



CapitalDynamics[®]
TRULY INVESTED.

Responsible Investment Policy

2023

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Our Investment Beliefs

As a responsible investor, Capital Dynamics is firmly committed to making investments with fund managers, in companies and projects that align with our core Responsible Investment (“RI”) values. All investment decisions at the firm are guided by our responsible investment policy based on four foundational principles:

- Principle 1** | Responsible Investment (RI) leads to enhanced long-term financial returns for our investors
- Principle 2** | The Capital Dynamics investment platform, across all strategies, follows a rigorous approach to RI investment diligence and actively re-underwrites our rating of existing investments
- Principle 3** | The data identified through our RI investment diligence is tracked and analyzed during the holding period continually to improve our RI process across each of our investment strategies
- Principle 4** | Capital Dynamics understands the importance of its role as a corporate citizen and prioritizes its commitment to the local communities in which it operates and invests

Capital Dynamics' Responsible Investment Committee

In 2018, we formed the Capital Dynamics Responsible Investment Committee with representation and support from across the leadership of the organization from Private Equity, Clean Energy, and Private Credit as well as from central management.

The remit of the committee includes implementing a consistent Responsible Investment framework, oversight over the R-Eye rating system coupled with a reporting protocol ensuring that the firm embraces the principles of Responsible Investment as an organization and contributes to the discourse and thought leadership about Responsible Investment in the alternative asset classes.

Our Responsible Investment Committee ("RI Committee") is responsible for:

1. Reviewing the RI policy on an ongoing basis;
2. Making adjustments and additions to the policy as RI-related issues arise; and
3. Ensuring the effective implementation of the policy across our firm's business lines.

The RI Committee reports to the firm's Executive Committee and Risk Committee and its responsibilities are governed by the Responsible Investment Committee Charter.

Responsible Investment Committee

 Bryn Gostin Senior Managing Director Chief Product & Strategy Officer & Co-Chair Responsible Investment	 Verena Rossolatos Senior Vice President Co-Chair Responsible Investment	 Simonne Cepollina Senior Associate Client Relations RIC Secretary		
 Carolyn Skuce Senior Managing Director	 Jens Ernberg Senior Managing Director	 David Smith Senior Managing Director	 Mauro Pfister Managing Director	 Kairat Perembetov Principal
 Barney Coles Managing Director	 Dario Bertagna Managing Director	 Carolyn Skuce Senior Managing Director	 Klaus Gierling Senior Managing Director	 Philippe Jost Senior Director

1. Responsible Investment 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) integrates the United Nations-supported Principles for Responsible Investment (“PRI”), the United Nations Sustainable Development Goals (“SDGs”) and other RI 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 returns¹ and a closer alignment of objectives amongst investors, stakeholders and society at large. The firm is truly invested in tracking the impact of RI considerations in an effort to better understand how these factors affect performance over time. While considerable supporting data are 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 RI 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.

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. Our long-standing commitment to Responsible Investment

Capital Dynamics was one of the first signatories to the UN Principles for Responsible Investment (UN PRI) in 2008 and has continuously built out its expertise in Responsible Investment. 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. Since 2019 the firm has also participated in the annual GRESB² surveys.

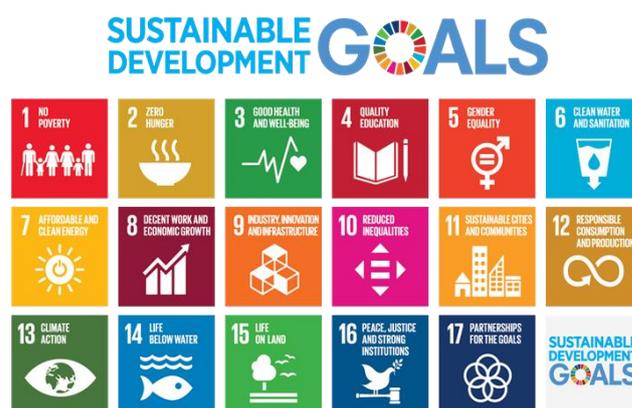
3. Principles for Responsible Investment (“PRI”)

Capital Dynamics has been a signatory of the PRI since 2008. In 2022, Capital Dynamics was once again awarded the highest ranking (5 Stars) by PRI in the category of Investment & Stewardship Policy, Private Debt, and Clean Energy, and ranked 4 stars in the category Indirect Private Equity³.

The firm has modeled its [proprietary R-Eye™ Rating System](#) based on the United Nations SDGs⁴. Each R-Eye scorecard is evaluated based on a subset of the SDG's depending on the underlying investment strategy.

The R-Eye scores are then reviewed by the investment teams on at least an annual basis and key RI issues or opportunities are flagged by the respective investment teams, or the Responsible Investment Committee representatives on those investment teams, to either the Chairs of the Responsible Investment Committee and/or the full RIC.

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



² A recognized ESG benchmark for real assets, originally known as the Global Real Estate Sustainability Benchmark, promoted by GRESB B.V.

³ 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.

⁴ Illustration of Sustainable Development, source: <https://www.unpri.org/sdgs/the-sdg-investment-case/303.article> accessed: April 1, 2018.

4. Responsible Investment Evaluation

It is core to our fundamental belief that strong RI practices enhance long-term value creation for our clients. Capital Dynamics defines RI 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 sub-sections provides examples of RI-related matters that the firm's investment teams typically research as part of their overall investment appraisal and due diligence processes.

Environmental

Investment decisions can have a long-term impact on the environment, the consequences of which may not be immediately visible. Similarly, important environmental matters such as climate change and biodiversity loss can have financial impacts on portfolio companies. Capital Dynamics is committed to managing environmental risks and seek financially attractive opportunities by:

- Identifying and assessing the environmental impact of investments to the degree economically feasible and operationally possible and assessing financially material risks and opportunities posed by environmental factors (such as climate change in line with the TCFD recommendations). The firm will aim to identify potential opportunities and risks by conducting environmental impact analysis⁵, 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 greenhouse gas 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 business line (established in 2010), Capital Dynamics is truly invested in providing investments in climate solutions with the potential for attractive risk-adjusted returns

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

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:

- Identifying and assessing social matters to the degree economically feasible and operationally possible. As part of the identification process Capital Dynamics will aim to conduct⁷ a social impact analysis and collaborate with potential business partners to reduce any identified risks (*e.g.*, health

⁵ The firm may in its sole discretion commission the environmental impact study to external parties.

⁶ Through purchasing Renewable Energy Certificates or through the use of renewable energy providers

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

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;
- Aligning our business and investment practices 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 RI 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 to, neighborhood revitalization projects, charitable events and general community outreach. The firm's Communities Committee, an RI sub-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 of 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 RI metrics, when acting as an active direct investor with the capacity to influence, whether via board representation or otherwise;
- 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 considered to lack a high level of business integrity.

Capital Dynamics strives to be a fair and equitable workplace that places high importance on Governance. The firm implemented

RepRisk (a leading business intelligence tool that enables dynamic RI risk analytics) for all investment strategies in 2020 to help monitor the firm's assets and, for certain business lines, the asset supply chain.

5. RI Assessment Overview

Capital Dynamics formally incorporates the PRI, the SDGs and other RI factors in investment appraisals, due diligence procedures and decision-making processes. The firm's proprietary R-Eye™ rating system for each business line is designed to review a specific set of responsible investment matters, assess sustainability risks and provide transparency to clients.

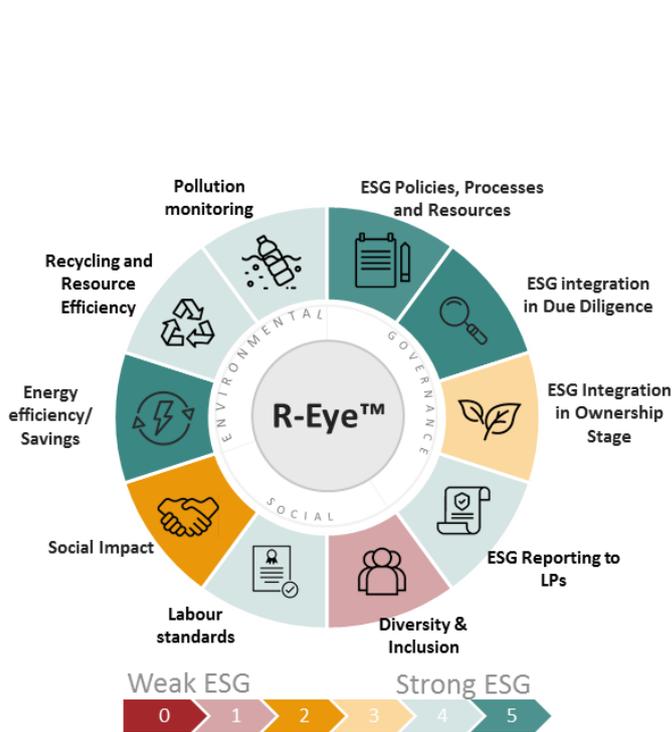
Capital Dynamics' business lines are likely to reject an investment on responsible investment grounds if certain essential R-Eye™ criteria are not met at the point of initial investment appraisal. However, the firm may consider an investment if it does not meet all R-Eye™ criteria on initial appraisal if it is believed that the required standard can be achieved at the time of investment or commitment, typically through robust RI 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).

Proprietary Rating System

Capital Dynamics formally incorporates the PRI, the SDGs and other RI factors in investment appraisal, due diligence and decision-making.

In 2019, the **Capital Dynamics R-Eye™ Rating System** was implemented throughout all business lines to ensure a consistent and transparent approach to RI due diligence. The rating system is designed to review a specific set of responsible investment matters, assess sustainability risk and provide transparency to clients. 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 RI are rated 0 while investments which have the strongest RI 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 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 Assessment:
Completed by:

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 organisation?
 - 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 stage¹
 - 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.

Products e.g. LFGS CPEP, Future Essentials II, JPB

assessment basis - suggest to complete each

ould be given a '1' for fully meets, '0.5' for

	Score
	0.0

	Score
	0.0

Exclusion Framework

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 RI 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 invest⁸ in businesses which, above a certain materiality threshold:

- Exploit forced labor or child labor⁹ as defined by the International Labour Organization¹⁰;
- Manufacture or trade ammunition and/or weapons¹¹;
- Manufacture, sell or distribute adult entertainment or pornography;
- Are involved in banned products, services or 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).

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.

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.

Oversight

The RI Committee leads efforts by the firm to embrace the principles of responsible investment and sustainability in order continually to 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 co-chairs of the RI Committee are Bryn Gostin, Chief Product & Strategy Officer and Co-Chair Responsible Investment, and Verena Rossolatos, Co-Chair Responsible Investment. The Co-Chairs hold observer seats in each of Capital Dynamics’ Strategies’ investment committees. 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. 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 RI 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 Alert process is summarized in Figure 1.

The RI Committee reports to the firm’s Executive Committee and Risk Committee and its responsibilities are governed by the Responsible Investment Charter. In certain instances, firm-wide RI issues may be escalated to the Risk Committee for evaluation and consideration. To the extent required, the Risk Committee brings RI matters to the CEO and the board’s attention.



Figure 1: Capital Dynamics RI Alert process

Conflicts of interest

As part of the formal review of complex RI matters in the RI Alert process, the RIC might face conflicts of interest arising from sustainability risks. The co-chairs of the RIC refer such conflicts of interest to Capital Dynamics' Conflicts and Compliance Committee ("CCC"). The CCC consists of senior leadership and firm ownership and is responsible for reviewing conflict of interest matters and making decisions on remedial actions.

RI Education and Training

Capital Dynamics is committed to ensuring that all Capital Dynamics professionals receive RI 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 RI considerations, existing and upcoming regulations, best practices and raising awareness of key ESG matters (for example climate change, biodiversity loss and human rights issues) 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 RI on a global basis generally and in our industry specifically. The last annual firm wide RI training was successfully completed by 100% of Capital Dynamics employees. Each business line also undertakes its own strategy specific RI training on an annual basis. Moreover, Capital Dynamics also implemented its inaugural unconscious bias training to all employees in 2022 to further strengthen our Firm's D&I ethos.

6. Investment Monitoring

General

After an investment has been made, Capital Dynamics actively monitors its underlying investment portfolio holdings with respect to RI 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 RI-related issues and opportunities of underlying portfolio companies;
- Periodic meetings with the management of underlying portfolio or project companies to identify any RI-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 RI 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 RI-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.

RepRisk

As part of our commitment to active monitoring of investments, Capital Dynamics has integrated RepRisk data in its RI process. RepRisk, a market-leading provider of RI data and analytics, 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 monitoring of investments and managers. It further provides us with another source of information to communicate transparently with our clients if and when material RI-related issues are identified.

On a weekly basis, the Head of Investment Risk at Capital Dynamics reviews, together with the firm's RI Committee leadership, RepRisk Alerts to conduct a four-eye check on issues flagged by RepRisk and perform a materiality assessment of those issues. The resulting RI risks are then summarized and shared with the investment teams and where required further escalated to the Responsible Investment Committee.

Every RI risk flagged by RepRisk is linked to at least one of 28 RI issues. These issues correspond to international standards related to RI and business conduct, such as the:

- World Bank Group Environmental, Health, and Safety Guidelines;
- IFC Performance Standards;
- Equator Principles;
- OECD Guidelines for Multinational Enterprises; and
- ILO Conventions.

While an RI risk may not result in a banned investment, performing the RI risk review in conjunction with the RepRisk platform allows us to monitor our investments with respect to minimum social and environmental safeguards in accordance with international standards.

7. Reporting

Investor Reporting

Capital Dynamics reports RI matters to investors regularly. The firm’s periodic fund reports include one or more sections on RI matters in the respective program’s underlying assets and illustrate Capital Dynamics’ R-Eye™ assessment. Further, Capital Dynamics has established processes to report RI-related incidents in a timely manner. Incidents are reported to the RI Committee co-chairs and tracked on a central RI alert tracker. Depending on the severity of the incident, a co-chair will advise if the incident should be further reported to the RI Committee which would then review the matter recommend appropriate action, identifying lessons learned to share with the broader group. Capital Dynamics will also report to its clients any RI incidents in portfolio companies, assets and fund managers on an *ad hoc* basis if they are deemed sufficiently significant and relevant to a particular program.

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. The latest RI report (2022-2023) is available on the firm’s website at: <https://www.capdyn.com/news/2022-2023-responsible-investment-report/>.

SFDR Fund Reporting

In 2022, Capital Dynamics issued its first Sustainable Finance Disclosure Regulation (“SFDR”) fund-level investor reports for funds which are classified as Article 8 or Article 9. The firm welcomes the increased transparency and disclosure requirements introduced by the developing SFDR legislation and is committed to further expand on its data collection under commercially reasonable endeavors.

SFDR Principal Adverse Impacts on Sustainability

Capital Dynamics considers Principal Adverse Impacts (“PAIs”) as defined in the SFDR at a product level for its sustainable investments in Article 9 funds. Our firm started reporting the PAI data points for our Article 9 products under commercially reasonable endeavors in 2023, for the reference period of 2022.

Taskforce on Climate-related Financial Disclosures (“TCFD”)

Capital Dynamics has been a supporter of the TCFD reporting framework since 2020. Our firm has established robust processes and hired in-house expertise to meet the 11 recommended disclosures by the Taskforce on Climate-related Financial Disclosures. The co-chairs of Responsible Investment are responsible for identifying and assessing financially material climate risks (transition risks and physical climate risks), utilizing a variety of specialized tools, including scenario analysis under three NGFS (Network for Greening the Financial System) climate scenarios. The 2022 TCFD report is available on the firm’s website at: <https://www.capdyn.com/news/2022-task-force-on-climate-related-financial-disclosures-tcf-d-report/>.

Climate risks report (Clean Energy)

Capital Dynamics issued the first asset-level climate risks report for its recent Clean Energy funds in 2023. The report provides our clients with full transparency on climate transition risks and the physical climate hazards to which our assets are exposed. The report is available upon request.

Taskforce on Nature-related Financial Disclosures (“TNFD”)

Our firm has been analyzing upcoming regulations and frameworks that further support transparent RI reporting. This includes reporting on biodiversity-related risks and opportunities in line with the TNFD framework. A core part of the TNFD framework is the “LEAP” (Locate, Evaluate, Assess and Prepare) approach for assessing financially material biodiversity risks and opportunities of our investments. Capital Dynamics has commenced the LEAP process for our direct investments and, given the natural synergies with the TCFD framework for climate-related risks, we plan to provide TNFD-aligned reporting over time.

8. 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 investing with 12 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™ investment appraisal and due diligence are tracked and analyzed during the investment holding period to better understand and reduce RI 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.

9. Engagement, 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:

- UN-supported Principles for Responsible Investment (“PRI”);
- Global Real Estate Sustainability Benchmark (“GRESB”);
- Partnership for Carbon Accounting Financials (“PCAF”);
- Institutional Investors Group on Climate Change (“IIGCC”);
- Taskforce on Climate-Related Financial Disclosures (“TCFD”);
- Pensions for Purpose;
- Invest Europe;
- iC International; and
- Out Investors.

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

Engagement with policy makers and standard setters

Capital Dynamics actively engages with standard setters and policy makers through direct engagement, active participation in targeted working groups and participating in sign-on letter initiatives. Examples of recent engagement activities include:

- In 2023, Capital Dynamics engaged with EU Policy makers on the SFDR industry consultation and participated in numerous PRI-led working groups aimed at promoting greater transparency around sustainability (for example, expressing support for the adoption of the ISSB sustainability reporting standards). Capital Dynamics regularly engages with targeted working groups to promote sustainable investment practices in private markets
- In 2022, Capital Dynamics submitted commentary to the SEC expressing strong support for proposed rules regarding the enhancement and standardization of climate-related disclosures for investors
- Following our belief that strong policy action is needed to address financial risks associated with climate change, Capital Dynamics, alongside a worldwide group of investors collectively managing nearly \$39 trillion in AUM, has signed an open letter calling on governments radically to raise their

climate ambition ahead of and beyond COP27 in 2022. This Global Investor Statement urges governments to implement domestic policies and take early action to ensure that their 2030 greenhouse gas emissions are aligned with the goal of keeping global temperature rise to 1.5°C.

- Over the course of the past two years, Capital Dynamics has co-led the IIGCC working group to steer the Net Zero Investment Framework (“NZIF”) component for Private Equity. The guidance aims to create synergies in the market among LPs and GPs to collectively drive the decarbonization of portfolio companies, and builds upon a pragmatic, science-aligned approach the private equity industry can support.

10. Strategy-specific approach — Private Equity

Capital Dynamics has been active in private equity since 1988¹² and has developed a strong network of relationships with 350+ fund managers. Capital Dynamics integrates RI into its investment due diligence, investment decisions and post-investment monitoring. The private equity business lines screen investment opportunities against internal RI hurdles using the Capital Dynamics R-Eye™ scorecard and monitor responsible investment criteria throughout the ownership phase.

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 RI processes, systems and resources;
- Assessment of each manager's RI analysis in its due diligence processes and ownership phase;
- The extent to which each manager reports on RI matters to its limited partners ;
- The extent to which the manager looks at diversity, labor standards and social impact at firm, portfolio company and supplier level, and 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 RI 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;
- Active monitoring of all underlying portfolio companies during the holding period utilizing RepRisk¹³; and

¹² Acquisition and integration of Westport Private Equity Ltd.'s entire investment team and products in 2005.

¹³ As of 2020.

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

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-out funds, growth capital funds 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 RI 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 RI processes and RI 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 RI processes, systems and resources;
- Assessment of each manager's RI analysis in its due diligence processes and ownership phase;
- The extent to which each manager reports on RI matters to its limited partners;
- 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 RI 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;
- Regular 1:1 calls, webcasts and meetings with the managers;
- Active monitoring of all underlying portfolio companies during the holding period utilizing RepRisk¹⁴;

¹⁴ As of 2020.

- Attendance at the manager’s annual investor meetings; and
- At least annual reassessment of R-Eye™ scorecard ratings to show movements from the previous rating.

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 mainly 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.

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 RepRisk¹⁵;
- 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

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

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 meeting 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'.¹⁶

¹⁵ As of 2020.

¹⁶ Source: <http://there100.org/>

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. Since inception of our Clean Energy business line, our projects have avoided +30 million tons of CO₂e.

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.

Approach to Responsible Investment

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

- Contribute to climate change mitigation while ensuring their operations do not adversely impact the environment;
- Support the local communities, employ local talent whenever possible and implement fair labor and responsible contracting policies;
- Implement strong governance policies;
- 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' Clean Energy business line screens investment opportunities against internal RI hurdles using the R-Eye™ scorecard, performs additional due diligence where necessary and monitors R-Eye™ criteria throughout the holding period. The Clean Energy team is further supported by a dedicated RI resource that focuses on RI 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 Clean Energy investment committee review process in accordance with the Clean Energy 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 Clean Energy team reviews proposed project contractors' RI credentials, performance and disclosures and applies the same Exclusion Framework to contractors and main suppliers as for investments to manage risks and avoid incidents; and

- Capital Dynamics’ constant news monitoring via RepRisk 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 Clean Energy team continues to monitor projects in partnership with its dedicated asset management team, Netro Energy, Ltd. Monitoring activities include:

- Quarterly reporting of the Capital Dynamics R-Eye™, showing an up-to-date assessment of project RI 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, Environment and the Supply Chain;
- Annual reporting of investor specific carbon-equivalent statistics through ‘Clean Energy green certificates’;
- Reviewing project contractors’ RI credentials, performance 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 Clean Energy 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 RI-related risks and opportunities including any health and safety incidents (and responses to the same);
- Publishing performance metrics of the portfolio; and
- Measuring and reporting SFDR PAI data for Article 9 Clean Energy funds.

Each year, Capital Dynamics’ Clean Energy business line participates in the internationally recognized GRESB assessment, an industry-standard benchmark or an alternative recognized reporting assessment, designed to capture information regarding RI performance and sustainability best practices for real estate and infrastructure portfolios globally.

By focusing on long-term value creation for all stakeholders, Capital Dynamics’ Clean Energy 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 RI framework. The private credit team makes investments across a broad array of sectors and industries and, as a result, there are various opportunities for RI-related value enhancement as well as various risks and unique concerns that pertain to each type of business. In 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 RI 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 RI policies; and
- Evaluating the sponsor's ability to actively monitor and then report RI-related findings to its clients and lending partners.

Post-investment RI 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 the sponsor and/or the 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 RI 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 RepRisk¹⁷.

By focusing on long-term value creation through RI 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, RI-related evaluation will be highlighted and monitored post-investment.

¹⁷As 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 RI 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 RI 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, Senior Managing Director
Chief Product & Strategy Officer,
Co-Chair Responsible Investment

Verena Rossolatos

Verena Rossolatos, Senior Vice President
Co-Chair Responsible Investment

Carolin Hirschbiel

Carolin Hirschbiel, Senior Managing Director
Chief Marketing & Communications Officer

Jens Ernberg

Jens Ernberg, Senior Managing Director
Private Credit

Barney Coles

Barney Coles, Managing Director
Clean Energy

Dario Bertagna

Dario Bertagna, Managing Director
Clean Energy

Mauro Pfister

Mauro Pfister, Managing Director
Secondaries

David Smith

David Smith, Senior Managing Director
Co-investments

Klaus Gierling

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

Carolyn Skuce

Carolyn Skuce, Senior Managing Director, Business
Development, UK LGPS, Australia and New Zealand

Kairat Perembetov

Kairat Perembetov, Principal
Research

Philippe Jost

Philippe Jost, Senior Director
Head of Risk

Helen Lais

Helen Lais, Senior Managing Director
Head of Primaries, U.S., Private Equity

Simonne Cepollina

Simonne Cepollina, Senior Associate
Client Relations and RI Committee Secretary

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When considering alternative investments, such as private equity funds, the Recipient should consider various risks including the fact that some funds may use leverage and engage in a substantial degree of speculation that may increase the risk of investment loss, can be illiquid, are not required by law to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, often charge high fees, and in many cases the underlying investments are not transparent and are known only to the investment manager. Any such investment involves significant risks, including the risk that an investor will lose its entire investment.

By accepting delivery of this document, each Recipient agrees to the foregoing and agrees to return the document to Capital Dynamics promptly upon request.