



---

# Responsible Investment at Capital Dynamics

---

Annual Report 2020/2021

# TABLE OF CONTENTS

<b>A Message From Our Leadership</b>	<b>4</b>
<b>Truly Invested® in our ESG Journey</b> <i>An Introduction to Responsible Investment at Capital Dynamics</i>	<b>6</b>
<b>Financial Performance &amp; ESG</b> <i>An Exploration of the Correlation Between Responsible Investment and Sustainable Performance</i>	<b>12</b>
<b>Truly Invested® in Diversity &amp; Inclusion</b>	<b>24</b>
<b>Truly Invested® in Our Communities</b>	<b>28</b>
<b>Truly Invested® in the Environment</b>	<b>34</b>
<b>Appendix</b>	<b>36</b>

**Disclaimer:** “Capital Dynamics” comprises Capital Dynamics Holding AG and its affiliates.

The information contained herein is provided for informational purposes only and is not and may not be relied on as investment advice, as an offer to sell, or a solicitation of an offer to buy securities. Any such offer or solicitation shall be made pursuant to a private placement memorandum furnished by Capital Dynamics. No person has been authorized to make any statement concerning the information contained herein other than as set forth herein, and any such statement, if made, may not be relied upon. This document is strictly confidential, is intended only for the person to whom it has been and may not be shown, reproduced or redistributed in whole or in part (whether in electronic or hard copy form) to any person other than the authorized Recipient, or used for any purpose other than the authorized purpose, without the prior written consent of Capital Dynamics.

The Recipient should not construe the contents of this document as legal, tax, accounting, investment or other advice. Each investor should make its own inquiries and consult its advisors as to any legal, tax, financial and other relevant matters concerning an investment in any fund or other investment vehicle. Capital Dynamics does not render advice on tax accounting matters to clients. This document was not intended or written to be used, and it cannot be used by any taxpayer for the purpose of avoiding penalties which may be imposed on the taxpayer under said individuals tax laws. Federal and state tax laws are complex and constantly changing. The Recipient should always consult with a legal or tax adviser for information concerning its individual situation.

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.

# A MESSAGE FROM OUR LEADERSHIP

It is hard to overstate the acceleration of interest in Environmental (E), Social (S), and Governance (G) considerations in investment over the past 12-24 months. A combination of factors is driving this development including demographic shifts, consumer preferences, evolving regulation and the impact of COVID-19. As we have often stressed, however, good ESG is a moving target that requires a commitment to always “do more” over time. There is no destination, no finish line. With this sentiment in mind, current ESG tailwinds present a unique opportunity to make meaningful progress now. In particular, our focus at Capital Dynamics is on using ESG principles to drive investment performance, encouraging the private markets to push towards net zero emissions, and advancing the principles of diversity and inclusion.

## Linking ESG and Performance – ESG+

Under traditional thinking, ESG is a spectrum with conventional investment at one end and impact investment (possibly philanthropy) at the other. Conventional investment does not typically take ESG into consideration but rather applies a narrow lens to investment performance. By contrast, impact investment is often described as a strategy that sacrifices (or is willing to sacrifice) some level of performance to achieve other environmental or social goals.

It is our belief that good responsible investment practices will lead to long-term outperformance in the private markets. We call this approach, ESG Plus or ESG+. Using this methodology, every investment at Capital Dynamics undergoes rigorous ESG screening during the diligence phase and at least annually thereafter. The goal is to focus on ways in which an investment can be improved from an ESG perspective during the holding period. Taking this a step further, we also prioritize those investments that have positive environmental or social attributes. A growing body of evidence, including our own proprietary research, suggests that this combined approach will improve investment performance over time. The logic in this observation is self-evident: consumers prefer products and services that promote environmental and social goods; governments and regulatory authorities favor businesses and industries with strong ESG track records; and companies which are improved from an ESG perspective during the holding period generate more value to the seller on exit.

Over time, we expect ESG+ to lead to a virtuous cycle in the private markets. If ESG+ delivers enhanced returns, more LPs will be attracted to investment managers exhibiting strong responsible investment practices.

By extension, this should attract “slower adopting” managers to accelerate their own ESG initiatives to attract new inflows of capital.

## The Push to Net-Zero

As one of the first private equity firms to develop a clean energy investment business, the push for net-zero emissions in investment portfolios is a critical focus at Capital Dynamics. Towards this goal, we are collaborating with the Institutional Investors Group on Climate Change (IIGCC) and Ambienta, a sustainability-focused private equity manager, to create a framework and guidance for private equity to achieve net zero portfolio emissions by 2050. We are also working in support of the Task Force on Climate-related Financial Disclosures (TCFD) by stress-testing our investments for climate-related risks and reporting metrics across our portfolio. As a point of entry, we will first focus on our infrastructure projects and then on our direct investment strategies where we can measure the carbon footprint of our investments and work towards applying strategies to reduce emissions.

In addition, we are also working diligently to understand the evolving regulatory landscape in Europe for sustainable investing. As an important example, on March 10, 2021, the European Sustainable Financial Disclosure Regulation (SFDR) took effect. This regulation put in place disclosure obligations for financial institutions seeking to make investments that have sustainability objectives or otherwise promote the environmental/social characteristics of an investment. Beginning with the 2022 reporting cycle, funds promoting these objectives will be required to report on fourteen mandatory Principle Adverse Impact (PAI) indicators. Capital Dynamics has designated several of our products as subject to this regulation (and therefore potentially to these reporting obligations). While we expect reporting on these PAIs to be challenging, we prefer to be a first mover to help drive greater accountability and adoption from managers in the private markets.

## Diversity and Inclusion (D&I)

It is well-established that diverse and inclusive companies perform better than their more homogenous peers do<sup>1</sup>. With thirteen offices across the globe, we at Capital Dynamics take pride in combining global presence with personal touch and responsiveness. Compared to our more regional peers our investment approach incorporates broader perspectives due to our cultural and ethnic diversity. By the same token, compared to

large financial institutions, with one hundred and sixty people Capital Dynamics is small enough to deliver client service that is flexible, responsive, and oriented to local market preferences. At Capital Dynamics, we are working hard to maintain this unique position in the alternatives asset management industry through a number of efforts. We recently joined the Institutional Limited Partners Association’s (ILPA) Diversity in Action initiative. In addition, we have taken an active role in Level 20, an organization with the goal of increasing the percentage of women in senior leadership roles in the private equity industry in Europe. Our ambition is to help expand this effort to the U.S. with the help of other industry participants. We are also working to continue to improve our approach to hiring and promotion at Capital Dynamics to attract a diverse group of individuals regardless of race, sexual orientation, religion, age, gender, disability status or any other dimension of diversity. Our Truly Invested® in Diversity and Inclusion

Yours sincerely,



*Martin Hahn*

**Martin Hahn**  
Chief Executive Officer  
Capital Dynamics



*Bryn Gostin*

**Bryn Gostin**  
Managing Director  
Head of Product Development & Strategy  
Chair of the Responsible Investment Committee

<sup>1</sup> <https://www.mckinsey.com/featured-insights/diversity-and-inclusion#>  
<https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>



## AN INTRODUCTION TO RESPONSIBLE INVESTMENT AT CAPITAL DYNAMICS

---

### TRULY INVESTED® IN OUR ESG JOURNEY

---

Climate change, shifting demographics, and globally recognized standards are a few driving forces that have contributed to the rising importance of Environmental (E), Social (S) and Governance (G) factors in asset management. This, coupled with the ongoing global pandemic, made many institutional asset allocators and investors realize that it is equally important to deliver financial returns and preserve client capital in a sustainable manner.

We believe that sound, fundamental ESG underwriting will translate into meaningful value creation through closer alignment between the objectives of institutional investors, business stakeholders, and society at large. The goal of strong risk-adjusted returns does not require us to compromise our core ESG values.

ESG and responsible investment (RI) principles are deeply rooted in our corporate DNA, and go back to 2008 when we became one of the earliest signatories of the UN-supported Principles for Responsible Investment (PRI). The PRI, the United Nations Sustainable Development Goals (UN SDGs) and other ESG factors are integrated across our investment processes and corporate ethos.

Our proprietary ESG scoring system, the R-Eye™, developed in 2018, and implemented across our investment strategies in 2019, helps ensure that the UN-supported PRI principles and ESG factors along with UN SDGs are included

throughout the full investment cycle, starting from investment appraisal to post-investment monitoring. Our R-Eye™ rating system scores each potential investment from 5 (strongest ESG score) to 0 (weakest ESG score) based on a set of criteria developed in conjunction with the UN SDGs. This scoring system helps ensure a consistent and transparent approach to RI due diligence.

Just as important as incorporating ESG principles across all investment decisions, it is equally necessary to ensure that all existing investments, firm partners and vendors abide by them as well. By utilizing Artificial Intelligence (AI)-enabled technology, we can monitor our suppliers, investments, and service providers, to encourage them to adhere to our responsible investment tenets.

As the ongoing initiative to improve RI reporting and the associated drive to collect meaningful and accurate metrics continues, we issued our first annual Task Force on Climate-related Financial Disclosures (TCFD) Report last year and are currently working on this year's edition.

By staying committed to our pathway to responsible investment, we believe we can both enhance long-term returns for our investors and progress other environmental and social goals across a wide range of stakeholders: our definition of ESG+.





## A FEW MILESTONES & FIRSTS ACHIEVED IN 2020/2021:

- 1** Issued our first Task Force on Climate-related Financial Disclosures (TCFD) Report and Responsible Investment Report
- 2** Partnered with committed organizations such as Institutional Limited Partners Association (ILPA), Out Investors, Level 20, Sponsors for Educational Opportunity (SEO) and Accelerate Investors to help drive diversity and inclusion within Capital Dynamics, the industry, and society as a whole; we also enriched our own D&I Policy
- 3** Collaborated with leading global and national RI organizations such as: Institutional Investors Group on Climate Change, Swiss Sustainable Finance, and Forum per la Finanza Sostenibile and several others
- 4** Enhanced our ongoing monitoring of active investments and Capital Dynamics key service providers through the use of AI-enabled technology
- 5** Received top scores (A+ in Strategy & Governance, A+ in Private Equity, A+ in Clean Energy Infrastructure, A in Private Credit) for the second year in a row from the United Nations-supported Principles for Responsible Investment (PRI) and GRESB, the global ESG benchmark for real assets, underscoring our commitment and dedication to staying on our Responsible Investment journey

- 6** Signed a letter written by the Institutional Investor Group on Climate Change (IIGCC) to leaders of the European Union calling for a sustainable recovery from COVID-19
- 7** Donated over USD 150,000 to charities all over the world helping with the fight against COVID-19 through our inaugural annual employee holiday matching program
- 8** Launched a program to allocate part of the Firm's carried interest each year to charitable causes
- 9** Offset 100% of global energy office use through the purchase of renewable certificates
- 10** Received the Diversity & Inclusion award from Fund Intelligence, and the ESG Advocate award from Private Asset Management
- 11** Had 100% employee participation in annual ESG training with an increase in average ESG testing score
- 12** Collected data on the relationship between ESG and performance, partnering with Master's student as part of community outreach
- 13** Implemented a section dedicated to ESG into Quarterly reports for new strategies





## OUR RESPONSIBLE INVESTMENT COMMITTEE

The Capital Dynamics Responsible Investment (RI) Committee was formed in 2018 and is mandated with approving and overseeing the enforcement of our RI policy, advising investment committees on RI best practices, evaluating RI alerts within existing investment portfolios, and discussing ESG matters concerning potential investments. Most importantly, the RI Committee leads the Firm’s efforts in embracing the principles of responsible investment and sustainability to continually improve our approach and actively contribute to the discourse and thought leadership surrounding this topic.

The Committee, chaired by Bryn Gostin, is composed of 14 members coming from all business lines and across all levels of seniority. ESG touches every aspect of what we do, so it is important that all viewpoints are represented and heard. In 2021, we broadened the role of the RI Committee Chair to act as an observer in each of Capital Dynamics’ strategy level investment committees (IC). In coordination with the RI investment strategy representative, it is the Chair’s responsibility to raise significant ESG considerations to the full Committee for review and recommendation.

Nearly twenty percent of our staff worldwide actively participate in the RI Committee and/or its five thematic Truly Invested® committees outlined below.

### FIVE THEMATIC TRULY INVESTED® COMMITTEES

**Truly Invested® in Diversity & Inclusion Committee:** is dedicated to the continued improvement of the Firm’s diverse, open, and inclusive culture. Our foremost priority is building deep and sustained partnerships

with our employees, clients, and third parties to create and maintain a culture where all are given an equal opportunity. The initiatives we undertake, and the organizations we support, are part of an ongoing effort to make our offices a place where people can thrive and feel valued, regardless of race, sexual orientation, religion, age, gender, disability, and all other dimensions of diversity.

Since its formation, the Committee has implemented an annual Diversity & Inclusion (D&I) survey, identified and partnered with local organizations promoting Diversity & Inclusion such as Level 20 in Europe and WAVE in the U.S., and celebrated the recognition of under-represented groups within the financial industry (e.g., International Women’s Day, PRIDE, etc.)

**Truly Invested® in our Communities Committee:** recognizes the important role that Capital Dynamics plays in the communities in which we live, operate, and invest. The Committee has put together a robust program that will continue to support and encourage charitable giving, both at the Firm and employee-level, aiding in the fight against inequalities in our society. We will continue to support and identify both organizations that help ensure those from disadvantaged backgrounds get the resources they need to succeed, and champion those who are striving to make revolutionary and inspirational changes in the fight to positively impact our environment.

**Truly Invested® in our Environment Committee:** ensures that necessary steps are taken to reduce the Firm’s environmental footprint by drafting and implementing various office-wide policies, such as the reduction of plastic and paper, carbon-offsetting mechanisms for electricity use, enhanced

travel policies and other important initiatives. The Committee also contributes to the publication of various Firm-wide reports such as Capital Dynamics’ Task Force for Climate-related Financial Disclosures report.

**Truly Invested® in our Clients Committee:** focuses on improving the timing, transparency, and quality of our ESG reporting to our clients. The Committee is also dedicated to helping ensure the highest level of ESG accountability to and for our investors and systemically optimizes the process through which ESG-specific client requests are managed.

**Truly Invested® in our Performance Committee:** works on projects that allow for a greater understanding of the relationship between responsible investment and performance. The Committee collects, monitors, and reports on ESG-related data gleaned from our proprietary R-Eye™ assessments, RepRisk alerts as well as other sources. The Committee actively engages in research on various topics such as the establishment of a positive correlation between responsible investment underwriting and investment outcomes as well as sponsoring finance Master’s students who are interested in a career in the private markets







## FINANCIAL PERFORMANCE & ESG

Over the past year, the lockdowns related to COVID-19 have shone a light on both the importance of and need to sustainably invest in small and mid-sized businesses (SMBs). These businesses are very significant employers and can be important drivers of local economic growth. While governments and central banks have injected unprecedented fiscal and monetary stimulus into the global economy, local business has on balance benefitted the least from this support. Private equity and credit can play a critical role in rebuilding these organizations with infusions of both capital and operational expertise.

Capital Dynamics is committed to reinforcing its investment in the middle-market, an area where we have deep capabilities and understanding. Importantly, these investment opportunities are not only socially responsible but, due to the market dislocation, have the potential to deliver differentiated risk-adjusted returns. This return profile is consistent with our core message that ESG+ will translate into long-term outperformance for investors.

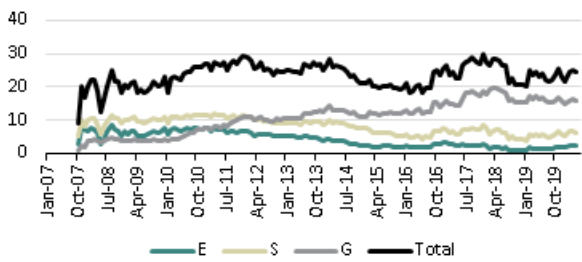
### PRIVATE EQUITY PERFORMANCE & ESG

In 2020, we supported Ridvan Demir, a Master's student studying at the Zurich University of Applied Sciences, to conduct his research thesis evaluating the link between ESG performance of private equity-backed companies on the financial performance of private equity funds. As part of this project, Ridvan worked alongside our head of Risk and Solutions, Philippe Jost, and Kairat Perembetov, Principal, Research, who guided him in the analysis of over one hundred and fifty European Buyout funds with more than three thousand underlying portfolio companies.

To overcome the data availability problems of company ESG risk scores, the researchers calculated a proxy score for each portfolio company of a Buyout fund, calculated for a five-year investment period, and the monthly ESG risk score data for seventeen regions and twenty-six industries, between 2007 and 2020, sourced from the RepRisk database.

**Figure I** below shows a snapshot of one of the funds' exposure to ESG risk during its lifetime, calculated using this proxy score. The high score associates with higher risk as per RepRisk terminology. For this particular fund, the environmental risk of the portfolio improved markedly while the social score trended downwards. The governance score and risk increased during the holding.

**Figure I: Funds' Exposure to ESG Risk**



Source: Capital Dynamics

Most importantly, the analysis of the relationship between financial performance and funds' exposure to ESG risk yielded the following, statistically significant, results:

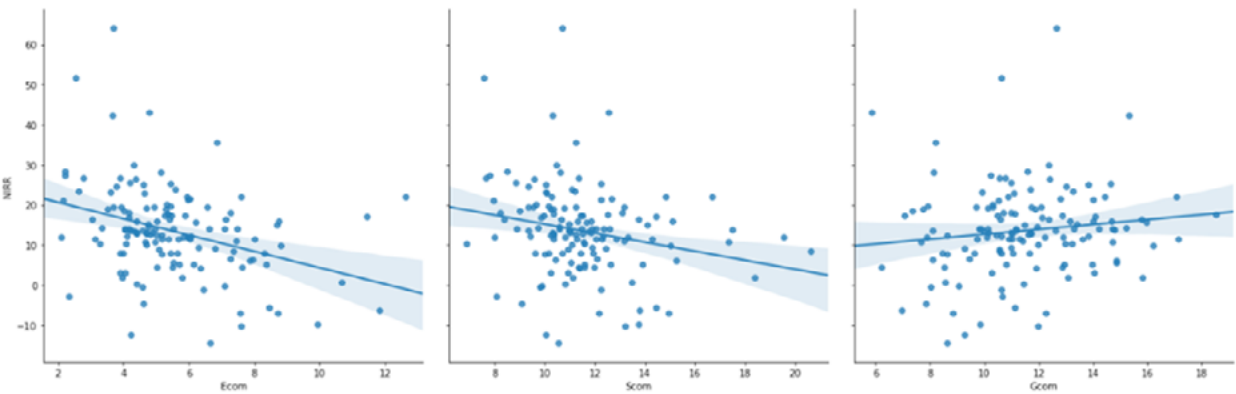
- Overall, private equity funds with lower ESG risk exhibited improved financial performance.

- Lower environmental risk and social risk at the portfolio company level resulted in higher performance at the fund level, with environmental risk being the most significant factor.
- Somewhat surprisingly, higher governance risk was associated with better performance. This is likely because companies with higher governance risk are also where private equity funds can add the most operational value during the holding period of the investment. In other words, private equity managers may view companies with greater governance risk at the outset of an investment as those where the industry can have an outsized positive impact over the holding period of that asset.

The direction of the relationship between ESG risk and performance is demonstrated pictorially in Figure II. The first and second chart clearly illustrate the **negative correlation of Environmental Risk (-35%) and Social Risk (-22.8%) with Net IRR respectively**. The third graph represents the positive correlation between Governance Risk (13%) and Net IRR.

As Ridvan's Master's thesis' work demonstrates, Buyout funds with less portfolio exposure to ESG risks during the holding period exhibited better IRR return performance and closer alignment between the objectives of institutional investors, business stakeholders, and society at large. While more work needs to be done to better understand the relationship between ESG and performance, these findings reinforce our commitment to ESG+ and to also better understand the relationship between ESG and value creation over time.

**Figure II: Relationship Between ESG Risk & Performance**



Source: Capital Dynamics





## CAPITAL DYNAMICS AT WORK

### CASE STUDY: PRIVATE EQUITY

#### ENTANGLED CAPITAL / SM PACK S.p.A.

SM Pack is an Italian company active in the production of glass ampoules/vials and bottles used in the pharmaceutical and cosmetics/perfume industries. The company aims to improve health and the environment by using recyclable glass, a desirable substitute for single-use, polluting plastic containers. SM Pack is also pursuing several initiatives in an effort to reduce its energy intensity and related CO2 emissions, including the use of renewables.

During the due diligence period, Capital Dynamics' Co-Investment team noted that the lead General Partner, then newly formed

Entangled Capital, was not a PRI signatory. PRI signatory status is a key criterion of our Firm's responsible investment due diligence as it allows an organization to publicly demonstrate its commitment to responsible investment and build a more sustainable financial system. We alerted Entangled Capital of our SDG-driven approach to responsible investment/ESG matters and found that the manager shared our view on the importance of these in asset management. We encouraged Entangled Capital to consider the PRI and are pleased to announce that the manager became a PRI signatory in August 2020.

***“ We have found in Capital Dynamics a co-investor that has supported and encouraged us on our ESG/responsible investment journey. We are delighted to have become a PRI signatory and intend to promote and respect the principles in the governance of our Firm and its portfolio companies, including SM Pack. ”***

**Anna Guglielmi,**  
Entangled Capital's co-Founder  
Partner responsible for ESG matters



# CAPITAL DYNAMICS AT WORK

## *CASE STUDY: PRIVATE EQUITY* **FUTURE ESSENTIALS MULTI-MANAGER PRIVATE EQUITY PROGRAM**

A core tenet of the Capital Dynamics Future Essentials multi-manager private equity program is its strong focus on investing in managers that, amongst other criteria, have deeply incorporated responsible investment principles into their corporate culture and processes, including the evaluation of value creation opportunities with respect to ESG factors.

Within this program, Capital Dynamics invested in IK IX Fund, launched by IK Investment Partners, a pan-European

investment manager focused on the middle-market. In 2020, IK alongside other parties acquired Questel, an intellectual property solutions provider. The investment was partly financed by a senior secured credit facility whose interest rate is tied to the annual review of five pre-defined ESG criteria, providing a good example of how better ESG by a portfolio company can drive investor returns over time given the global tailwinds supporting environmentally and socially responsible businesses.



---

## PRIVATE CREDIT

---

As one of the hardest hit economic sectors by the COVID-19 pandemic, Capital Dynamics' Private Credit program is focused on helping rebuild and grow the U.S. lower middle-market. ESG and responsible investment have always been part of the Private Credit Team's underwriting, though historically our approach focused more on negative screens and risk mitigation. For example, companies that operate without considering their environmental impact could be subject to litigation, regulatory scrutiny, and remediation requirements

that present both a reputational and economic risk to the business and our investments. Similarly, poor working conditions can lead to increased workplace injuries and exposure to workers compensation claims, thus potentially impacting a firm's cash flows and limiting its ability to recruit and retain talent. By integrating RI and ESG criteria throughout the full investment process we are able to gain a holistic view of our investments and make a better assessment of a portfolio company's performance viability.

In our more recent investments, we have looked to expand our approach to ESG by also considering where the businesses we lend to can also have a positive impact on society and/or the environment. This ESG integration is anchored in a Firm-wide rating framework, the R-Eye™ that grades investments along each ESG dimension and ties them back to the UN SDGs. By doing this, we are not only able to reduce risk, but can also build a more defensible portfolio demonstrating greater resiliency over time and through cycles helping to provide for relative outperformance. Investments are rated at the time of underwriting

and reviewed at least annually for any positive or negative developments.

As part of our review process, the RI Committee will also issue real time ESG alerts to clients outlining the nature of any identified ESG issue with our portfolio companies and take steps to proactively address the situation to the extent necessary. Rating changes may trigger steps aimed at enhancing accountability, adherence, and commitment by all stakeholders to our ESG objectives. These ESG alerts and write-ups are an important part of our internal documentation and external communication efforts.



## CAPITAL DYNAMICS AT WORK

### CASE STUDY: PRIVATE CREDIT

#### COMPREHENSIVE LINEN SERVICES PROVIDER TO THE HEALTHCARE INDUSTRY

In 2019, the Capital Dynamics' Private Credit team was approached to finance a leading regional provider of linen cleaning and rental services to hospitals and other healthcare facilities. The Company had developed deep relationships with healthcare providers in its footprint, securing long-term contracts with those customers and demonstrating an encouraging track record of contract renewals over time. The Capital Dynamics' Private Credit team reviewed the opportunity and found that the company employs robust policies and practices that help promote sustainability along the three ESG dimensions.

**Environmental:** The Company acknowledges that pollutants from its truck fleet are its most adverse environmental impact, but recognizes that improving the efficiency of its fleet, both in terms of route density and fuel efficiency of its vehicles, has both a positive impact on the environment and the financial performance of its distribution operations. The company also utilizes organic detergents in its laundry facilities, and has a good audit record with respect to its water treatment and its handling of hazardous biomaterials stemming from processing hospital and other healthcare facility linens.

**Governance & Social:** From a governance and social perspective, the company is a strong provider of jobs in a region of the country that has seen above-average unemployment and struggled from a transition away from major manufacturing. The company offers a safe work environment where employees have been treated well and compensated fairly, which was further demonstrated at the onset of the COVID-19 pandemic. Unable to offer its employees a remote work environment, the company instead offered flexible shifts for those that had to attend to other priorities such as childcare needs while schools were remote, and provided private transportation options for employees to help alleviate the concern surrounding use of public transportation during the pandemic.

**Outcome:** The team believes that the favorable ESG attributes identified during the diligence process offered valuable insights into how the company might behave and perform through a cycle and actions taken to address the needs of its clients and employees during the pandemic provided further validation of that perspective.

*“By focusing our investments in companies that exhibit positive ESG attributes and adhere to strong responsible investment principles, Capital Dynamics continues to deliver on its 2020 UN PRI “A” rating in Private Credit and “A+” rating in Strategy & Governance while generating sustainable performance and enhanced long-term financial returns.”*

**Thomas Hall and Jens Ernberg,**  
Co-Heads of Capital Dynamics Private Credit





# CAPITAL DYNAMICS AT WORK

## CASE STUDY: CLEAN ENERGY INFRASTRUCTURE CAPITAL DYNAMICS R-EYE™ RATING SYSTEM: LONGHILL ONSHORE WIND PROJECT IN WEST LOTHIAN, SCOTLAND

Capital Dynamics proprietary R-Eye™ Rating System helps ensure a consistent and transparent approach to RI due diligence. This trademarked rating system scores each investment from 5 (highest ESG score) to 0 (lowest ESG score) based on a set of criteria developed in conjunction with the UN Sustainable Development Goals.

In February 2021, Capital Dynamics acquired a 50 megawatt onshore wind project in West Lothian, Scotland, which is expected to be one of the largest subsidy-free onshore wind projects in the United Kingdom once operational. The project received a high R-Eye™ score during the due diligence process, which is indicative of the project's positive impact on the climate, environment and local community, among other factors.

Construction of Longhill commenced in March 2021 and is expected to achieve commercial operations in the second half of 2022. The project is estimated to reduce greenhouse emissions by over 2.6 million metric tons during its lifetime –

the equivalent of emissions produced by over 550,000 passenger vehicles driven for a year or the electricity to power over 440,000 homes for a year\*.

The project's company Board is made up of 40% females and the project will ensure the local habitat is maintained. Longhill will be replanting the trees that have been felled and have leased a forestry area outside of the site to plant trees that cannot be replanted on the existing site due to the windfarm. Memorandum of Understandings have also been signed with three local community groups based within the vicinity of the wind farm. Longhill is committed to contributing a significant portion of its annual revenue to supporting these local community groups. Local employment will be utilized where possible during the construction process and key members of the asset management team managing the wind farm once operational will mostly be based in Scotland or North England.

(\*)Source: Capital Dynamics

**Scorecard Snapshot**  
(Based on the R-Eye™ Rating System, with 5 being the highest score and 0 the lowest)



RI ELEMENT	SCORE	RATIONALE
Climate Change	5	Low carbon generation, large climate benefits.
Local Habitat/ Ecosystem Impact	5	Longhill will be replanting the trees that have been felled and have leased a forestry area outside of the site to plant trees that cannot be replanted on the existing site due to the windfarm.
Human Environment Impact	5	The project was granted planning consent with conditions set in place to ensure minimal impact to any human environment, ranging from noise emission to visual impact. These are being abided by as part of the planning guidelines. During construction, there will be a Construction and Environmental Management Plan to ensure minimal impact on the environment and enhance the site safety. An Ecological Clerk of Work will be appointed to monitor and ensure compliance with the environmental mitigation and management measures to mitigate any negative impact to the surrounding area.
Local Resources	4	Resources from the site will be used where possible in supporting the build of the civil infrastructure of the windfarm with agreements in place with the landlords.
Community Engagement	5	Memorandum of Understandings have been signed with three local community groups based within the vicinity of the wind farm. Longhill is committed to contributing a significant portion of its annual revenue to supporting these local community groups.
Local Employment	4	Local employment will be utilized where possible during the construction process. Key members of the asset management team managing the wind farm when it is operational will mostly be based in Scotland / North England.



## TRULY INVESTED® IN DIVERSITY & INCLUSION (D&I)

Having a more diverse and inclusive work environment, with individuals of varying backgrounds and complementary perspectives, improves the outcome for both firm and individual. We believe that increased gender and ethnic diversity increases profitability at organizations and improves the overall level of job satisfaction of the employee base – with each member being Truly Invested® in the success of the whole.

### D&I COMMITTEE ACCOMPLISHMENTS

Since its implementation, the D&I Committee has outlined a D&I framework, inclusive of a broad-range of policies, procedures and initiatives (both existing and proposed). Over the past year, we have spent time on various initiatives including:

- **Defining** diversity at Capital Dynamics
- **Recognizing** groups underrepresented in the financial industry and celebrating Internationals Women's Day, PRIDE Month, Black History Month, etc.
- **Formulating** the Firm's response to key D&I global events
- **Speaking** on diversity panels
- **Conducting** the Annual D&I Survey, which includes five dimensions addressing both diversity and inclusion
- **Framing** Firm-wide D&I targets and partnering with (and sponsoring) various D&I organizations

Additionally, while we have always encouraged our portfolio companies to dedicate the necessary resources and attention to D&I within their organization, if not already in place

(which is noted during diligence), the D&I Committee now regularly provides portfolio companies with guidance on best practices, in addition to consultative discussions on existing initiatives at our various portfolio companies to enhance current programs.

### SUPPORTING OUR EMPLOYEES

We understand how difficult it will be to accomplish our goals and continue to move forward if our employees do not feel that they are an integral part of our organization. As part of the 2020 Annual D&I Survey, we added four inclusion sections to our survey to ensure our colleagues at all levels of seniority and across departments feel they are being treated equitably, supported, and offered a good work-life-balance. The results of this survey allow us to pro-actively address our employees' well-being and how we can better support them from a D&I perspective.

### 2021 AND BEYOND

We are committed to building upon the work we have done thus far and further establish the framework we have outlined. First and foremost, we have leveraged the results of our 2020 Annual D&I survey to evaluate diversity across the Firm (and specifically at the senior-, investment-, and committee-levels), set recruiting targets based on these results, and will continue implementing D&I hiring practices / processes for the remainder of 2021 and beyond.

We use our current partnerships with and sponsorships of D&I organizations in the communities in which we have offices (i.e., Accelerate Investors, Level 20, Sponsors for

Educational Opportunity (SEO) and Women's Association of Venture Equity (WAVE)), in addition to identifying new D&I organizations, to:

- **Expand** and share our knowledge (through peer-to-peer resource sharing)
- **Identify** underrepresented candidates in the industry
- **Support** underrepresented individuals in the areas in which we operate
- **Build** upon a mentoring program
- **Improve** hiring practices

In order to educate our staff, and build awareness (especially at the senior-level), we will implement D&I training (e.g., unconscious-bias training), quarterly D&I newsletters which highlight current D&I activities (implemented in early 2021), continue our celebration of global D&I events, and introduce a D&I resources hub that employees can leverage throughout the year.

We will also be introducing a "Cultural Series" program, which will not only highlight various celebrations around the globe specific to our employee-base via email communications, but will also incorporate specific, group-orientated initiatives throughout the year (whether virtual or in-person). Lastly, we will continue to enhance our employee development and benefit programs, which include reviewing parental / caregiver programs and mentorship programs (specifically focusing on females and minorities).





## D&I RISING STARS



**Deanna DeChirico**  
Vice President,  
Business Development

*D&I means understanding that having a diverse array of individuals with varying backgrounds will only enhance all aspects of a company (and overlooking this is shortsighted). As someone who graduated from The Fashion Institute of Technology, with aspirations to break into the world of private equity, I appreciate those who understood this and were willing to take a chance on someone with an unconventional background.*

*Outside of work, I am Co-Chair of the Summer Search NY Associate Board, a non-profit whose mission is to give young individuals from low-income backgrounds the opportunity to strengthen the skills they need to succeed in school and in life. Through this work over the past five years, I have seen first-hand the barriers and inequities that these students are faced with at each stage of their life and hope to alleviate some of these through my involvement, and also open doors for those who wish to pursue a career in alternative investments.*



*D&I means living in a world where all receive equal opportunities regardless of background, gender, race, disability, sexual orientation or age. This extends from our working environment to our personal lives. When I was very young, I recall a trip to Asia where an elderly woman sat on the floor with a young child who looked close to my age, being completely ignored by passers-by. The child and I played with stones and I later learned the family were ignored because they were of a lower caste. This was my first memory of being exposed to the direct consequences of inequality. I did not know it then, but this was really where my D&I journey began.*

*At Capital Dynamics, we are working hard for change. We have implemented practices to improve our statistics and, although the firm has a great culture, unless you are actively part of it, it may not always seem visible and accessible. I really hope to attract new talent to Capital Dynamics from a variety of backgrounds and learn more about each other's communities and external activities.*



**Hasmeen Deol**  
Vice President,  
Product Development  
& Strategy



**Sharad Bhargava**  
Principal,  
Clean Energy Infrastructure

*D&I means much more than simply trying to hire employees of all ethnicities, orientations, genders, etc. – which is unfortunately what the concept often gets linked to at the surface level. To me, it means shaping an entire business to be reflective, relatable, and adaptive to the global business world and all of its constituents. In today's world, business leaders do in fact come from all backgrounds and genders, and a focus on D&I is a focus on understanding and advocating for all perspectives which, in my view, will inevitably be the key to long-term success.*

*As a member of the D&I Committee at Capital Dynamics, it is our goal to help ensure that the Firm's business can evolve alongside the diversity of its client base and accordingly that we as a Firm are able to continue providing the most creative solutions to our investors across all marketplaces. This starts with promoting a very diverse and inclusive workforce, fostering open-mindedness, and creating an environment conducive to hearing all ideas. The process is not one which can happen overnight, but one we're committed to adhering to in the years to come as the Firm continues to grow.*

## CAPITAL DYNAMICS AT WORK



### CASE STUDY: DIVERSITY & INCLUSION ADVISING PORTFOLIO COMPANIES ON DIVERSITY & INCLUSION

As mentioned earlier, the Truly Invested® In Diversity & Inclusion Committee is dedicated to understanding how to build a diverse and inclusive work environment and in Q2 2021 introduced the **Capital Dynamics Diversity & Inclusion Guide**. We look to share our insights with our portfolio companies as they consider implementing D&I programs within their own organizations (if not already in place) and offer consultative discussions on future / existing D&I programs.

Susan Giacin (Co-Chair, Diversity & Inclusion Committee) recently worked with a credit-focused manager to provide guidance on ways to: i) partner with D&I organizations for recruitment / visibility, ii) get involved with local communities and help underrepresented individuals gain access to a career in finance, iii) set realistic D&I objectives and encourage employees to get more involved with the initiative, iv) implement a D&I survey and set objectives for a more diverse employee base.



# TRULY INVESTED® IN OUR COMMUNITIES

We truly believe that by doing good we can do well, and to us this means taking care of and actively participating in the communities in which we live, invest, and operate. For us, this starts at the office, where in normal times we spend much of our day, caring about the well-being of our colleagues. The past year has been a trying one, testing the strength of communities and individuals alike. We understand that we at Capital Dynamics are in a privileged position and it is important that we contribute by taking our role as a corporate citizen seriously and actively seeking to promote change for the positive in the private markets industry.

As outlined earlier, we support unique organizations and individuals that align with two key areas of engagement:

- **TRUE PERFORMERS:** Whether directly or through an organization focused on education, arts and culture, or the workplace, Capital Dynamics is committed to supporting individuals around the globe reach their full potential.
- **TRUE VISIONARIES:** Whether directly or through an organization, Capital Dynamics is committed to supporting organizations and individuals who are striving to make radical and inspirational changes in the fight to positively impact our environment/climate by going above and beyond and being true role models for “walking the talk.”

We take pride in the ways in which we are able to support both the causes that most resonate with the individuals working at Capital Dynamics and in helping those most affected by the pandemic. Whether individually or collectively, we know that our actions can have an impact.

## CARING FOR OUR EMPLOYEES

As the pandemic started to change daily life across the globe, and we experienced a transition to working from home for most of our employee base, we began to assess the ways in which we could maintain a sense of community and team spirit while apart. While technology played an important role, we also sought to find other ways to help support our colleagues.

Reimbursement programs covering the purchase of home office (computer screens, printers, tablets, ergonomic chairs etc.) as well as home gym equipment (stationary bicycles, treadmills, yoga mats, etc.), fitness apps, and even the use of personal trainers to help ensure we were both mentally and physically equipped to deal with the work from home environment. Clear and transparent lines of communication were also key in helping everyone stay informed and connected. Not only did our COVID-19 internal email series, implemented within a few days of the onset of the pandemic, make sure everyone across our thirteen offices received clear and timely information on office situations, travel restrictions, and region specific guidelines, it also included a human element, “Sharing is Caring,” highlighting some of the activities employees were engaging in to help those in need. Regular HR wellness information emails reminded everyone of what resources were available to them. Whether it was finding the latest meditation app or on-line fitness class, or knowing what medical support and insurance policies were available, we made sure our employees were informed. So far this year, we have organized company-wide activities ranging from health and fitness classes to educational webinars dedicated to wellness for every single day during the month of May

to highlight the importance of a healthy and balanced lifestyle.

We understand the importance of a work-life balance, and do what we can to make sure our employees are set-up for success.

## CARING FOR COMMUNITIES IN WHICH WE LIVE AND OPERATE

Just as important as caring for our employees during these unprecedented times, it is equally critical that we collectively and individually take action in the communities in which we live and operate. Many of our employees have done so by helping with local food drives, delivering groceries and other essential items to the elderly and most vulnerable, donating PPE equipment to hospitals, or just lending a caring ear to those who are having a difficult time.

### Summer Search:

Capital Dynamics has worked with Summer Search, an organization that seeks out students with great potential, but limited opportunities, partnering with them to help them succeed in school, work, and life. In March 2020, we supported the Summer Search Leadership Gala hosted by the Summer Search NY Board of Directors, and as the pandemic set-in we participated in trivia nights organized by their Associate Board to help raise money for families most affected by the pandemic.

### Impetus-PEF:

Impetus-PEF brings strategic resources to non-profit organizations working to improve the lives and opportunities of young people living in poverty in the UK. This past year, in light of COVID-19, the organization transitioned its second biggest event of the year—the triathlon—into a virtual format so that people could still participate in a safe environment. We are grateful to have had the opportunity to participate in the event and support Impetus-PEF.

### Holiday Drive:

Through our inaugural annual employee holiday matching program, we donated over USD 150,000

to charities all over the world helping with the fight against COVID-19. The year 2020 not only highlighted the important role that each one of us can play individually, but also the benefit of our collective strength when we come together to catalyze positive change. We are proud to support both the communities in which we live and operate, and our employees and the causes they believe in.

### Bristol Gulls:

We are delighted to have supported the Bristol Gulls in the Talisker Whisky Atlantic Challenge. Not only did the all-female crew of the Bristol Gulls complete the Talisker Whisky Atlantic Challenge, they also set a world record in the process! Sofia Deambrosi, Lorna Carter, Phoebe Wright, and Sarah Hunt are the first to cross the Atlantic in an Eco Rowing Boat made out of 10,000 recycled plastic bottles. The crew embarked on their record setting journey last December from the Canary Islands with the aim of raising awareness of the plight of our oceans from plastic pollution. Sofia, Lorna, Phoebe and Sarah rowed for 3,000 miles (4,800km) over 47 days and completed “the World’s Toughest Row” personifying the very definition of what it means to be a strong, tenacious, and brave woman. Capital Dynamics, as well as our senior leaders, are honored to have supported the women on this incredible journey.

## 2021 AND BEYOND

We are Truly Invested® in all of the people we interact with – our valued clients and business partners, employees, and the communities around the world that we call home. We take an active role in supporting and nurturing the talent and causes close to our hearts, and the initiatives we mentioned above are just some of the exciting causes we are working on. We know that by setting an example, and showcasing the collective power we have to bring about positive change we can motivate others to do the same.





*“As a longstanding responsible investor, this is further evidence of the impact that our investments in middle-market companies have on the individuals and communities around us, particularly at a time when this is needed most.”*

**David Smith**  
Capital Dynamics,  
Senior Managing Director

## CAPITAL DYNAMICS AT WORK

### CASE STUDY: PRIVATE EQUITY ITALCER GROUP

Italcer Group, one of our Co-Investment portfolio companies, late last year passed stringent international testing for its ADVANCE® product, an anti-viral, anti-bacterial, and anti-pollutant ceramic “super material.” This significant innovation, manufactured by a leading Italian ceramics and luxury bathroom furnishings designer, will play its part in the fight against COVID-19 by providing healthier and safer surfaces, in both residential and public spaces.

After several months of rigorous testing by the Tile Council of North America (TCNA), it has been confirmed that ADVANCE®

ceramic material is capable of eliminating 100% of coronaviruses after six hours of light exposure and ninety percent after just fifteen minutes. Further, ADVANCE® has also been proven to combat various types of bacteria – ranging from ninety-five percent to one hundred percent after eight hours of exposure. ADVANCE® also has an anti-pollutant effect due to its photocatalytic action, certified by the University of Turin yielding a twenty percent decrease in NOx — the main pollutants generated by car combustion and industrial production gases — in three hours.



## CAPITAL DYNAMICS AT WORK

### *CASE STUDY: PRIVATE EQUITY*

### **GREATER PACIFIC CO-INVESTMENT**

Several years ago, the Capital Dynamics Co-Investment team entered a direct transaction to invest in Enzen, a leading specialist company headquartered in India that provides consulting, technology, engineering, management, innovation services and related-IT solutions to utilities and those involved in renewable energy. The direct investment was executed alongside lead investor Greater Pacific Capital, an established investment manager focusing primarily on investments in India. Like Capital Dynamics, Greater Pacific Capital looks to invest in attractive opportunities that demonstrate a strong adherence to high ESG standards while striving to have

a direct impact in the communities they invest.

As part of this effort, in late 2020 Greater Pacific made a contribution to the Room to Read India Trust, a non-profit organization focused on supporting childhood literacy efforts, addressing various educational challenges, as well as improving gender equality in India and the developing world. This is just one of the examples where we see our lead investors in co-investments going the extra mile in matters related to ESG and RI – a key trait we constantly seek in our network of General Partner relationships.





## TRULY INVESTED® IN OUR ENVIRONMENT

In many ways, the past year has been a reminder of how fragile the earth's ecosystem can be: including, but not limited to, wildfires spreading in Alaska and Australia, rolling blackouts (the first non-wildfire ones in nearly two decades) hitting parts of California, and forty percent of Bangladesh being submerged by floods. Not only has the pandemic (and resulting k-shaped recovery) focused our attention on social inequity, but it has also highlighted to us that with the help of technology we can be incredibly resilient. With the pandemic, we learned how to utilize virtual technology to reduce (but not eliminate) the need for face-to-face meetings. As our Firm adjusts to the "new normal," we are actively considering an updated travel policy to balance the benefits of in-person meetings with the reduced carbon footprint of less frequent global travel – a particularly important consideration for a firm with thirteen offices across the world and a global client base.

### ACCOMPLISHMENTS

Capital Dynamics Truly Invested® in Our Environment Committee is tasked with making sure that we take steps to reduce the Firm's environmental footprint and help ensure we collectively achieve important milestones. As we work on completing our second annual Task Force on Climate-related Financial Disclosure ("TCFD") Report, we know that 2021 is a pivotal year for us as we look to implement processes as well as quantify and disclose the climate risk metrics we outlined in last year's report across our clean energy and direct businesses. We have a long-standing commitment to responsible investment and are dedicated to maintaining the utmost transparency with our investors and business partners when it comes to these topics.

As an organization, we continue to shift our power usage to clean energy whenever possible through renewable

providers in each of our thirteen offices worldwide, and where not yet possible, purchase additional renewable energy credits to offset our carbon-based energy usage. In 2020, we consumed more than 200,000 kWh of electricity firm-wide, the carbon footprint of which is more than offset by our commensurate purchase of over 200,000 kWh worth of Renewable Energy Guarantees of Origin (REGOs). We purchased these REGOs directly from Capital Dynamics' managed wind farm sites in the United Kingdom at a market price.

### 2021 AND BEYOND

As mentioned above, we are working on an updated travel policy to better manage our carbon footprint. Like many other businesses that had to pivot to virtual conferences in 2020, we embrace and look forward to finding innovative ways of connecting with our clients and business partners, while avoiding unnecessary travel and thus minimizing our carbon footprint as we look to the future.

By the same token, we understand the important role that face to face meeting plays in our business and value the personal relationships we have established with our colleagues around the world. As such, it is equally important that as a society we invest in developing further technological innovation which allows us to continue to travel and remain interconnected but in ways that promote a carbon neutral future. As part of this effort, as a member of the Institutional Investors Group on Climate Change (IIGCC) we signed a letter calling upon the leaders of the European Union to ensure that the infrastructure investment in the wake of the COVID-19 pandemic is focused on clean energy, carbon capture, and other green technologies. We are also currently working with the IIGCC and Ambienta on a framework to encourage private equity to achieve net zero emissions in its investments for both Limited

Partners (LPs) and General Partners (GPs). As part of this framework, we believe it is important not just to focus on how private equity can reduce emissions of a business during the holding period of that asset, but also on investing in new technology that will play an important role in achieving the net zero target by 2050.

In addition, we have also been working hard to prepare our business and funds for the European Union's

Sustainable Finance Disclosure Regulation ("SFDR"). Several of our funds are being registered as Article 9 or 8 funds which potentially requires additional disclosure with respect to environmental and social information. While this regulation is still in its infancy, it is our goal to be among the first managers to report on the SFDR's disclosure requirements to help move the industry towards greater accountability and transparency.

## SUSTAINABLE FINANCE DISCLOSURE REGULATION ("SFDR")

The Sustainable Finance Disclosure Regulation ("SFDR") is the first of many initiatives stemming from the European Union's 2018 Action Plan for Financing Sustainable Growth and aims to provide more transparency on sustainability within financial markets in a standardized way allowing comparability for investors. We believe it is important to take an active role in helping to advance the important objectives of the SFDR and so when part of the new disclosures took effect in early March of 2021, we were prepared to make the necessary disclosures on our website and in our product offering materials.

While we are in the process of understanding the implications of SFDR on our business, we understand that there is much work ahead of us to adequately report on this regulation to deliver transparently to our clients. What is important is that there is a commitment to continue to improve on this reporting over time. In many ways, the SFDR is a collective pledge by the industry to formalize and demystify sustainable investment funds for investors. Our goal is to help encourage others (both GPs and LPs) to support compliance and reporting on the SFDR in the private assets industry.

We have committed to making sustainable investments through our direct Clean Energy Platform and elected to report our latest offerings in accordance with Article 9 – the most comprehensive disclosure and reporting requirement of the regulation. We are also in the process of registering two of our private equity offerings as Article 8 funds.

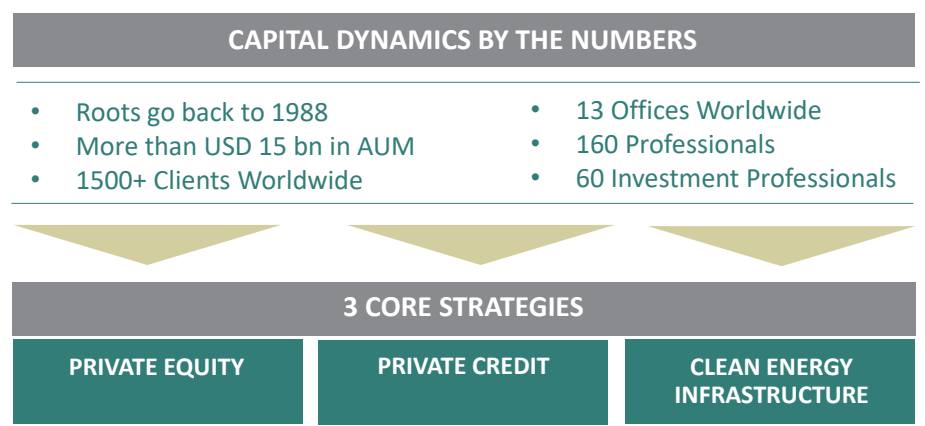
In addition to the SFDR, we are also preparing for the EU Taxonomy Regulation, which provides a classification system to help managers identify the degree to which investment activities can be considered "environmentally sustainable." The Taxonomy Regulation will require firms to disclose the degree of environmental sustainability of mainstream funds that are promoted as environmentally friendly, or to include disclaimers where they are not. Once classified, the regulation also mandates certain companies to report on and disclose the extent to which their business activities are aligned with the Taxonomy's definition of sustainability. We look forward to providing a further update on our preparedness for this regulation later in the year.



To appreciate the scale of our RI commitment, it helps to understand the size of our business. The following numbers provide a snapshot of our presence and capabilities around the world.

### Investment strategies

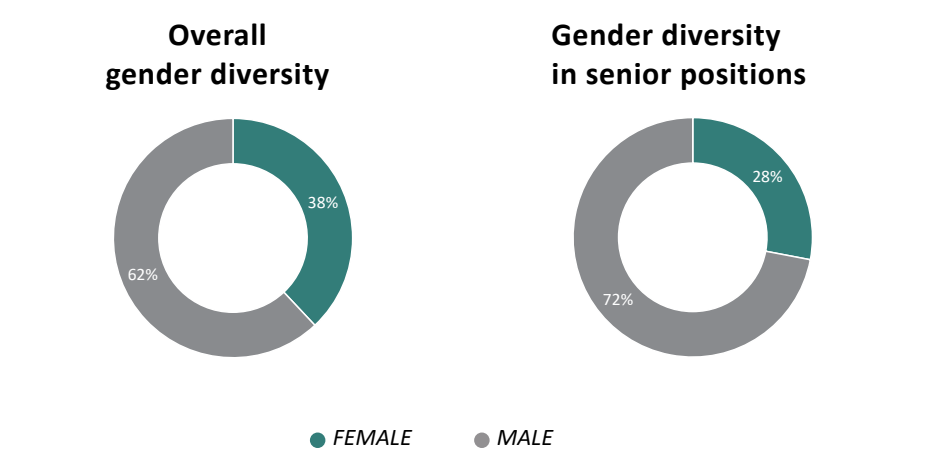
Our investment strategies include Private Equity, Private Credit and Clean Energy Infrastructure.



### Diversity

We are a global company with **24 nationalities represented across our staff in 13 offices, spanning North America, Europe, the Middle East and Asia**. We believe diversity is key to being better at what we do and, our initiatives

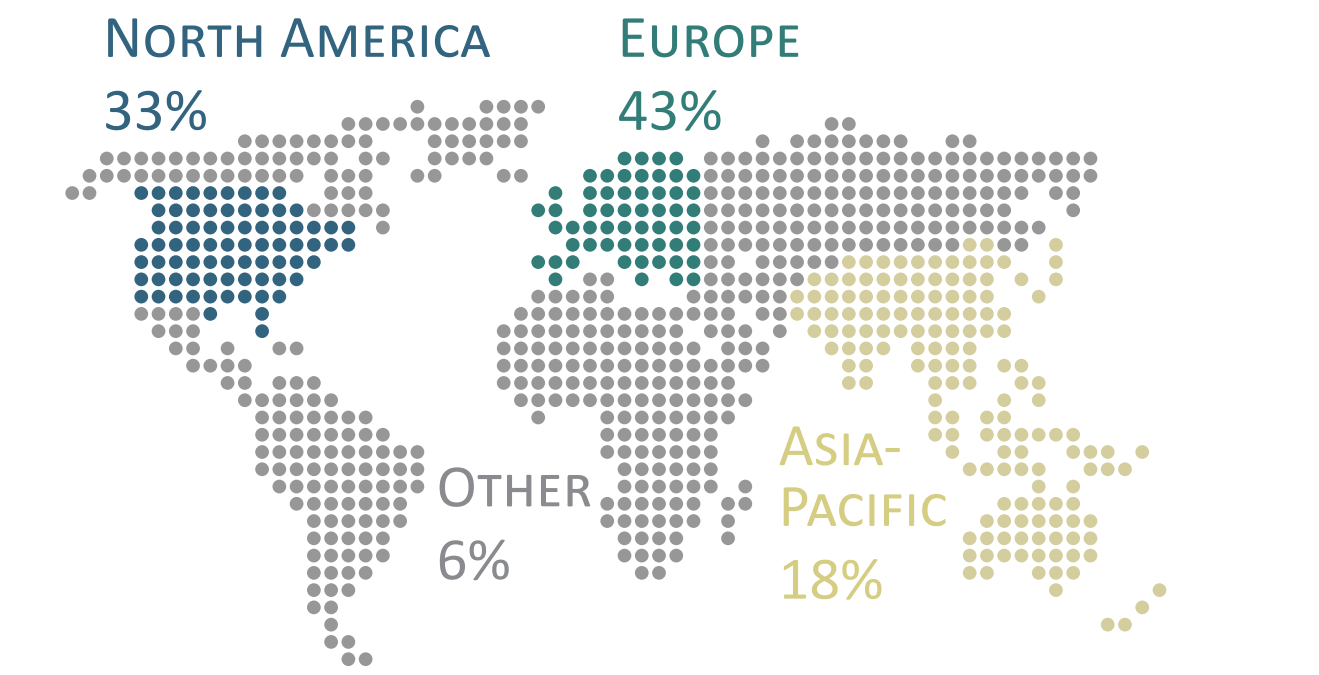
are designed to attract, develop, and advance the most talented individuals, regardless of race, sexual orientation, religion, age, gender, disability status or any other dimension of diversity.



Source: Capital Dynamics. Senior is defined as Vice President and above. Diversity figures are as of December 31, 2020; all other figures shown on this page are as of March 31, 2021.

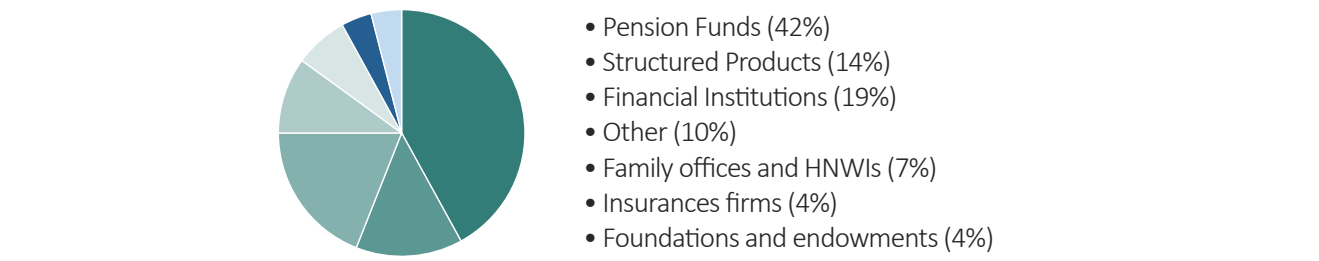
### AUM breakdown by region

Together, Europe and North America account for approximately 80% of our AUM base, with Asia Pacific and the Middle East expected to grow in the coming years.



### AUM breakdown by investor type

Pension funds make up more than half of our investors, with financial institutions and structured products also accounting for a significant share.



Source: Capital Dynamics. Figures shown on this page are as of March 31, 2021.



## Active members of the RI community

As we continue our Responsible Investment (RI) journey, we look to actively help shape the development of Environmental, Social, and Governance (ESG) practices across the private assets industry. Capital Dynamics has engaged in several Limited Partners (LP) initiatives to establish broadly accepted RI/ESG standards, such as the ESG Disclosure Framework for Private Equity and was involved in creating the British Private Equity, and was involved in creating the British Private Equity and Venture Capital Association's (BVCA) RI guidelines. We are also active participants in:

- **Principles for Responsible Investment (PRI).** Capital Dynamics has been a signatory of the United Nations supported PRI since 2008, and has consistently been awarded the highest scores across its businesses: Corporate Strategy & Governance (A+), Private Equity (A+), Clean Energy Infrastructure (A+), and Private Credit (A).
- **Pensions for Purpose.** Capital Dynamics is an Influencer for Pensions for Purpose, a leading collaborative initiative whose aim is to raise awareness of impact investment among the pensions' community.
- **GRESB.** Capital Dynamics has consistently been recognized by GRESB, a leading environmental, social, and governance benchmark for real estate and infrastructure investments globally.
- **Task Force on Climate Related Financial Disclosures (TCFD).** Capital Dynamics is a supporter of the Task Force on Climate-related Financial Disclosures, an initiative created to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. We are proud to have issued our first annual Task Force on Climate-related Financial Disclosures (TCFD) Report in 2020.
- **Institutional Investors Group on Climate Change (IIGCC).** As a member of IIGCC, Capital Dynamics signed a letter calling upon the leaders of the European Union to include provisions related to a sustainable future, such as green technologies and clean energy, in stimulus packages helping European Union nation states in their recovery from the global pandemic. Capital Dynamics is also a co-chair of an IIGCC committee working on the creation of a



framework for private equity firms to achieve net-zero emissions.

- **Swiss Sustainable Finance (SSF).** Capital Dynamics is a member of the Swiss Sustainable Finance organization that aims to strengthen the position of Switzerland in the global marketplace for sustainable finance by informing, educating, and catalyzing growth.
- **Italian Forum per la Finanza Sostenibile (FFS).** Capital Dynamics is a member of the Forum per La Finanza Sostenibile, a leading Italian organization promoting a more sustainable and responsible financial sector. The Forum per La Finanza Sostenibile is part of Eurosif, a pan-European association for the promotion and advancement of sustainable and responsible investment across Europe.
- **Initiative Climat International (iC International).** Capital Dynamics is a member of iC International – France, a collective commitment to understand and reduce carbon emissions of private equity-backed companies and secure sustainable investment performance.
- **Invest Europe.** Capital Dynamics is a member of Invest Europe, the world's largest association of private capital providers, and are active in their Working Group on Accounting Standards, Valuation, and Reporting and the Responsible Investment Roundtable that represents Europe's private equity, venture capital, and infrastructure investment firms, as well as their investors, including some of Europe's largest pension funds and insurers.
- **Accelerate Investors.** We are a supporter of Accelerate Investors, a leader, advocate, and convener of trailblazers who are accelerating great institutional investing that is diverse and inclusive.
- **Institutional Limited Partners Association (ILPA).** ILPA is a trade association for institutional Limited Partners in the private assets industry. Capital Dynamics is proud to have joined the 100 plus Limited Partners and General Partners by signing ILPA's Diversity in Action initiative that seeks to advance diversity, equity, and inclusion in the private assets industry.
- **Level 20.** Capital Dynamics is proud to be a Sponsor of Level20, a not-for-profit organization dedicated to improving gender diversity in the European private assets industry.
- **Out Investors (OI).** Capital Dynamics is a member firm of Out Investors, a global organization that was founded with the mission of making the direct investment industry more welcoming for LGBT+ individuals.
- **Sponsors for Educational Opportunity (SEO).** Capital Dynamics is a member of SEO, a nonprofit organization whose mission is to create a more equitable society by closing the academic and career opportunity gap for motivated young people of color.





# CAPITAL DYNAMICS CONTACTS

For more information contained in this report or on Capital Dynamics' RI approach please contact:



**Bryn Gostin**  
Managing Director  
Head of Product Development & Strategy  
Chair of the Responsible Investment Committee

Capital Dynamics, Inc.  
452 Fifth Avenue,  
29th Floor  
New York, NY 10018  
United States

[BGostin@capdyn.com](mailto:BGostin@capdyn.com)



ZUG | MILAN | MUNICH | LONDON | BIRMINGHAM | NEW YORK

SAN FRANCISCO | TOKYO | HONG KONG | SEOUL | DUBAI

PARIS | FLORIDA

[ESG@CAPDYN.COM](mailto:ESG@CAPDYN.COM)

[www.capdyn.com](http://www.capdyn.com)

