraud. Such actions will restrict a person's freedom of movement, exercise 'ownership' over a person, dehumanize the individual and ultimately result in forced labor or exploitation. Capital Dynamics is opposed to all forms of Modern Slavery.

Capital Dynamics supports the UK's Modern Slavery Act 2015 and corresponding policies with the objective to eradicate forced labor and human trafficking. Capital Dynamics acts in accordance with its core values while taking into account internationally-recognized principles for environmental protection, human and labor rights, business ethics and anti-corruption. This includes improving business practices and investment monitoring to combat Modern Slavery. The firm is committed to respecting human rights and avoiding investments that would violate the Modern Slavery Act 2015. International agreements lay out the basis on which the firm conducts business in a responsible and transparent manner.

Capital Dynamics specializes in middle market corporate investing and clean energy infrastructure investing with 11 offices around the globe. The firm is committed to preventing any form of Modern Slavery or human trafficking throughout its business.

As a responsible investor, Capital Dynamics has a long-standing commitment to corporate responsibility. The firm conducts its investment activities according to best practices and uses this policy document as a guiding tool.

The data identified from the firm's R-Eye™ ESG investment appraisal and due diligence are tracked and analyzed during the investment holding period to better understand and reduce ESG risks including those related to Modern Slavery and human trafficking. The process is also used when working with service providers and external suppliers. Capital Dynamics will not conduct business with any supplier or service provider where the firm has determined that such organization may be involved in any form of Modern Slavery or human trafficking.

8. Climate Change

Climate change presents an acute threat to each country along with the broader financial markets. Capital Dynamics' responsibility as an investment manager is to ensure the firm understands these potential risks and mitigates them, to the best extent possible, through investment selection as well as ongoing monitoring utilizing both in-house and third party information service providers. The firm also has a live ticker on its website that tracks the environmental benefits generated by Capital Dynamics' Clean Energy Infrastructure assets.

Capital Dynamics was early to identify the secular global changes occurring in the energy transition as economies shift from reliance on traditional fossil fuels to renewable energy. The knowledge and data the firm has acquired by investing in renewable power through the Clean Energy Infrastructure strategy, and by investing in clean technology through some of the firm's private equity primary and co-investment strategies, over the past decade and counting, has provided a sizable information set to help Capital Dynamics perform scenario analysis for climate change.

Capital Dynamics at both the firm and investment level assesses and manages climate related risks. The investment due diligence conducted during the R-Eye™ Rating process, highlights potential climate change risks and opportunities. The firm is also actively working to expand the set of climate change criteria that feeds our rating.

It should also be noted that at a firm-level, Capital Dynamics has incorporated climate-related risks such as adverse weather and flooding into our Business Continuity Plan ("BCP") to help ensure the health and safety of our employees as well as mitigating any impact on our ongoing business operations, from IT to communications with our clients and business partners.

Capital Dynamics views climate change as a global risk, and is working to stay at the forefront of discussions with managers, investors, and other influential parties seeking to better manage and measure financial risks associated with climate change.

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) developed recommendations for more effective climate-related disclosures around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, metrics and targets. These disclosures should "promote more informed investment, credit, and insurance underwriting decisions", and "would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks[12]". Capital Dynamics supports the TCFD recommendations and issued its inaugural annual TCFD disclosure report in 2020.

Please refer to our TCFD report for further information about our approach to Climate Change, available on the firm's website.

9. Industry Memberships and Disclosures

As the firm continues to expand its responsible investment program, Capital Dynamics maintains a list of relevant RI partner organizations and memberships which create potential synergies and provide valuable insights and benefits. The firm is currently a member or supporter of the following organizations:

- Principles for Responsible Investment ("PRI")
- Pensions for Purpose
- Taskforce for Climate and Financial Disclosures ("TCFD")
- Institutional Investors Group on Climate Change ("IIGCC")
- British Venture Capital and Private Equity Association ("BVCA")
- Private Equity Forum
- Swiss Sustainable Finance ("SSF")

[12] *Task Force on Climate-related Financial Disclosures.*

- Italian Forum per la Finanza Sostenibile (“FFS”)
- Global Real Estate Sustainability Benchmark (‘’GRESB”)

As a result of these memberships, the firm attends relevant RI events, joined responsible investment panels, and participated in lobbying initiatives for a sustainable economy.

10. Strategy-specific approach — Private Equity

Capital Dynamics has been active in private equity since 1988[13] and has developed a strong network of relationships with 350+ general partners. Capital Dynamics integrates ESG into its investment due diligence, investment decisions and post-investment monitoring. The private equity business lines screen investment opportunities against internal ESG hurdles using the Capital Dynamics R-Eye™ scorecard and monitor responsible investment criteria throughout the ownership phase.

10.1 Primaries

Capital Dynamics’ primaries platform targets investments in middle market private equity funds throughout the US, Europe and Asia pursuing growth capital, buy-out, turnaround or special situations strategies.

Pre-investment responsible investment assessment
All potential private equity fund commitments are formally assessed in the investment appraisal and due diligence process under Capital Dynamics specific predetermined R-Eye™ criteria including:

- Assessment of each manager’s ESG processes, systems and resources;
- Assessment of each manager’s ESG analysis in its due diligence processes and ownership phase;
- The extent to which each manager reports on ESG matters to its LPs;
- The extent to which the manager looks at diversity, labor standards and social impact at firm, portfolio company and supplier level, climate change, and
- The extent to which the manager considers energy efficiency savings, recycling and use of natural resources and pollution control at firm, portfolio company and supplier level.

These findings are summarized in the investment memorandum materials that are presented to the relevant investment committees. Any prior ESG Alerts on a manager are outlined in the investment memorandum for reference.

Post-investment responsible investment monitoring
After an investment has been made, fund investments are monitored by the combined private equity team as well as the Solutions and Risk team via:

- Monitoring of relevant industry press articles and the mainstream press;
- Regular 1:1 calls, webcasts and meetings with the managers;
- Attendance at the manager’s annual investor meetings;

[13] Acquisition and integration of Westport Private Equity Ltd.’s entire investment team and products in 2005.

- Active monitoring of all underlying portfolio companies during the holding period utilizing RepRisk[14]; and

- At least annual reassessment of ESG R-Eye™ scorecard ratings to show movements from the previous rating.

10.2 Secondaries

Capital Dynamics' Secondaries team acquires interests in funds and assets managed by private equity firms with a history of strong performance and consistent strategy and execution. The team focuses on established, high quality, mature leveraged buy-outs, growth capital and certain established venture capital funds. The team's differentiated approach capitalizes on its expertise in executing smaller and more complex secondary transactions on a global basis, including fund restructurings, tail-end wind-down transactions and preferred interest structures.

The firm's primary and secondary business lines often work with the same fund managers, creating synergies between both strategies. In such instances, the two business lines may collaborate and share findings of ESG analysis.

Pre-investment responsible investment assessment
All secondary opportunities are assessed during the investment appraisal and due diligence process under Capital Dynamics' specific predetermined responsible investment criteria. In a secondary transaction, only limited information regarding a manager's ESG processes and ESG factors in the underlying portfolio companies may be available. However, the team can often draw on the knowledge of Capital Dynamics' other private equity investment activities. Subject to the extent available and materiality thresholds, the analysis may include:

- Assessment of each manager's ESG processes, systems and resources;

- Assessment of each manager's ESG analysis in its due diligence processes and ownership phase;

- The extent to which each manager reports on ESG matters to its LPs;

- The extent to which the manager looks at diversity, labor standards and social impact at firm, portfolio company and supplier level; and

- The extent to which the manager considers energy efficiency savings, recycling and use of natural resources and pollution control at the firm, portfolio company and supplier level.

The ESG findings are summarized in the investment memorandum materials that are presented to the relevant investment committees.

Post-investment responsible investment monitoring
After an investment has been made, fund investments are monitored, subject to materiality thresholds, by the combined private equity team via:

- Monitoring of relevant industry press articles and the mainstream press;

[14] *As of 2020.*

- Regular 1:1 calls, webcasts and meetings with the managers;

- Active monitoring of all underlying portfolio companies during the holding period utilizing RepRisk[15];

- Attendance at the manager's annual investor meetings; and

- At least annual reassessment of ESG R-Eye™ scorecard ratings to show movements from the previous rating.

10.3 Co-investments

The co-investment team makes direct investments in middle market companies alongside established private equity fund managers and specialist sponsors. Underlying portfolio company investments are diversified throughout the clean energy & industrial manufacturing/services, consumer, healthcare & financial services and technology & business services sectors. The team is active globally.

Pre-investment responsible investment assessment
The co-investment team screens all opportunities against an exclusion list and prioritizes those focused on R-Eye™ criteria using a proprietary framework and appraisal process based on the SDGs. Appraisal includes both the sponsor/GP's and the target company's approach to responsible investment. The team strives to incorporate R-Eye™ criteria in the legal documentation of transactions, which proceed to completion. The team invests in leading companies with sustainable competitive positions, strong growth prospects and high responsible investment standards as determined in conjunction with the SDGs. The team invests in companies based in North America and Europe (including the United Kingdom) but typical portfolios also include a minority of holdings elsewhere (*e.g.*, in the higher growth, emerging markets of Asia).

Investment appraisal and due diligence criteria typically encompass the following:

- Responsible investment policies, processes, systems, innovation, economic growth and resources of the sponsor/GP and those of the underlying company;

- Board composition and the importance of responsible investment matters at the board level;

- Measurement and analysis of responsible investment matters during the ownership phase at the level of the sponsor/GP and that of the underlying portfolio company;

- The nature and extent of responsible investment reporting by the sponsor/GP to its investors;

- Consideration of ethnicity, diversity & inclusion, gender equality, affordable & clean energy, quality education, good health, nutrition and well-being and health & safety at the sponsor/GP, portfolio company and supply chain levels; and

- Consideration of energy competitiveness/efficiency/intensity, climate change, water consumption/quality, sustainable transportation/infrastructure, recycling and use of natural resources and pollution control at the sponsor/GP, portfolio company and supply chain levels.

[15] *As of 2020.*

The investment appraisal and due diligence findings relating to R-Eye™ matters are summarized in the co-investment memorandum presented to the relevant investment committees of the firm.

Post-investment responsible investment monitoring
After an investment has been made, the co-investment team continues to monitor its portfolio company holdings, as follows:

- Review of periodic reporting to ensure compliance with the underlying transaction documentation (*e.g.*, with covenants requiring the sponsor/GP and/or underlying portfolio company to introduce or maintain appropriate responsible investment strategies and/or to remedy deficiencies identified during due diligence or otherwise);
- Review of any responsible investment incidents or infractions;
- Review of relevant industry press articles and the mainstream/financial press;
- Periodic meetings with the sponsor/GP and attendance at the board meetings of underlying portfolio companies (where the team enjoys board representation by virtue of the transaction documentation);
- Active monitoring of all underlying portfolio companies during the holding period utilizing RepRisk[16];
- Attendance at the AIMs of the sponsor/GP and those of the underlying portfolio company; and
- At least annual re-assessment of the R-Eye™ ratings for the underlying portfolio company assets.

By focusing on long-term value creation through improvement in R-Eye™ parameters, the co-investment team intends to mitigate risks, enhance returns and improve exit opportunities. The team's intention is to leave a portfolio company in a better state from a responsible investment perspective than the one in which it was found at the start of its stewardship.

11. Strategy-specific approach — Clean Energy Infrastructure ("CEI")

Capital Dynamics has been committed to the Clean Energy Infrastructure ("CEI") strategy since 2010, investing primarily and directly into energy generation utilizing proven renewable energy related technologies and storage. CEI investments focus on energy generation and infrastructure that are reducing carbon emissions and help to address the problem of climate change.

The firm supports the Paris Agreement and its investment in clean energy projects helps to meet global targets including the SDGs and the Kyoto Protocol, simultaneously providing a solution for members of the RE100, a list of 241+ companies committed to 'go 100% renewable'.[17]

Within Capital Dynamics' CEI business line, responsible investment means investing in sustainable energy projects, which:

[16] *As of 2020.*
[17] *Source: http://there100.org/*

- Employ local talent whenever possible, and for investments in locations where union and/or local labor may be employed, the firm evaluates the social impact pertaining to matters such as implementation of fair labor and responsible contracting policies;

- Target best practice environmental industry standards; and

- Generate superior returns for the firm's clients.

Capital Dynamics believes that businesses focused on long-term value creation for major stakeholders (including employees, customers, suppliers, other business partners and the environment as well as shareholders) are able to meet high-quality R-Eye™ criteria and achieve superior long-term performance. The firm prioritizes opportunities to invest in projects based on these criteria.

Capital Dynamics' CEI business line screens investment opportunities against internal ESG hurdles using the R-Eye™ scorecard, performs additional due diligence where necessary and monitors R-Eye™ criteria throughout the holding period. The CEI team is further supported by a dedicated ESG resource that focuses on ESG monitoring and improvements throughout the investment lifecycle.

Pre-investment responsible investment assessment

As part of the underwriting process, all potential investments are evaluated based on short-, medium- and long-term environmental, social and governance effects and are formally assessed under the firm's R-Eye™ criteria, specifically:

- Initial screening selection process undertaken to identify any "fatal flaws" from a responsible investment perspective;

- Thereafter, an R-Eye™ scorecard is provided at each stage of the CEI investment committee review process in accordance with the CEI team's responsible investment framework;

- Investment professionals are required to review all existing documentation available, retain consultants and advisors when information is insufficient and report diligence findings in the scorecard evaluation;

- The deal team reviews proposed project contractors' ESG checklists and disclosures to manage risks and avoid incidents; and

- Capital Dynamics' constant news monitoring highlights potential issues in real-time, which may be relevant, based on geographic, industry or company-specific considerations.

Post-investment responsible investment monitoring

After an investment has been made, the CEI team continues to monitor projects in partnership with its dedicated asset management team, CD Arevon UK Ltd. Monitoring activities include:

- Quarterly reporting of the Capital Dynamics R-Eye™, showing an up-to-date assessment of project ESG evaluation;

- Quarterly reporting of carbon-equivalent statistics (*e.g.*, homes powered, metric tons of greenhouse gas emissions avoided, passenger vehicle emissions avoided, equivalent gallons of gasoline and equivalent barrels of oil otherwise consumed by each project for a stated energy output);

- Quarterly reporting of responsible investment activities in the period including those in relation to Health & Safety and the Supply Chain;

- Annual reporting of investor specific carbon-equivalent statistics through 'CEI green certificates';

- Reviewing project contractors' ESG checklists and disclosures to evaluate opportunities and avoid incidents during project construction and operation;

- The use of RepRisk to monitor all assets and suppliers within the CEI portfolio;

- Continuous correspondence with our asset management partners or affiliates who are responsible for the day-to-day management of project investments and oversee any ESG-related risks and opportunities including any health and safety incidents (and responses to the same); and

- Publish performance metrics of the portfolio.

Each year, Capital Dynamics' CEI business line participates in the internationally recognized GRESB assessment, an industry-standard benchmark or an alternative recognized reporting assessment, designed to capture information regarding ESG performance and sustainability best practices for real estate and infrastructure portfolios globally. In 2019, a CEI fund was awarded five starts (highest score possible) and named a 'sector leader' in two categories, including the 'Renewable Power Generation-Global' and 'Americas' categories, respectively.

In 2019 and 2020, the CEI business has partnered with a sustainability strategy and integration advisory firm, Quinn & Partners, to verify its carbon-equivalent statistics and advise on its responsible investment procedures.

By focusing on long-term value creation for all stakeholders, Capital Dynamics' CEI business line intends to enhance returns to clients, mitigate risks and improve exit opportunities.

12. Strategy-specific approach — Private Credit

Capital Dynamics' Private Credit team performs preliminary reviews on all investment opportunities. These reviews incorporate various negative screening criteria, as dictated by industry/company, in an effort to eliminate any opportunities that would not adhere to the team's responsible investment framework. The private credit team makes investments across a broad array of sectors and industries and, as a result, there are various opportunities for ESG-related value enhancement as well as various risks and unique concerns that pertain to each type of business. In the light of this, the team performs investment appraisal and due diligence directed at two entity types: the borrower/target company and the equity sponsor, the credentials of the latter, in particular. Investments are graded utilizing the team's strategy-specific **Capital Dynamics R-Eye™ rating system**.

Borrower/target company investment appraisal and due diligence
As most target investments are private equity sponsor-backed deals, the firm's private credit team will ensure that the sponsor has performed the appropriate ESG review and, where appropriate, it will perform both confirmatory and supplementary due diligence as necessary. Through discussions with the borrower's corporate management and that of the sponsor, the team then highlights potential areas for further research utilizing due diligence request lists and assessments, including:

- Analysis of the borrower's/target company's environmental policies;

- Analysis of the borrower's/target company's social policies (*i.e.*, workplace safety, diversity, labor rights, human rights and any employee assistance programs); and

- Analysis of the borrower's/target company's governance policies (*i.e.*, those pertaining to operation of the board, senior management, business strategy, business ethics and data security).

Sponsor's credentials
The private credit team will also focus on the manager's/sponsor's credentials when making an investment and will seek to understand its track record and history in applying responsible investment principles by:

- Understanding the sponsor's responsible investment track record and ESG policies; and

- Evaluating the sponsor's ability to actively monitor and then report ESG-related findings to its clients and lending partners.

Post-investment responsible investment monitoring
After an investment has been made, the firm's private credit team continues to monitor its investments through multiple layers of communication with both the borrower and private equity sponsor. Monitoring activity comprises:

- Ongoing correspondence with sponsor and/or portfolio company executive team as it pertains to identified risks and opportunities for value enhancement;

- Review and, if necessary, re-underwriting of potential issues identified during investment appraisal and due diligence;

- Assessing the current strengths and weaknesses of the borrower/sponsor from an ESG perspective;

- Identifying potential new areas of concern;

- Constant news monitoring to highlight potential industry-specific issues in real time, which may be relevant, based on geographic, industry, or company-specific considerations; and

- Active monitoring of all lenders during the holding period utilizing RepRisk[18].

By focusing on long-term value creation through ESG improvement, the firm's private credit team intends to mitigate risks, reduce volatility and enhance returns to the firm's clients. All findings are then reviewed by the deal team and communicated to the Investment Committee through both a preliminary screening memo and, later in the diligence process, through a formal memorandum. If an investment is made in the company, ESG-related evaluation will be highlighted and monitored post-investment.

[18] *As of 2020.*

13. Attestation

Provided below is a list of the voting members of the **Capital Dynamics Responsible Investment Committee**. This committee oversees the implementation of ESG best practices in the firm's investment decision-making, directs efforts by the firm to embrace principles of responsible investment fully as an organization and seeks to contribute to the public discourse surrounding responsible investment and ESG matters in the alternative assets community generally.

Each voting member has signaled her/his agreement with and wholehearted support for this responsible investment policy in this attestation by signing below:

Bryn Gostin

Bryn Gostin, Managing Director
Head of Product & Strategy
Chair Responsible Investment Committee

Mauro Pfister

Mauro Pfister, Managing Director
Secondaries

Barney Coles

Barney Coles, Director
Clean Energy Infrastructure

Carolin Hirschbiel

Carolin Hirschbiel, Managing Director
Head of Marketing & Communications

Klaus Gierling

Klaus Gierling, Managing Director
Head of Business Development, DACH & Benelux

Philippe Jost

Philippe Jost, Director
Head Investment Risk Officer

Hasmeen Deol

Hasmeen Deol, Vice President
Product Development, Clean Energy Infrastructure

Kairat Perembetov

Kairat Perembetov, Principal
Research

David Smith

David Smith, Senior Managing Director
Co-investments

Bryan Chen

Bryan Chen, Vice President
Private Credit

Carolyn Skuce

Carolyn Skuce, Managing Director
Business Development, LGPS

Manjia Guan

Manjia Guan, Senior Director
Head of Primaries, Asia

Valentino Bilantuono

Valentino Bilantuono, Associate
Product Development and RI Committee Secretary

June 19 , 2021

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