



CapitalDynamics®  
TRULY INVESTED.

Clean Energy  
Sustainability Report

2022



*Our pursuit of performance requires a  
commitment to people and planet.*

# About this report

## Objectives

Capital Dynamics Limited publishes the annual Clean Energy Sustainability Report in order to:

- Provide transparency on the sustainability performance of our Clean Energy investments;
- Report on the progress we have made towards our Responsible Investment (“RI”) commitments; and
- Provide insights into our RI processes.

## Scope

Capital Dynamics’ Clean Energy platform managed 7 funds and 3 Separate Management Accounts as of 31 December 2022. The report covers our European portfolio with assets located in the United Kingdom, Italy and Spain as shown below.

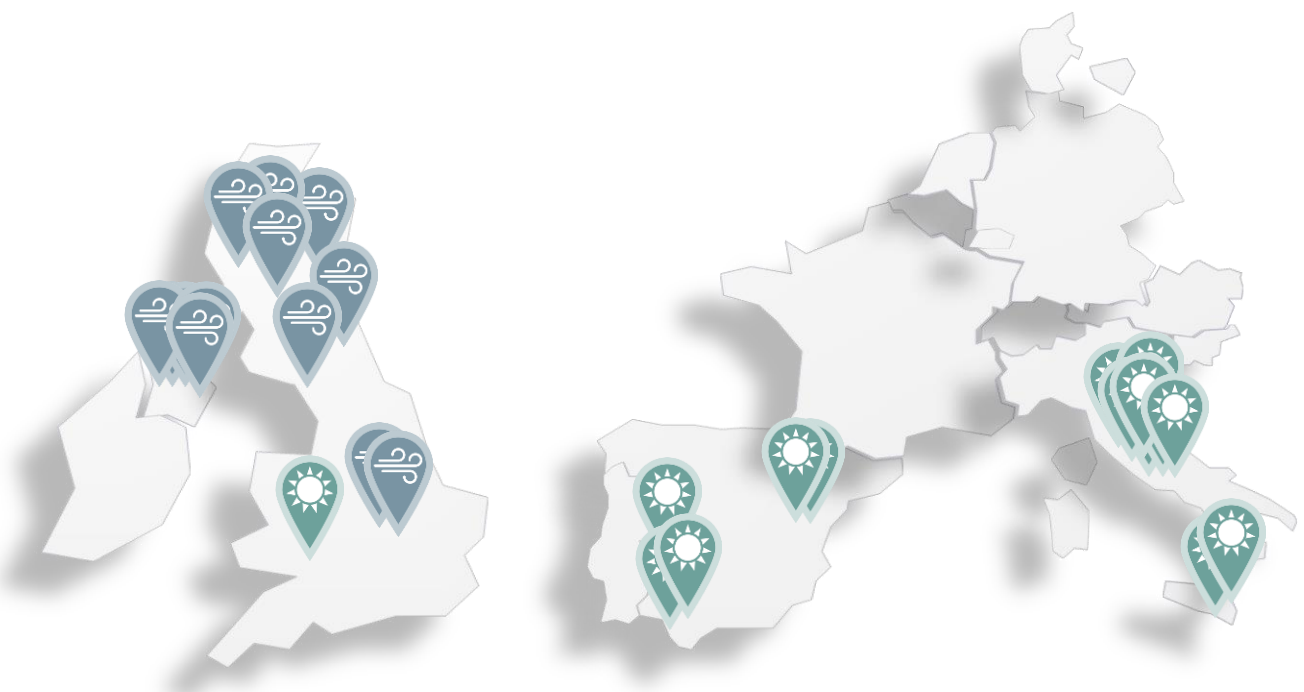
## Timeframe

This report covers the activities of the Clean Energy platform of Capital Dynamics for the period 1 January 2022 to 31 December 2022, although there may be reference to certain activities that took place in 2023. The annual sustainability reporting period is aligned with the Capital Dynamics' Clean Energy financial reporting period. This report was published on 31 January 2024.

## Reporting standards

This report has been prepared in accordance with the GRI Standards.

For questions about this report please email: [clientrelations@capdyn.com](mailto:clientrelations@capdyn.com)



2022 Clean Energy European portfolio. Map includes 3 assets sold in June 2022.



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# Message from our Chief Executive Officer

Over the past fifteen years, Responsible Investment practices have been key to our success, and sustainable strategies a cornerstone to achieving attractive long-term returns for our clients.

Capital Dynamics embraces Responsible Investment as a core investment approach and a value driver. Our research demonstrates that investments with strong Responsible Investment credentials tend to outperform and investing in these assets results in improved risk-adjusted returns for our limited partners.

In this report, I'm proud to share with you how our Clean Energy team at Capital Dynamics strongly commits to make a difference every day, and in doing so drives value in our investments.

I hope you enjoy reading about our recent achievements and the progress we have made in Responsible Investment. On behalf of all of the Capital Dynamics' workforce, I sincerely thank our partners and prospects for the trust you place in us.



Martin Hahn  
Chief Executive Officer  
Capital Dynamics

# Message from our Clean Energy Leadership

Since 2010, we have been one of the leading renewable energy investment managers in the world and have shown relentless commitment to Responsible Investment (“RI”). Our deep and sustained partnerships in the industry allow us to source attractive investment opportunities in the most compelling markets in Europe.

In the face of unprecedented global challenges, we reflect on the progress we have made towards the expansion of renewable energy and the many milestones that lie ahead. The UN COP28 achieved a historic outcome with the agreement to transition away from fossil fuels, an agreement which helped bridge the gap between North America, Europe, and the many countries which remain highly dependent on the production of oil and gas – a remarkable achievement in many ways. The rapid scale of renewable energy required to achieve Net Zero by 2050 remains a challenge – and among the most attractive investment opportunities of our times.

Our short-, medium- and long-term vision centers on the favorable market dynamics in support of the clean energy expansion and setting the gold standard for Responsible Investment and emissions reduction. We commit to holistically embracing Responsible Investment and managing our impacts on the economy, environment and people in line with broader sustainable development goals.

In this report, we are proud to share with you the progress we have made in RI in 2022, including:

- We were awarded sector leader by GRESB for the fourth consecutive time
- We have set decarbonization targets for our new funds in line with the goals of the Paris Agreement
- We added clauses to our supplier contracts, requiring them to respect human rights and all applicable labor laws and international standards for responsible business conduct
- We continued supporting our local communities through innovative initiatives and helped our clients navigate the complex macroeconomic environment we are facing.

Our goal for the upcoming years remains to ensure the highest quality of our investments and to utilize our market dominance and expertise to deliver the most attractive risk-adjusted returns for our clients.

We hope you enjoy reading about our approach to Responsible Investment. We remain grateful to all investors, prospects and peers for your continued support.



**Dario Bertagna**  
Managing Director  
Co-Head of Clean Energy



**Barney Coles**  
Managing Director  
Co-Head of Clean Energy



**Simon Eaves**  
Senior Managing Director  
Co-Head of Clean Energy





# Progress with Responsible Investment

# Our RI story by the numbers <sup>1</sup>

**10**  
Funds

And Separately Managed  
Accounts



**5-stars**

PRI rating

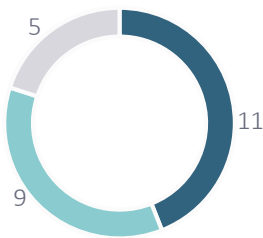
**193,807**

tCO<sub>2</sub>e avoided emissions

**1,131,927.5 MWh**

Generated in 2022

**# Assets per  
geography**



■ United Kingdom ■ Italy ■ Spain

**1**  
ESG Specialist

Dedicated to Clean  
Energy

**Net Zero**

Targets set for our new funds

**0**  
Injuries

On sites

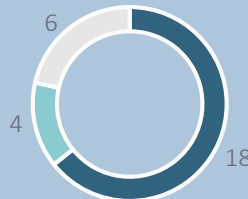
**£ 250,000**  
Communities funding

Provided in the UK

**€ 1,265,670**  
Communities funding

Provided in Italy

**Assets in portfolio <sup>2</sup>**



■ Operational ■ Construction ■ Pre-Construction

**2**  
RI Alerts

Reported to Responsible  
Investment Committee

**40%**  
Target

Female board  
representation

<sup>1</sup> As of 31 December 2022. Avoided emissions (t CO<sub>2</sub>e) and generation (GWh) figures are not attributed to Capital Dynamics' share. <sup>2</sup> Clean Energy owned 18 operational assets during 2022, including 3 assets that were sold in June 2022.



# Capital Dynamics at a glance

<b>USD 13BN+</b>	<b>12</b>	<b>550+ / 950+</b>	<b>c.150</b>	<b>c. 50</b>
AUM/ AUA <sup>1</sup>	Offices	Institutional / private clients <sup>2</sup>	Firm-wide professionals <sup>2</sup>	Investment professionals <sup>2</sup>



**Global middle-market private assets specialist** with local investment expertise



**Established early mover** in mission-critical renewable energy generation



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



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



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



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



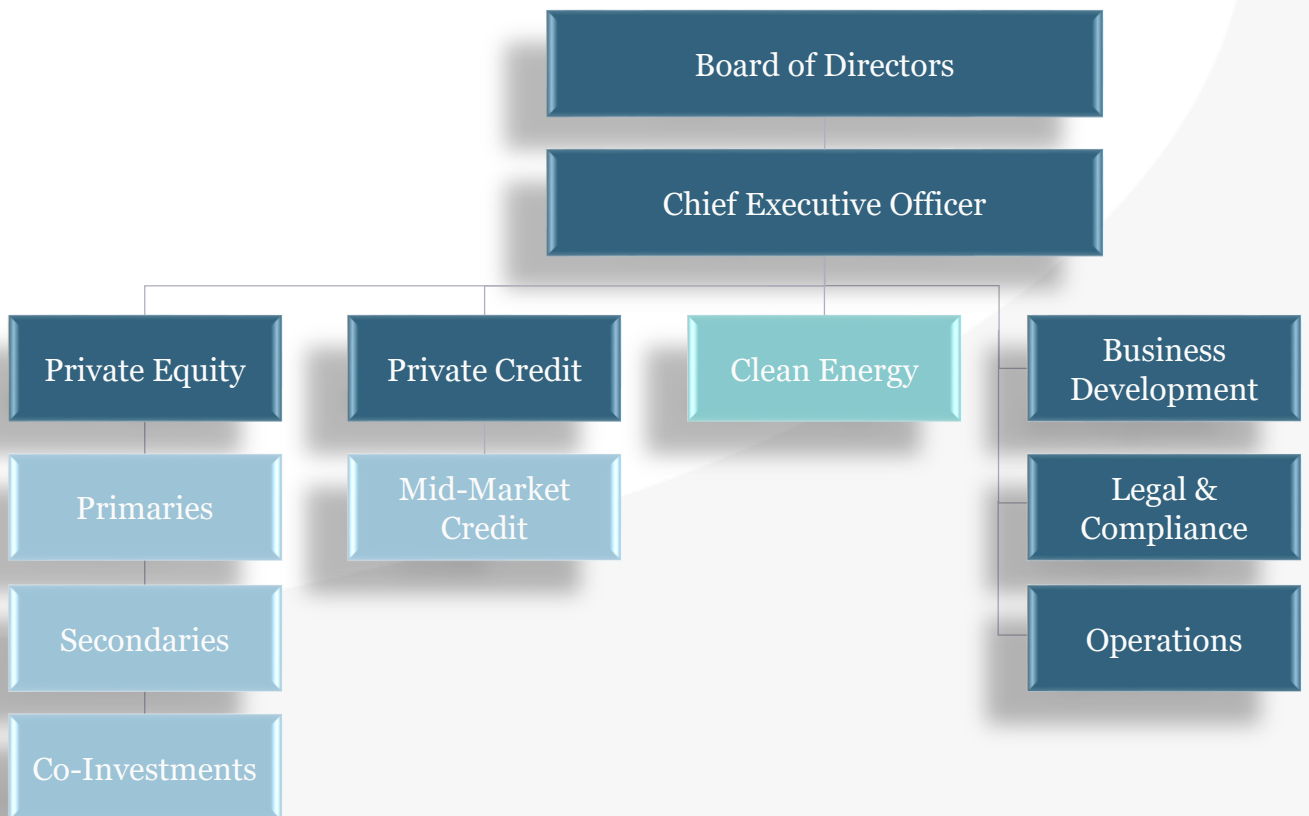
Capital Dynamics comprises Capital Dynamics Holding AG and its affiliates. (1) As of 31 March 2023. Assets Under Management are calculated based on the total commitments as of the final closing date for all funds currently managed by Capital Dynamics, including amounts that have been distributed. Assets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

# Our platform of private investment strategies

Capital Dynamics is an independent global asset management firm focusing on private assets including private equity, private credit, and clean energy infrastructure. The company was founded in 1999 and is headquartered in Zug, Switzerland.

The Capital Dynamics Clean Energy team manages all of the Clean Energy closed-ended funds and separate management accounts. The Clean Energy investment professionals are employed by Capital Dynamics Limited (headquartered in London, UK) and are supported by its affiliated asset management arm Netro Energy Limited (headquartered in Warrington, UK with office presence in Italy and Spain).

Both Capital Dynamics Limited and Netro Energy Limited are private companies. All of the renewable energy assets in the portfolio are owned by funds managed by Capital Dynamics. The funds have a General Partner (Capital Dynamics) and Limited Partners (institutional investors). The European assets are located in the United Kingdom, Italy and Spain.

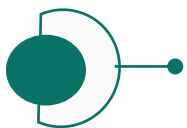


# Our Clean Energy Investment platform

Our Clean Energy Investment platform makes direct equity investments in renewable energy technologies, with a focus on utility-scale and distributed generation, solar and wind. The team targets value-added opportunities that capitalize on the changing marketplace for carbon-reducing renewable energy power generation from late-stage development to commercial operations.

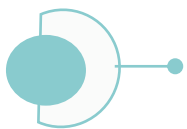
The platform is active in project development, construction, financing, and operation of these assets in the United Kingdom, Italy and Spain. Our robust industry network provides proprietary access to high-value deal flows and access to long-term off-take agreements with large credit worthy entities and RE100 members. Through our asset management affiliate, Netro Energy, we access cost-efficient services for enhanced value from our projects. In addition, we achieve positive impact throughout the lifecycle of our investments by placing Responsible Investment at the forefront of our investment decisions.

## Attractiveness of clean energy investments



### Strong growth

Renewable energy market is the largest and fastest growing sector of infrastructure



### Energy security

Low-cost renewables replacing conventional fuels: renewables expected to make up 73% of Europe's electricity generation by 2040<sup>2</sup>



### Attractive risk-adjusted performance

Our assets offer long-term contracts, stable cash yield and low macroeconomic correlation, unlike traditional infrastructure

## Leadership



Dario Bertagna



Barney Coles



Simon Eaves

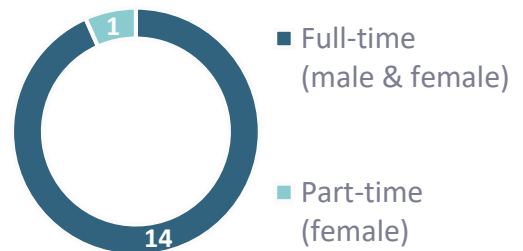
**15**  
professionals<sup>1</sup>  
Permanent employees fully dedicated to the Capital Dynamics Clean Energy team (all based in the UK)

**20+**  
years  
Average experience of senior investment professionals

## Gender split headcount<sup>1</sup>



## Employment type<sup>1</sup>



## Types of customers served

Corporations



Investor-owned utilities



Municipal utilities



<sup>1</sup> As of 31 December 2022; <sup>2</sup>Source: BloombergNEF, New Energy Outlook 2022

# Netro Energy – our affiliated asset manager



Netro Energy Limited is an affiliate of Capital Dynamics and provides a full scope of transaction support, construction and asset management services to solar and wind assets by efficiently overseeing the entire lifecycle of projects from acquisition and development to construction, financing, operation, and divestment.

Netro Energy is headquartered in Warrington, UK and has offices in Spain and Italy. As of 31 December 2022, Netro Energy has got a total of 20 permanent employees.

For more information visit [netro.energy](https://netro.energy).

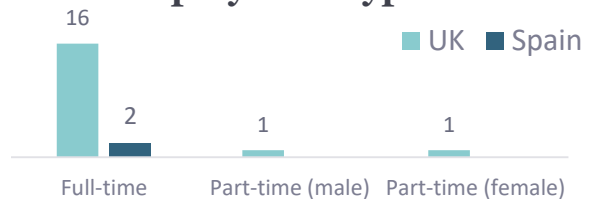
## Netro Energy headcount<sup>4</sup>



## Gender split headcount<sup>1</sup>



## Employment type<sup>1</sup>



## Netro Energy's services



### Construction Mgmt.

- Design
- Interconnection
- Tendering and Procurement
- Project Mgmt.



### Commercial

- Contract Mgmt.
- Insurance
- Off-taker Mgmt.
- Procurement



### Financial

- Accounting
- Budgeting and Forecasting
- Cash Mgmt.
- Lender Compliance



### Technical

- Monitoring
- Performance Analysis
- Warranty Mgmt.
- PPA Monitoring



### Site Management

- Contractor Mgmt.
- Stakeholder Mgmt.
- Site Inspections and Audits
- HSQE Compliance

<sup>1</sup> As of 31 December 2022



# Responsible Investment Milestones



- Early signatory to the UN Principles for Responsible Investment (UN PRI)

2008



- Incorporating RI in our investment underwriting and due diligence

2013



- Formation of Responsible Investment Committee and launch of the R-Eye™ Rating System
- Published CD Responsible Contractor Policy
- Awarded UN PRI A score for the CE business
- First RI external verification (Quinn & Partners)

2018

- Maintained A+ score for UN PRI
- Published CE Responsible Contractor Policy
- Signed SEIA's Solar Industry Environmental and Social Responsibility Pledge

2020



- First GRESB submission for Fund III
- Inaugural firm-wide RI report and TCFD report
- Adoption of RepRisk to monitor RI risk across Capital Dynamics' investments, supply chains and key service providers



GRESB  
INFRASTRUCTURE  
sector leader 2022

- Awarded "sector leader" for 4th consecutive year by GRESB
- First SFDR fund reports published
- Lifecycle Assessment completed for two Clean Energy projects

2022

2010

- Clean Energy business line established



2017

- Published 1<sup>st</sup> Capital Dynamics Responsible Investment industry questionnaire
- First GRESB submission for Fund V



2019

- Published CD statement on UK Modern Slavery Act
- Deployed the R-Eye™ scorecard across all platforms
- Created RI subcommittees
- Real-time environmental benefits ticker on website
- Awarded highest A+ score by UN PRI for Strategy & Governance



- Recognized Sector Leader for Renewable Power Generation by GRESB for Fund V. First GRESB submission for Fund VII



2021

- Classification of CEI VIII and CEI IX as Article 9 funds under SFDR
- Capital Dynamics chaired the Institutional Investors Group on Climate Change ("IIGCC") Net Zero Working Group for Private Equity
- Hired first dedicated RI Resource at Capital Dynamics
- Published second TCFD Report



# Capital Dynamics named sector leader in Clean Energy for four consecutive years

We are proud to share that Capital Dynamics Clean Energy has received the highest ranking from GRESB, the leading RI benchmark for real estate and infrastructure investments across the world, in multiple categories. Capital Dynamics has been named “Sector Leader” for the fourth consecutive year in 2022\*.

Capital Dynamics Clean Energy and Infrastructure III LP (“CEI III” or “the Fund”), invested in renewable energy projects across Europe, was awarded a 5-Star GRESB Rating and was recognized as “Sector Leader” for the Renewable Power sector. The Fund was ranked first in the categories for Renewable Power Global, Renewable Power Europe and Renewable Power Private Equity. The assets ranked first in the category of On-Shore Wind Power Generation, Maintenance and Operation in Northern Europe.

Each Fund launched within Capital Dynamics' Clean Energy platform implements the same responsible investment principles as CEI III, particularly the Firm's proprietary R-Eye™ scorecard, which was implemented in 2019 to measure RI factors throughout the investment lifecycle.



**G R E S B**  
**INFRASTRUCTURE**  
sector leader 2022

**#1** IN RENEWABLE POWER GLOBAL

**#1** IN RENEWABLE POWER PRIVATE EQUITY

**#1** IN RENEWABLE POWER EUROPE

**#1** IN ON-SHORE WIND POWER GENERATION, MAINTENANCE AND OPERATION IN NORTHERN EUROPE

*\* 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*

# Our 2022 PRI results

We have been consistently awarded top scores by the UN PRI and are pleased to have obtained 5-Stars for our Investment & Stewardship Policy and Clean Energy strategies in 2022\*:

Investment & Stewardship Policy



Clean Energy



The Principles for Responsible Investment (PRI), supported by the UN, recognize the commitment by institutional investors to act in the best interest of beneficiaries as part of fiduciary duty, which includes the consideration of financially material RI factors in the investment process.

“

**Capital Dynamics embraces Responsible Investment as a core investment approach and a value driver. We are pleased to have achieved yet again outstanding results in this important benchmarking.**

- Martin Hahn  
Chief Executive Officer  
Capital Dynamics

”



Capital Dynamics has been a signatory to the UN-supported PRI since 2008 and is firmly committed to the 6 PRI principles:

1

Incorporate ESG issues into investment analysis and decision-making processes

2

Be active owners and incorporate ESG issues into our ownership policies and practices

3

Seek appropriate disclosure on ESG issues by the entities in which we invest

4

Promote acceptance and implementation of the Principles within the investment industry

5

Work together to enhance our effectiveness in implementing the Principles

6

Report on our activities and progress towards implementing the Principles

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# We are honored to be recognized with prestigious awards

Capital Dynamics is proud to lead the way in the private assets industry with recognition for our strong performance, values and excellence across our clean energy platform.

In 2022, Capital Dynamics was a winner of the Pensions & Investments 2022 “Best Places to Work in Money Management”. This prestigious industry accolade recognizes the strength and success of our workplace culture and underpins our dedication to supporting employees across all stages of their careers, using inclusive hiring practices to secure new talent.

Pensions & Investments partnered with Best Companies Group, a research firm specializing in identifying great places to work, to conduct a two-part survey process of employers and their employees. The first part consisted of evaluating each nominated company's workplace policies, practices, philosophy, systems and demographics. This part of the process was worth approximately 25% of the total evaluation. The second part consisted of an employee survey to measure the employee experience. This part of the process was worth approximately 75% of the total evaluation. The combined scores determined the top companies.



Capital Dynamics is proud to have received numerous Responsible Investment awards\* in 2022, which include:

- Real Deals: ESG – LP (2022)
- Real Deals: Future 40 Impact Funds (2022)
- European Pensions: Diversity (2022)
- GRESB: 5\* rating / Sector Leader (2022)
- Fund Intelligence: Diversity & Inclusion (2022)
- Private Asset Management: ESG Advocate (2022)

In addition, we were shortlisted for:

- Infrastructure Manger of the Year (2022)
- Private Equity Manager of the Year (2022)
- Sustainable Fund of the Year (2022)
- Carbon Reduction Award (2022)
- Offsetting Scheme of the Year (2022)
- Transformation Award (2022)



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# Meet the Clean Energy Leadership team

Barney Coles is a Managing Director, Co-Head of the Clean Energy team and member of the Executive Committee. He is also a member of our Responsible Investment Committee. He has extensive experience in renewable energy financing across Europe. Prior to joining the team, Barney spent over six years in energy corporate finance at Ernst & Young in London, working across lead advisory, project finance, and M&A in the clean energy and utility sectors. He also provided transaction advice to both the private and public sector on large-scale clean energy infrastructure procurement processes. Barney has a Bachelor's degree in Economics from University of Cambridge and is a member of the Institute of Chartered Accountants of Scotland.

Dario Bertagna is a Managing Director, Co-Head of the Clean Energy team and member of the Executive Committee as well as the Responsible Investment Committee. He has extensive experience in energy related and renewables investing. Prior to joining Capital Dynamics, he was an investment director at Bluefield Partners LLP and an investment manager at Platina Partners where he worked across multiple renewable energy transactions and project financings in the UK and Europe. His previous experience also includes roles at the international energy developer MedEnergy and on the Energy Corporate Finance team at Jefferies International. Dario holds a Bachelor's degree in International Trades from the University of Turin and a Master's degree in European Business from ESCP Europe.

“

There is a clear and growing recognition globally that Europe is the most attractive renewables market today, and that is being reflected in fundraising. In particular, appetite has been supercharged over the past 12-18 months. That is, in part, due to institutional investors' increased focus on RI investing

“

“

Although the increase in renewable energy production has grown substantially over the last two decades, a drastic acceleration is needed to achieve Net Zero. This represents an attractive investment opportunity - particularly important in this period of geopolitical instability

“



**Barney Coles**  
Managing Director  
Co-Head of Clean Energy



**Dario Bertagna**  
Managing Director  
Co-Head of Clean Energy

# Our perspectives on trends shaping the renewable energy landscape

Carolyn Hirschbiel, Chief Marketing Communications Officer at Capital Dynamics, sat down with our Clean Energy leadership team Barney Coles and Dario Bertagna, to discuss trends in the industry, how the Capital Dynamics Clean Energy team approaches Responsible Investment and why now is the right time to invest in renewables in Europe.



**Carolyn Hirschbiel**  
 Senior Managing Director  
 Chief Marketing  
 Communications Officer



**Dario Bertagna**  
 Managing Director  
 Co-Head of Clean  
 Energy



**Barney Coles**  
 Managing Director  
 Co-Head of Clean  
 Energy

**Carolyn:** The year 2022 has seen increased geopolitical instability and macroeconomic challenges for the energy transition. How do these factors impact the European efforts to scale investments in renewable energy?

**Barney:** Geopolitical complexities have emerged, which bring in both risks and opportunities to the transition. On the one hand, these challenges caused some short-term disruption to the momentum behind the European energy transition. On the other hand, the geopolitical instability also create opportunities for countries to augment domestic energy production swiftly and this represents an attractive opportunity for renewable energy, because clean energy sources emerge as the most time-efficient and most cost-effective means to scale power capacity. The agreed targets of the UN COP28 to triple renewable energy capacity by 2030 also gives rise to optimism.

Nonetheless, in the short-term we still observe substantially higher power prices globally, affecting household energy bills significantly. This creates a need to safeguard household energy costs in the immediate term through temporary government intervention. From an economic standpoint, the high power prices represent attractive investment opportunities, as the conditions prompt the extensive rollout of new renewable energy projects, which previously would not have been economically viable. This supports the European energy transition and creates an attractive investment opportunity for our clients.

**Carolyn:** Capital Dynamics Clean Energy is one of the leading renewable energy investment managers in the world with an extensive portfolio of European assets. What drives the attractiveness of the European market for renewable energy investors?

**Dario:** There is a growing global consensus that Europe holds the most attractive renewables market. Investors increasingly recognize that well-structured renewable energy investments offer stable cash flows and enhanced risk-adjusted returns compared to other infrastructure strategies. There are a number of reasons behind the increased demand for renewable energy investments in Europe. Partly, this is driven by institutional investors' own Net Zero and broader RI commitments. Furthermore, Europe stands out as a highly attractive region for clean energy due to its climatic conditions. Abundant solar irradiance in Italy and Spain makes them prime locations for solar investments. Both governments strongly support renewables, particularly solar. For example, Spain is rapidly expanding its renewable sector with large-scale utility solar. The Spanish government has set ambitious Net Zero targets by 2050 and a number of interim targets, for instance to grow the solar industry from currently 17 GW to 60 GW by 2030 and to achieve 42% renewable energy in the power mix by 2030. This commitment requires investments of around EUR 240 billion. Similarly, the Italian government announced ambitious goals for scaling renewables, primarily on smaller projects. Favorable climate policies like these in Europe

foster a stable environment and build the foundation for a very attractive pipeline for renewables investors.

**Carolyn:** What policy commitments does the Capital Dynamics Clean Energy have and how are you embedding these commitments in your investment process?

**Dario:** Responsible Investment is deeply anchored in our DNA at Capital Dynamics. We commit to support a number of international agreements in relation to environmental and social factors, which are highly relevant for our business line. Firstly, we support the goals of the Paris Agreement and Net Zero through our investments into clean energy projects. Our investments help meeting global targets, including a number of SDGs and the Kyoto Protocol. In our new Clean Energy funds, we have set decarbonization targets, which seek to reduce emissions arising from the construction of the projects and operational emissions. We link carried interest to the achievement of impact targets, which includes the Net Zero targets we set for our projects, so the decarbonization actions are embedded in providing strong GP financial alignment.

In addition, Capital Dynamics is committed to respecting all human rights and preventing any form of Modern Slavery and human trafficking throughout our business. This is particularly relevant for the PV Solar supply chain, where unfortunately there is a high concentration of labor rights abuses in the modules manufacturing space. To mitigate the risks and remediate negative impacts, we conduct all of our investment activities in accordance with best Responsible Investment practices. We align our investments with the UN Guiding Principles on Business and Human rights and the OECD guidelines for responsible business conduct. In addition, we added clauses to our supplier contracts, requiring them to adhere to applicable labor laws and international standards to respect human rights. These aspects are firmly integrated in our holistic approach to RI. Each of our investments is screened for RI risks and opportunities, using our proprietary R-Eye scoring system and using an artificial intelligence platform to screen all of our key suppliers. That way, we embed our policy commitments throughout the

investment process.

**Carolyn:** How do you approach Net Zero for renewable energy projects?

**Barney:** As managers focused on clean energy, we were an early adopter of RI – indeed, we established our clean energy team in 2010. However, Capital Dynamics has always been of the view that it is not just sufficient to have a clean energy business, you need to go the extra mile and manage RI effectively.

When it comes to Net Zero, we set greenhouse gas emissions targets for our investments in line with the 1.5 degrees objective, which is not only important to us, but to our investors and broader stakeholders. We are committed to measuring emissions from the construction and operations of our emissions and seek ways to reduce avoidable emissions. For example, for construction assets we aim to reduce emissions through solar powered temporary offices, use of electric vehicles for worker transportation and waste management schemes. The majority of lifetime emissions we control emerge from the construction phase of a project, which is why we actively seek ways to limit these emission sources. During the operational phase of our assets, carbon emissions are minimal. Nonetheless, we aim to go the extra mile also here, and seek to reduce our own energy usage of investments and increase the procurement of renewable energy at the asset level.

**Carolyn:** How can Capital Dynamics' investments in renewable energy projects support broader sustainable development goals, such as social considerations and economic growth?

**Barney:** With our Clean Energy investments, we support a number of SDGs among environmental, social and governance considerations. These range from the provision of affordable clean energy (SDG 7) and climate action (SDG 13) to supporting economic growth (SDG 8) and exploring innovative and sustainable technologies (SDG 9).

Our mandate is to exclusively invest in clean energy assets, which decrease the global reliance on traditional energy sources. We primarily invest in solar and wind assets, increasing regional and global shares of renewable energy. In addition, we

support the procurement of innovative and sustainable technology from top tier manufacturers, including bifacial solar panels and tracking systems.

By entering into Power Purchase Agreements (“PPAs”), we also ensure our counterparties have access to energy at a known, fixed price. Our investments have therefore clear environmental benefits, but also play an important part in driving forward social objectives. In fact, the inherently environmentally friendly nature of our work means it is the social component of RI that takes up most of our time and attention. Renewable energy investment commonly brings with it positive social impact, not least because these assets are built closer to the more remote communities of the UK and Europe. That infrastructure brings with it local jobs and skills, as well as being a focal point for the community. A typical wind farm may create up to 100 jobs through the construction and operational phase, for instance. Lastly, we acknowledge our role as a global corporate citizen and prioritize our commitment to the local communities in which we operate, invest and work. We support a number of great causes that make a positive impact on local communities, for example we support local primary schools with initiatives that help foster the learning environment for children and we seek to contribute to projects targeted at creating more inclusive setting for members of the local community, such as improvements to gym facilities or contributing funds for local food banks.

**Carolyn:** How will the renewable energy landscape evolve over the coming years?

**Dario:** Globally, there is a huge push towards reducing carbon emissions from conventional energy sources and scaling investments into renewables. Overall, climate legislations in Europe facilitate the expansion of renewables and will continue to do so over the coming years. What will gain in importance is to invest with GPs that have deep and sustained industry relationships to get access to the most attractive portfolio and secure attractive power purchasing agreements. We expect entry barriers in the industry to remain

high so that investments in renewables will not become commoditized. The GP’s expertise, network and market position will drive the ability to deliver attractive risk-adjusted returns.

# Seeking to enhance returns through RI

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:

1

Capital Dynamics believes Responsible Investment leads to enhanced long-term financial returns for our investors

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

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

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

Our Clean Energy investment platform is deeply committed to Responsible Investment and will never knowingly invest<sup>1</sup> in businesses which, above a certain materiality threshold:



Exploit forced labor or child labor as defined by the International Labour Organization



Manufacture or trade ammunition and/or weapons



Manufacture, sell or distribute adult entertainment or pornography



Are involved in banned products, services or activities under global conventions and agreements



Exploit vulnerable groups in society

Click [here](#) to learn more about our Responsible Investment Policy.



<sup>1</sup> Commercially reasonable efforts



# RI is at core of our Clean Energy investments

Responsible investment for us means investing in sustainable energy projects, which:



Generate superior returns for the firm's clients



Contribute to climate change mitigation while ensuring their operations do not adversely impact the environment



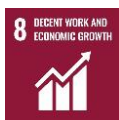
Support the local communities, employ local talent whenever possible and implement fair labor and responsible contracting policies



Implement strong governance policies

## SDG Contribution

The UN Sustainable Development Goals (SDGs) are considered as part of our RI underwriting and ongoing monitoring of our investments' performance. Although we assess our assets against a number of SDGs, the below four SDGs are considered the most relevant across the Capital Dynamics Clean Energy portfolio.



[Click here to learn more](#)

We integrate Responsible Investment holistically in our investment processes and have established strong RI governance to oversee progress and performance against our RI goals.

[Click here to learn more](#)

## RI Due Diligence and Monitoring

Integrating sustainability risks in the investment process has the potential to meaningfully enhance long-term financial returns. That is why we have implemented our proprietary screening tool, which evaluates all investments from a sustainability risk point of view across all our business lines. Our analytical and repeatable approach pays special attention to material impacts on environmental, social and governance factors and is modelled on the basis of the 17 UN Sustainable Development Goals.

The risk scoring is tracked and updated on an annual basis, resulting in enhanced

[Click here to learn more](#)

monitoring and improved RI decision-making.

## Real time monitoring through RepRisk

We monitor all investments and key supply chains in real time using RepRisk – an artificial intelligence platform which screens over 500,000 documents daily in the media for RI matters in line with internationally recognized RI standards. During due diligence, we screen potential investments, third parties and supply chain providers for RI risks and monitor those on a continuous basis throughout the hold period. Each week, the Head of Risk, Philippe Jost, and the Co-Chair of Responsible Investment, Verena Rossolatos, review the RI issues received from RepRisk and flag serious issues. A weekly summary is compiled for the Investment Management team who will refer serious RI alerts to the Responsible Investment Committee. Regular client alert protocols are used to keep our investors informed.

# We holistically manage our material RI topics throughout the Investment Process

## Negative Screening



1

- Initial screening of each investment in line with CD's and CE's exclusion lists is undertaken to ensure no 'fatal flaws' are identified from a Responsible Investment perspective
- Key stakeholders' screening via RepRisk
- Any significant issues identified at this stage are raised to the Responsible Investment Committee

## Due Diligence



2

- Transaction advisors report on salient RI elements
- Completion of environmental impact assessment, biodiversity assessments, financial and legal checks

## Investment Committee



3

- An R-Eye™ scorecard is created and is provided at each stage of the Investment Committee review
- Deals with high RI risk referred to the Responsible Investment Committee. The RI Alert process may be triggered depending on the nature of the risk

## Further Due Diligence and Closing



4

- Deal Team reviews proposed project contractors' RI credentials and disclosures
- Completion of legal and financial checks on third-party service providers
- Development of action plans
- Final closing documentation is agreed with any specific RI reporting requirements

## Portfolio Management



5

- Active portfolio management via our asset management affiliate, Netro Energy, who are responsible for day-to-day management of project investments and oversee RI-related risks and opportunities
- Construction management via our EPC contractors who manage project-level RI performance and ensure alignment with CD's RI Policy
- Annual reporting of funds' aggregated R-Eye™ score
- Quarterly fund reports, annual CE Sustainability Report disclosing carbon equivalent benefits and issue of Green Certificates

## Action Plans



6

- Implementation of CE's strategy at project level
- Key RI issues are reported to the Investment Team monthly via our Asset manager, Netro Energy
- Real-time partners' and news monitoring via RepRisk
- The RI Alert process is triggered if significant risks are identified. Remedial action plan and investor communications take place if required

## Preparing for Exit



7

- The Clean Energy intends to leave a project site in better RI state from the one in which we found it at inception

# Trademarked R-Eye™ Rating System



Capital Dynamics has developed its proprietary R-Eye™ Rating System which is a framework aligned to the UN Sustainable Development Goals. All Clean Energy investments are evaluated against the following 12 RI criteria:

The team is committed to making investments that, either at the point of acquisition or under Capital Dynamics Clean Energy’s stewardship, score as highly as possible against the 12 RI criteria. If one component of our R-Eye scorecard is very low, or if the overall R-Eye score is generally low, we will decline an investment opportunity.

## Environmental



- Local habitat
- Climate change
- Remediation & recycling
- Land use

## Social

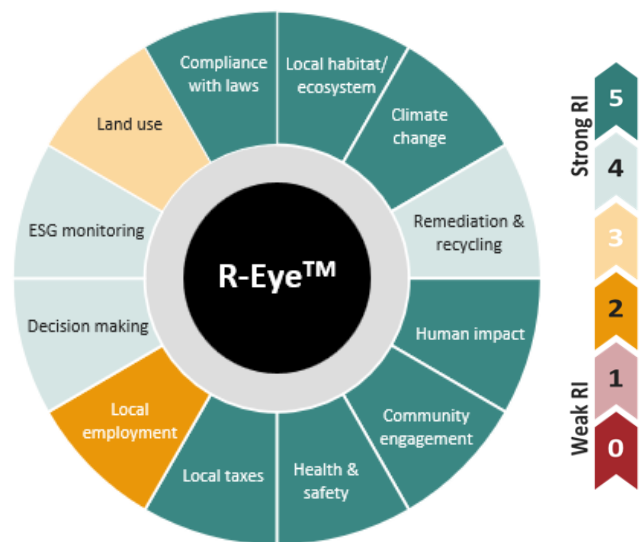


- Human impact
- Community engagement
- Health and safety
- Local employment

## Governance



- Local taxes
- Decision making
- RI monitoring
- Compliance with laws



The R-Eye framework is used across all stages of an investment’s lifecycle. Each investment is rated on a 0 to 5 scale. Investments with the weakest RI performance are rated 0 while investments which have the strongest RI performance are rated 5.

Each Fund’s R-Eye™ Score is disclosed in the quarterly fund reports and updated:

- Annually as asset ratings are reviewed
- When a new investment is made
- After an RI alert has been raised.

RI risks identified as part of the R-Eye process are escalated to the Responsible Investment Committee for review.

## Material topics

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# Materiality Assessment

At Capital Dynamics, we assess material Responsible Investment (“RI”) matters through the lens of double materiality. This approach considers the financial materiality of environmental, social and governance factors on the value of our investments, as well as the impact our investments have on the economy, environment and people, including human rights. Our Clean Energy team identified the RI issues that are relevant to our investment activities in renewable energy projects and to our company as a whole. This included RI topics of importance to our

clients, employees, local communities and local authorities in alignment with our investment ethos. A long-list of RI topics was identified which was tested against its significance to the business and key stakeholders. Following an internal consultation with the Clean Energy team and by making informed decisions based on our ongoing interaction and engagement with external stakeholder groups at asset, investment and firm level, we derived our material topics.

## Our stakeholders



Investors



Employees



Communities



Energy buyers



Regulators



Land owners



Suppliers & Service providers



NGOs

## Material topics

The top 10 material topics we identified across environmental, social and governance matters are the following:

### Environmental



- Energy
- Emissions
- Biodiversity

### Social



- Forced and child labor
- Occupational Health & Safety
- Local Communities
- Diversity and Equal Opportunity

### Governance



- Economic performance
- Anti-corruption
- Supply chain management

We intend to review the materiality assessment on an annual basis to ensure these remain relevant to our investment strategy and industry developments. The following chapters contain information about how Capital Dynamics’ Clean Energy business line seeks to prevent, mitigate and manage negative impacts on material topics and how our approach to Responsible Investment enhances long-term risk-adjusted returns and generates positive impacts on RI factors.



# Management of material topics

The UN Guiding Principles on Business and Human Rights (“UNGPs”) and the OECD Due Diligence Guidance for Responsible Business Conduct define three levels of risk involvement in actual and potential negative impacts: cause, contribute and direct linkage. Capital Dynamics’ Clean Energy business line identifies its risk exposure to material RI matters, including those pertaining to human rights, in our own operations and in our value chain in line with the UNGPs through our roles as private markets investment manager, employer and purchaser of goods and services.

The level of involvement in actual and potential negative impacts (cause, contribute, directly linked) determines our responsibility to provide for or support their remediation. Likewise, we identify the potential and actual positive impacts we have on the UN Sustainable Development Goals in our roles as investment manager, employer and purchaser of goods and services.

## Risk mitigation through Responsible Investment

We utilize our holistic approach to RI in the [investment process](#) to identify, prevent and mitigate any actual or potential negative impacts on material topics and to identify opportunities for RI improvements. All of our investments follow our [RI principles](#) and are subject to our RI policy and RI oversight through the firm’s [Responsible Investment Committee](#).

We actively engage with our stakeholders and communicate our progress towards Responsible Investment goals and any RI-related risks to our clients as part of regular reporting, including quarterly investment reports and annual Sustainability reports, among others.

### Cause



A business can directly cause actual and potential negative impacts through its own activities

### Contribute



A business can contribute to or increase the risk of negative impacts through its own activities

### Directly linked


















A business’s operations, products or services may be directly linked to the risk of negative impacts through its business relationships

## RI data collection and reporting










Qualitative and quantitative RI metrics from operations are collected, analyzed and reported via Netro Energy at defined intervals. We utilize our proprietary R-Eye™ system to assess a range of RI credentials of investments throughout their lifecycle. Quantitative metrics, such as utilities or environmental, health and safety incidents are obtained directly from the operational assets via the local asset management teams. The metrics disclosed in this report were recorded from our operational assets during 2022. Whilst we aim to report data from 100% of the portfolio, there are some data gaps mainly in our water and waste metrics. We have decided not to use proxies or data estimates. We were unable to collect any data from assets under construction during 2022, however we have introduced contractual requirements with our contractors that will allow us to collect and report data in our next Sustainability Report.

# Our 2022 stakeholder engagement and actions in response to material topics

Stakeholder	Actions	Material topics	SDGs supported
<p>Investors</p> 	<ul style="list-style-type: none"> <li>We achieve high revenue viability through long-term, fixed price, pay-as-produced PPAs with some of the largest investment grade counterparties and we invest in the most attractive markets for renewable energy</li> <li>We have introduced impact targets linked to carried interest for our new funds, providing strong GP financial alignment. The two impact targets linked to carried interest are:               <ol style="list-style-type: none"> <li>R-Eye™ scorecard must be above an average of 4 for all investments</li> <li>Reduce or offset greenhouse gas emissions in line with our funds' Net Zero commitments</li> </ol> <p>If one or both impact targets are not met, Capital Dynamics will provide respective financial support to a charitable cause to compensate for the missed impact targets</p> </li> <li>All of our investments undergo our rigorous approach to RI underwriting, utilizing our proprietary R-Eye™ scoring system and RepRisk to enhance risk screening and generate long-term risk adjusted returns</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Energy</li> <li>Emissions</li> <li>Local communities</li> <li>Biodiversity</li> <li>Anti-corruption</li> </ul>	   
<p>Suppliers</p> 	<ul style="list-style-type: none"> <li>Forced labor and other human rights-related issues remain a key risk in the global solar industry</li> <li>Capital Dynamics has a zero-tolerance policy for unlawful labor, and all our suppliers are required to comply with the applicable laws, including laws covering modern slavery and forced labor</li> <li>We utilize RepRisk to screen all key suppliers to identify material environmental and social risks associated with our supply chain</li> <li>We added a clause in supplier contracts to ensure that the panel manufacturer complies with labor laws, health and safety, as well as broader RI considerations</li> <li>In addition, in 2023 we have rolled out a new Clean Energy Responsible Contractor Policy</li> </ul>	<ul style="list-style-type: none"> <li>Forced and child labor</li> <li>Supply Chain Management</li> </ul>	 

Stakeholder	Actions	Material topics	SDGs supported
 <p>Communities</p>	<ul style="list-style-type: none"> <li>We employ local talent whenever possible to drive economic growth. Green job creation in the renewable energy sector remains a key priority in the transition towards a lower carbon economy. In 2022, the UK Government’s Green Jobs Delivery Group announced the goal to deliver up to 480,000 skilled green jobs. Data confirm that the jobs creation in the UK is four times faster than the overall UK employment market, with Scotland – <i>one of the key investment locations for our wind projects</i> – having the highest rate of green jobs at 3.3% (up from 1.7% in the previous year).<sup>1</sup> Our investment activities contribute towards the green jobs creation and therefore support economic growth in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Local communities</li> </ul>	  
  <p>Communities and Landowners</p>	<ul style="list-style-type: none"> <li>We are deeply committed to supporting our local communities through tailored engagement programs and initiatives</li> <li>In 2022, we provided a total of ~GBP 250,000 in financial contributions to dedicated community funds in the UK and committed to a total compensation to various community initiatives in Italy worth EUR 1,265,670</li> </ul>	<ul style="list-style-type: none"> <li>Local communities</li> <li>Economic performance</li> </ul>	   
 <a href="#">Click here to learn more</a>			
 <p>Employees</p>	<ul style="list-style-type: none"> <li>At Capital Dynamics and Netro Energy, we believe that fostering a healthy and inclusive work environment is both important and necessary. We strive to ensure that all our employees are empowered, supported, and happy. We are honored to win the prestigious Pensions &amp; Investments Best Places to Work in Money Management” award in 2022</li> <li>Each year, we provide all of Capital Dynamics’ employees dedicated RI training. In addition, our Clean Energy team receives dedicated RI training that focuses on the most relevant RI matters and best practices in our industry. In 2022, the firm wide RI training was successfully completed by 100% of our employees. We also implemented our inaugural unconscious bias training to all staff to further strengthen our Firm’s D&amp;I ethos</li> <li>The Emergency Management Team (“EMT”) has continued to manage firm-wide protocols in response to COVID by monitoring and following local guidelines to ensure health and safety of our staff</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and Equal Opportunity</li> <li>Employee well-being and training</li> <li>Occupational Health &amp; Safety</li> </ul>	  

<sup>1</sup>Source: The Guardian (2022): Renewable energy jobs growing four times faster than rest of UK market. Available [here](#).

Stakeholder	Actions	Material topics	SDGs supported
<p>Employees</p> 	<ul style="list-style-type: none"> <li>Our Firm’s Diversity and Inclusion Committee – an RI sub-committee – drives forward our DEI initiatives and has rolled out the Firm’s Inclusive hiring framework. Our Firm adopts inclusive hiring processes, whereby we connect with, interview and hire a diverse set of individuals through understanding and valuing different backgrounds and opinions. We are committed to being a leader in inclusive hiring within the private assets sector and have implemented our inclusive hiring framework. In 2022, our superior hiring processes allowed us to achieve 117% of our female hiring target</li> <li>Diversity, Equity and Inclusion plays an important role in our Clean Energy boards. We set a target to achieve 40% of female board representation across our Clean Energy funds</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and Equal Opportunity</li> </ul>	 
<p>Regulators</p> 	<ul style="list-style-type: none"> <li>Four of our Clean Energy funds disclose sustainability information pursuant to SFDR Article 9. In addition, our new European fund has a commitment to make sustainable investments aligned with the EU Taxonomy objective climate change mitigation. In 2022, we reported on the Principal Adverse Impacts as part of our annual fund reports, which include greenhouse gas emissions data among others. This represents a further step forward to our commitment to Responsible Investment in our investments and to providing full transparency to our clients on the sustainability performance of our assets</li> </ul>	<ul style="list-style-type: none"> <li>Emissions</li> <li>Energy</li> </ul>	 
<p>NGOs</p> 	<ul style="list-style-type: none"> <li>In 2022, Capital Dynamics signed the Global Investor Statement to Governments on Climate Change. The open letter called on governments to radically raise their climate ambition ahead of and beyond COP27</li> <li>We are honored to have co-led the Institutional Investor Group on Climate Change (“IIGCC”) Net Zero Investment framework for Private Equity – a cornerstone for GPs and LPs to adopt practical Net Zero targets in private markets that the industry can support. We continue our strong partnership with the IIGCC by developing Net Zero guidance for infrastructure</li> <li>We engage with various industry groups through our <a href="#">RI memberships</a>, to advance best-in-class Responsible Investment practices in private markets</li> </ul>	<ul style="list-style-type: none"> <li>Emissions</li> <li>Energy</li> </ul>	 

# Other engagement actions with our investors and industry peers

Transparent reporting on our progress in Responsible Investment initiatives is of uttermost importance to us. We view RI reporting as an effective tool to engage with our prospects and investors to gain insights into our commitment to Responsible Investment.

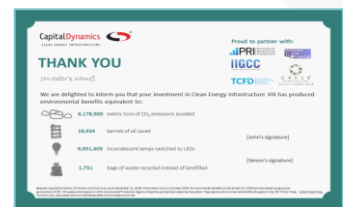
We recently launched a new suite of market-leading RI reporting for our clients and are committed to continue the expansion of reporting capabilities we offer in line with internationally recognized RI disclosure frameworks. Below is a summary of RI reporting we currently produce.



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



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



**Clean Energy Green Certificates** issued to LPs annually



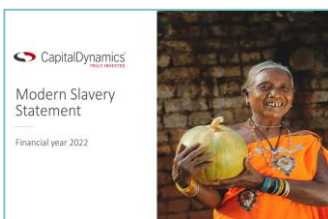
**Annual GRESB submission** report available to LPs



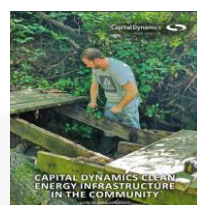
**Quarterly reports** include RI updates



**Annual UN-supported PRI** report



**Annual Modern Slavery Act Statement** provides a summary of our activities to address modern slavery



**'In the Community' newsletter** profiles the support that our European strategy provides to the local communities in which we operate



**Website** includes real-time 'Environmental benefits' ticker  
**Annual Clean Energy Sustainability Report** provides a portfolio overview of the clean energy business and manager



The image is a composite of two scenes. The upper portion shows three white wind turbines with three blades each, set against a bright blue sky with scattered white clouds. The turbines are situated on a green lawn with several lush, leafy trees in the background. The lower portion of the image shows a vast field of blue solar panels, arranged in neat, parallel rows that recede into the distance. The panels are highly reflective and have a grid-like pattern of white lines.

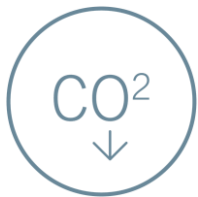
# Environment

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# Environmental benefits<sup>1</sup>

In 2022, the assets in our European portfolio have contributed to producing the following environmental benefits:

The below provides an overview of how the environmental benefits in 2022 compare to the 2021 figures.



**193,807**  
tCO2e avoided emissions

## Equivalent to...



**77,570.84**  
Number of passenger vehicles removed from roads

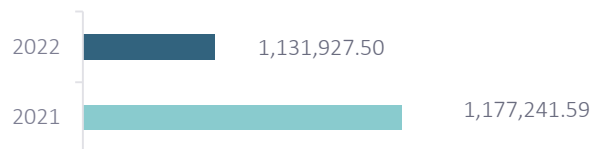


**117,614.88**  
Homes powered in a year



**564,356.18**  
Barrels of oil saved

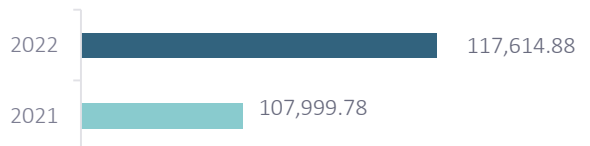
## Energy Generated (MWh)



## Emissions avoided (tCO2e)



## Homes powered



## Operational Assets



<sup>1</sup> 2021 data presented as of 31 December 2021 and 2022 data represented as of 31 December 2022. Data cover 100% of the European portfolio. Figures are not attributed to Capital Dynamics' share. Previously reported figures are lower, as they were adjusted by Capital Dynamics' ownership share. However, since we are control owners and responsible for building the projects, we view the reporting of the full amounts of environmental benefits achieved through the projects as the appropriate methodology. Homes powered metric accounts for total annual energy use per household. Input data provided by Netro Energy.



# Energy usage

## GHG Inventory

Assets report data immediately upon acquisition and until the exit date. Due to the changes in our portfolio between 2021 and 2022, it is not possible to apply a like-for-like comparison in the data we have presented in this report. Portfolio emissions are broken down into Scope 1, Scope 2 and Scope 3 emissions.

### Scope 1 | Direct emissions

There were no Scope 1 emissions associated with our portfolio in 2022. There is no fuel or gas used across our operations and there were no refrigerant gasses from transformers reported.

### Scope 2 | Indirect emissions (purchased electricity)

Scope 2 emissions originate from purchased electricity used at project level and are calculated using the location-based approach. Our electricity usage is considerably lower than the electricity generated by the assets, since electricity is only used to cover basic operational and maintenance needs of the investments.

2021 data have been restated due to the inclusion of data from further assets. We have now managed to collect data from 100% of the portfolio for 2021.

### Scope 3 | Indirect emissions

We are currently not able to report any of our Scope 3 emissions. We expect most of our Scope 3 emissions to be generated from the construction stage of our assets. We have introduced processes to allow us to collect data during construction (excluding manufacturing and transportation).

## Energy Usage (MWh)

	2022	2021
Fuel/gas usage (MWh)	0	0
Energy usage (MWh)	3,212.91	2,464.92
Scope 1 GHG emissions (tCO <sub>2</sub> e)	0	0
Scope 2 GHG emissions (tCO <sub>2</sub> e)	534.03	596.79
Total GHG emissions (tCO <sub>2</sub> e)	534.03	596.79

2021 data: as of 31 December 2021  
 Data cover 100% of the portfolio

2022 data: as of 31 December 2022  
 Data cover 98.8% of the portfolio (by asset capacity adjusted by ownership share)  
 Data provided by Netro Energy

## Carbon reduction

Operational emissions (scope 1 and 2 emissions) are not material compared to the energy generated over the projects' lifespan and are generated by activities required to maintain basic operations. The local Asset Management teams monitor operational emissions and proactively manage them by identifying and implementing efficient practices, where applicable. Our new Clean Energy funds have committed to decarbonization targets. We continue to monitor various net-zero initiatives within the renewable energy industry and if commercially viable, such options will be considered across all of our investments.

# Explanatory notes

## Methodology

We collect energy generated and used from our operations at least quarterly. Energy data are converted to carbon emissions, avoided and emitted, in line with the GHG Protocol Corporate Accounting and Reporting Standard.

Carbon emissions have been calculated using:

- The annual UK Government GHG Conversion for Company Reporting
- The annual International Energy Agency Emission Factors

Carbon emissions are calculated using the equity share approach, i.e. we calculate carbon emissions from operations according to our share of equity in each project. This approach allows us to present the exact risks associated with our investments.

Avoided emissions and emissions generated from operations are reported as tons of carbon dioxide equivalent. This metric includes the following GHG emissions:

- Carbon dioxide (CO<sub>2</sub>)
- Methane (CH<sub>4</sub>)
- Nitrous oxide (N<sub>2</sub>O)

## Energy Generation

All Clean Energy investments avoid energy generated from fossil fuels and therefore provide a climate solution to decrease carbon emissions. As a result, the production of electricity from our assets does not emit any carbon emissions.

We report avoided carbon emissions to illustrate the amount of CO<sub>2</sub> emissions that would have been emitted if the same amount of electricity had been derived from fossil fuels.

Energy generated in 2022 is lower than energy generated in 2021 due to the changes in the portfolio. 11 assets were sold in December 2021 and 3 additional assets were disposed in June 2022. Clean Energy acquired 8 assets, 3 of which are operational as of 31 December 2022.

# Our deep 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.'<sup>1</sup>

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 CO<sub>2</sub>e.<sup>2</sup>

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.

At Capital Dynamics, we are strongly committed to supporting the expansion of clean energy in Europe and doing our part to reduce greenhouse gas emissions associated with our investments. The majority of project lifecycle emissions of a typical renewable energy project occur during the manufacturing and construction process, whereas operational GHG emissions account for a small portion only.

In our new Clean Energy funds, we are committed to taking action to reduce project lifecycle emissions from the construction process and operations. Our commitment is to reduce or offset emissions for all clean energy projects in the fund in line with Net Zero targets, from the construction date through the exit of that project, based on the actual emissions for each investment or, where such data is not available, the average emissions intensity of all such investments.

## Decarbonization targets – construction & operations



Measurement of construction and operational emissions



Reduction of construction and operational emissions<sup>3</sup>



Offsetting residual emissions with verified carbon removal project

<sup>1</sup> Source: <http://there100.org/>

<sup>2</sup> Figure includes environmental benefits generated by U.S. assets

<sup>3</sup> For example, through solar powered temporary offices, use of electric vehicles for worker transportation and waste reduction;

<sup>4</sup> Reduce own energy usage of investments and increase procurement of renewable energy at asset level



# Our perspective on EU & UK climate policies

## EU Fit for 55 and RePowerEU

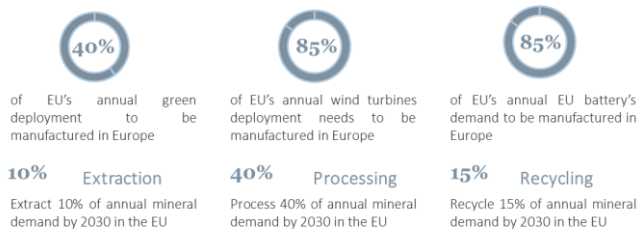
The EU aims to achieve Net Zero GHG emissions by 2050 and has introduced a number of policy measures that support the scaling of renewable energy, achieving energy independence and raising its climate action. Most notably, the Fit for 55 package aims to achieve a reduction in GHG emissions by at least 55% by 2030. The package also includes a RES target of 32% by 2030 and introduced a €17.5 billion Just Transition Fund. The RePowerEU program from May 2022 creates a path to energy independence by 2027 and aims to double the share of wind and solar energy from currently 33% to 67% by 2030. Together with the EU's NZIA and CRMA targets, the region is on a path of rapid growth in clean energy investment opportunities and substantial reductions in GHG emissions.

## UK Governance framework for emission reductions

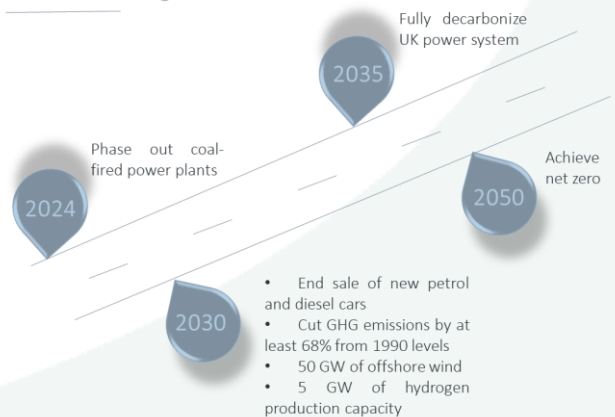
The UK was the first major country to establish a clear governance framework for GHG emission reductions through three pillars:

- (1) **Ten Point Plan for a Green Industrial Revolution** (2020) – aimed at supporting green jobs and accelerating the path to Net Zero post COVID-19
- (2) **Net Zero Strategy: Build Back Greener** (2021) – includes policies and proposals to meet Net Zero target by 2050, with a clear decarbonization pathway to 2037
- (3) **British Energy Security Strategy** (2022) – providing immediate support on energy bills and commits to phasing out Russian oil and coal

### EU targets – NZIA and CRMA (extract)



### UK Net Zero Targets



These initiatives provide investors with cash flow stability, and there are commitments to upgrades in grid infrastructure that will facilitate a more timely delivery of green generation capacity



- **Barney Coles**  
Managing Director  
Co-Head of Clean Energy

### Concluding remarks

In the long run, we expect the EU and UK schemes to make a substantial contribution towards global Net Zero ambitions and result in an interesting set of investment opportunities for Clean Energy, as the spotlight on the energy transition continues to grow. We remain deeply committed to support the decarbonization policies and international agreements on Net Zero and help our clients achieve their RI targets through our investments.

# Our Approach to Waste and Water

## Water

As water is a limited resource, Clean Energy aims to manage water resources responsibly. In the UK, our wind assets do not have access to water due to their remote location. Rainwater is collected in tanks and is used to supply welfare activities, however such tanks are not equipped with meters and as such we are unable to report quantities of rainwater captured and used. Across our solar operations, water is used for landscaping or for panel washing. Water is also used at construction projects to wash equipment or when pouring foundations.

## Waste

Waste generation from our operations is relatively low. Due to the remote location of our assets and due to the lack of permanent employees at our project locations, waste is generated when maintenance and repairs take place.

Our EPC and O&M contractors are responsible for ensuring adequate controls are in place across our construction and operational assets respectively. They are also responsible for ensuring that waste is handled in a safe manner and in line with local statutory requirements.

The Clean Energy team aims to report waste generated from our operations. We have managed to obtain data from some of our operational assets for 2022 and are working to further improve our data collection methodology going forward. We plan to report the data in our next Sustainability report.



# Case study: Our approach to Biodiversity

One of our assets in Spain is located 2km away from the Natura zone Complejo Endorreico de Puerto Real – a protected ecological habitat. The grid line is adjacent to the protected zone.



*Grid distance from protected area*

As part of our holistic approach to Responsible Investment and our rigorous investment underwriting, we evaluated the risks posed to biodiversity in the area.

Prior to making the investment, the Capital Dynamics Clean Energy team thoroughly reviewed the Environmental Impact Report, which concluded that the installation will not cause any issues to the protected area.

We identified various measures to support biodiversity in the area, including a reptiles shelter, animal drinking points, birds pond and a rabbits burrow.



*Rabbits burrow*



*Animals drinking point*



*Reptiles shelter*



# Society

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# A spotlight on human rights

As a socially responsible investor, Capital Dynamics has a long-standing commitment to corporate responsibility. We are committed to preventing any form of Modern Slavery and human trafficking throughout our business.

The Firm conducts its investment activities according to best practices and uses its Responsible Investment policy as a guiding tool. The firm’s RI policy sets out its commitment to the Modern Slavery Act and the key processes that are in place to minimize Environmental, Social and Governance risks. Modern slavery and human trafficking are clearly identified as characteristics of businesses the firm never invests in.

Capital Dynamics Clean Energy invests in countries with high protection of human rights.

All investments are screened for broad RI compliance and any risk must be recorded in the R-Eye™ scorecard and investment approval paper. RepRisk provides an additional layer of monitoring in relation to the supply chain.

## Our supply chain in Clean Energy

Our strategic partnerships are forged with like-minded suppliers that align with our vision, mission, and core values. We have a zero-tolerance policy for unlawful labor, and all our suppliers are required to comply with the applicable laws, including laws covering modern slavery and forced labor. Our supply chain includes:

- Equipment suppliers for the provision of wind turbines, solar modules, trackers and electrical infrastructure
- Construction firms and service providers for our operations

Visit our [website](#) to learn more about our commitment to mitigate and prevent human rights issues in our latest **Modern Slavery Act**



## Our human rights due diligence and monitoring commitments

Screen all key suppliers in the supply chain through RepRisk prior to investments and on an ongoing basis



Add a clause in supplier contracts requiring the adherence to applicable human rights laws and international standards



Conduct RI due diligence in conjunction with a third party on supply chains for projects



Monitor third party rankings of suppliers with respect to best industry practices



# Health and Safety

As a responsible investor, we ensure that appropriate health and safety measures are implemented across all of our sites.

## Health & Safety, Environmental and Quality Management (HSQE) system

Netro Energy have developed an integrated Health & Safety, Environmental and Quality management system (“HSQE”), which is applied to all sites that Netro Energy manages internally. The HSQE meets the requirements of ISO 45001, ISO 14001 & ISO 9001 respectively.

Where sites are managed externally, our project managers work with engineering, procurement, and construction (“EPC”) contractors and operation and maintenance (“O&M”) vendors to ensure comprehensive and site-specific safety programs are put in place and are communicated accordingly. The Netro Energy HSQE system ensures all our contractors are assessed for having suitable HSQE arrangements in place to carry out the services they offer safely, before being authorized to work on our sites.

### HSQE Monitoring and Reporting

We receive weekly and monthly reports from our projects under construction and sites being managed externally, which include HSQE and RI metrics. The Netro Energy HSQE manager and other appointed auditors carry out suitable and sufficient site and contractor system audits to ensure contractors appointed to manage our sites continue to implement suitable HSQE systems. The Netro Energy HSQE system ensures all HSQE risks are identified. Netro Energy tracks potential harms to employees, contractors and those not at work, and the environment, equipment as well as infrastructure and services that may be at risk. We deploy a hierarchy of risk controls to eliminate hazards and reduce the risks to as low as reasonably practicable. Significant findings are recorded on Risk Assessments & Method Statements (RAMS).

**Zero** Injuries on Clean Energy project sites in 2022

	Netro Energy	Contractors
Work-related fatalities	0	0
Injuries (lost time)	0	0
Injuries (no lost time)	0	0
Days lost due to work-related injuries	0	0

The Business Management System (“BMS”) requires HSQE hazards, near misses, injuries, releases to the environment, complaints and any other non-conformances to be reported to the HSEQ department using the Netro Energy incident reporting form. The site manager will carry out an initial investigation and instigate direct corrective actions before forwarding the report to a notifications email group to ensure communication to our operations managers. The HSQE manager will review the incident and if required commence a thorough investigation to determine root cause and identify suitable corrective actions, using the hierarchy of control. Once the investigation is complete, the report is issued to duty holders to implement corrective actions. Any amendments required to the system are made by the HSQE manager, who adds the details to our incident statistics. Incidents are reviewed during the weekly operations and Senior Management Team meetings and may also be reviewed during HSQE committee meetings. Where sites are managed externally the EPC or O&M are required to have similar procedures in place and forward any incidents reports for review as per Netro Energy procedures above. RI information is reported on a monthly basis to the Capital Dynamics Investment team. Certain RI incidents are also reported to the Capital Dynamics Responsible Investment Committee.

## **Audits**

A program of formal audits and inspections is developed at the start of each 12-month period to evaluate the system to ensure compliance and continual improvement. The frequency of these audits and inspections will take into consideration the potential risk to personnel's health & safety, the environment, other risks to the business and the results of previous audits. All BMS procedures will be audited at least once every 3 years. Additional unplanned audits and inspections may be undertaken as required.

Details of any opportunities for continual improvement are logged on the Netro Energy Risk Register and SMART actions plans developed to ensure they are implemented.

## **Health & Safety worker training**

In the UK, the HSQE department identifies training requirements from the results of risk assessments, Control of Substances Hazardous to Health ("COSHH") assessments, environmental aspects & impacts assessments, incident investigation, audits, management review, legislative requirements, consultation with individuals, appraisals, customer needs and customer feedback and records individual core training needs on a BMS Training Matrix. Employees are only authorized to carry out work after they have completed a validation process, which provides access to the appropriate RAMS and is recorded on the training matrix.

In the UK, all our wind farm managers attend an Construction Design Management course in order to manage construction work, an IOSH Health & Safety management course for general site hazard management and GWO - First Aid Approved person – refresher every 3 years. Anyone attending the sites, including O&M contractors, must complete site induction training in advance. All contractors are required to hold relevant competency certificates which are audited by the HSE Manager periodically. In continental Europe, contractors are required to provide relevant training and competency documentation to Netro Energy for evaluation.

Occupational Health and Safety hazards and training requirements are identified as described above and through our COSHH procedure.

All our wind managers attend an annual occupational monitoring assessment to monitor their health and ensure they are fit to climb wind turbines. Only assessed authorized chemicals are permitted to be used and information to ensure personnel are not at risk from occupational health risks is communicated via our RAMS and COSHH assessments, including details of PPE to use, emergency procedures and how to store chemicals.





# Causes we have supported in our local communities

## **St. Mary's Primary School**

IT equipment at schools is essential for enabling effective learning. During the COVID-19 shutdown, the school had been running remote learning with unsuitable equipment. Our funding facilitates the upgrade of equipment, such as the purchase of new iPads, to foster learning and support effective education at the school.

## **Santa Croce Camerina**

Implementation of street lighting, construction of three photovoltaic plants on public roofs and construction of a fitness zone

## **City of Noto**

Sponsoring of cultural events

## **St. Caireall's Community Playschool**

We provided funds to help towards getting a outdoor canopy fitted to enable children to get outside more often. Outdoor activity helps young children with personal, social and emotional development, but with harsh weather conditions they had been unable to get outside as much as we would like them to. In addition, the funding supported the acquisition of sensory equipment, which in turn will also help in the children's physical and mental wellbeing and stimulate their young minds.

As a socially responsible investor, we are committed to sustaining close partnerships with the communities we invest in. The causes we support align with our strong Responsible Investment ethos. We are excited to share with you examples of initiatives we actively supported in 2022



# Causes we have supported in our local communities (cont.)

## **Killeter & District Development Trust**

A fire accident melted the tarmac of the community organization's car park. Subsequently tar ran into the water gullies causing back-up in the drains when there is heavy rain. Our contribution is used to re-surface the park and clear the drains.

## **Altamuskin Community Association**

The Gym in Altamuskin Community Centre provides people of the local area a safe and welcoming venue to exercise and meet with likeminded people. It serves to improve fitness, mental health and ease social isolation. We provided funding to replace old treadmills with safer more cost-effective equipment. The treadmills are used by a wide variety of people in our community from 16 to over 60s .

## **Tuscania Municipality**

Refurbishment of the recreative area

## **Broughshane and District Community Association**

Our funding supported a number of initiatives, including the replacement of windows to promote energy efficiency, supporting environmental improvements of the village involving local primary schools and adults with learning difficulties, and supporting funds for the local food bank.

## **St Brigid's Primary School**

Our contribution helped the school to update their Maths scheme for primary education pupils



# Governance

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# RI Governance at Capital Dynamics

Capital Dynamics is deeply committed to delivering long-term risk-adjusted returns for our clients, which is why we have always taken an active approach to Responsible Investment (“RI”).

In 2018, we formed the Capital Dynamics Responsible Investment Committee (“RIC”) 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 RI Committee is responsible for:

- Reviewing the RI policy on an ongoing basis;
- Making adjustments and additions to the policy as RI-related issues arise; and
- 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.

The Co-Chairs of the RI Committee are Bryn Gostin, Senior Managing Director and Chief Product and Strategy Officer, and Verena Rossolatos, Senior Vice President and the firm’s dedicated Responsible Investment resource. The Co-Chairs hold observer seats in each of Capital Dynamics’ Strategies’ investment committees, which provides an additional layer of RI oversight throughout the investment process.


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

Marketing Communications




**Carolyn Hirschbiel**  
Senior Managing Director

Private Credit




**Jens Ernberg**  
Senior Managing Director

Co-Investment




**David Smith**  
Senior Managing Director

Secondaries




**Mauro Pfister**  
Managing Director

Research




**Kairat Perembetov**  
Principal

Clean Energy United Kingdom




**Barney Coles**  
Managing Director

Clean Energy Europe




**Dario Bertagna**  
Managing Director

Business Development




**Carolyn Skuce**  
Senior Managing Director



**Klaus Gierling**  
Senior Managing Director

Solutions & Risk



**Philippe Jost**  
Senior Director

As part of the RI 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 issues include matters pertaining to environmental, and social impacts, including matters pertaining to human rights, as well as financially material climate risks and opportunities and governance-related matters. 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.

### RI Alert Process

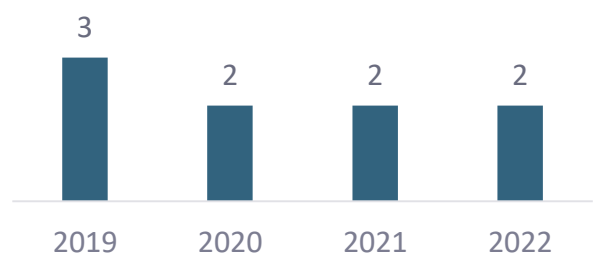


### RI Alert Process by the Numbers

**2**

RI Alerts pertaining to Clean Energy brought to the attention to the RIC in 2022

...Compared to the number of Clean Energy RI Alerts reviewed by the RIC in previous reference periods:



Nature of 2022 RI Alerts for Clean Energy:

**1**

Oil leak detected during site inspection

**1**

Health & Safety procedures

Figure 1: Capital Dynamics RI Alert process

## Meet the RI Co-Chairs

Bryn Gostin and Verena Rossolatos jointly lead the Responsible Investment program across all investment strategies at Capital Dynamics. Their long-standing industry experience and expertise in Responsible Investment in private markets enables them to bring in a set of diverse perspectives and best practices to advance our RI program for the benefit of our clients. The diversity, independence and competencies relevant to the RI impacts of Capital Dynamics' investment activities were key criteria for Martin Hahn, CEO of Capital Dynamics to appoint Bryn and Verena as Co-Chairs of the Responsible Investment Committee.

Bryn Gostin joined Capital Dynamics in 2018 and is a Senior Managing Director on the Business Development team, where he is the Chief Product & Strategy Officer, Co-Chair of the Responsible Investment Committee and Co-Head of the Environmental Committee. He is also a member of the Executive Committee and the Chair of the firm's Product Committee. Prior to joining Capital Dynamics, Bryn worked at Goldman Sachs in the Investment Management Division where he served as the Head of Business Development for GP stake, secondary, and senior lending strategies.

Verena Rossolatos joined Capital Dynamics in 2021 and is Senior Vice President on the Business Development team, where she is the Co-Chair of the Responsible Investment Committee and Co-Head of the Environmental Committee. Prior to joining Capital Dynamics she worked at UBS Asset Management, specializing in sustainable finance regulation and Responsible Investment initiatives in alternative investments. Verena is an EFFAS Certified ESG Analyst (CESGA<sup>®</sup>) and a GRI Certified Sustainability Professional and holds a number of certifications in the field of climate change, Net Zero and RI in private markets.



**Bryn Gostin**  
Senior Managing Director  
*Chief Product & Strategy Officer and Co-Chair  
Responsible Investment*

**Verena Rossolatos**  
Senior Vice President  
*Co-Chair Responsible Investment*

# The Board’s oversight of RI matters

At Capital Dynamics, our governance around RI risks and opportunities encompass both the governance we implement for our firm, as well as the governance for our funds and Clean Energy assets in relation to Responsible Investment (“RI”). Our processes ensure that environmental, economic and social considerations are part of our holistic approach to RI, investment due diligence and ongoing monitoring.

## Board’s oversight of RI risks and opportunities

The board of directors of Capital Dynamics Holding AG (“the board”) is responsible for setting and overseeing the overall strategic direction of the firm, including matters pertaining to RI and sustainable development. The board has delegated the authority to manage the business, including internal control and risk, to the firm’s Chief Executive Officer (CEO) Martin Hahn, who is also a member and delegate of the board. The CEO has delegated primary responsibilities for the risk and controls framework within the group and the independent monitoring and reporting of risk and

controls to the firm’s Risk Committee (RC).

The RC delegates the responsibility for assessing and managing RI-related matters to the RIC Co-Chairs who work in close cooperation with the RIC members. The firm’s RIC is comprised of members of the Executive Committee (EC) and senior leadership representing all Capital Dynamics business lines. The RIC meets monthly and on an ad-hoc basis to set the firm’s agenda for RI and monitors financially material RI risks and opportunities. In particular, the RIC is responsible for reviewing RI-related alerts, in line with the RI alert process. The RC is regularly informed about RI risks and opportunities by Bryn Gostin, Chief Product & Strategy Officer and Co-Chair Responsible Investment, who is also a member of the firm’s EC. On a quarterly basis, Bryn informs the EC about RI-related matters for awareness, as well as presents RI-related risks and opportunities to the RC. To the extent required, the RC brings RI matters to the CEO and the board’s attention.

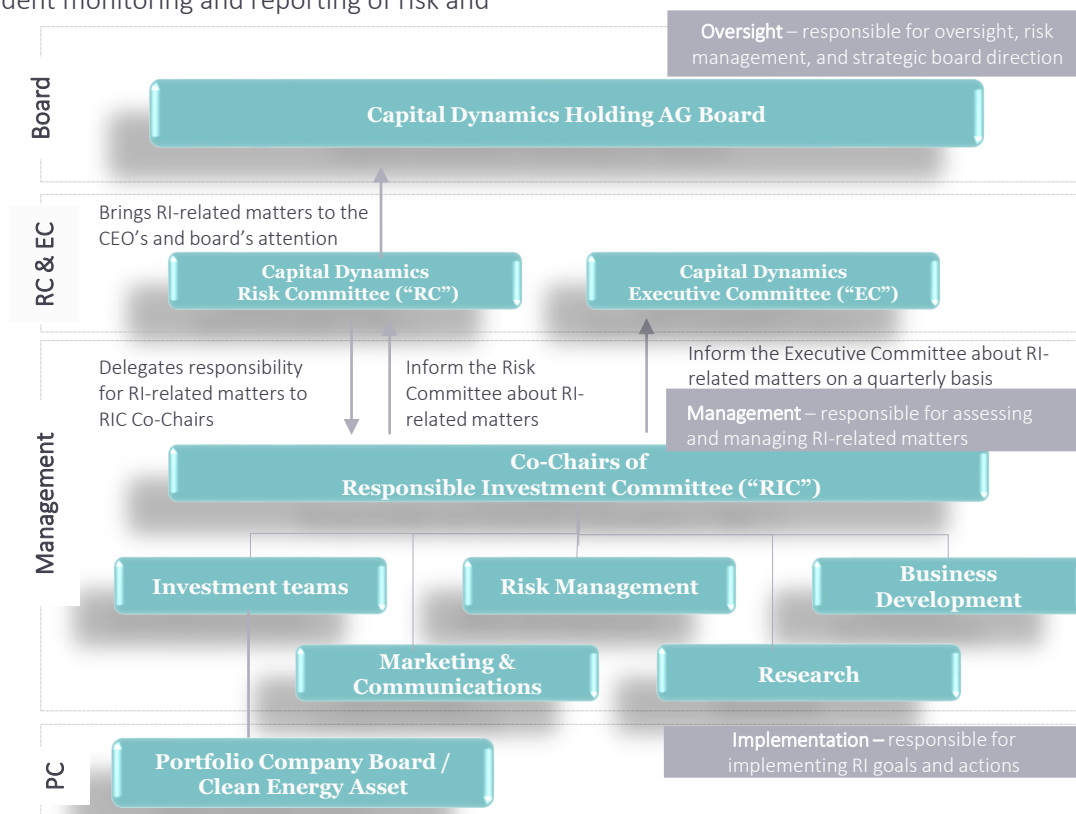


Figure 2: Capital Dynamics’ Governance structure for RI-related risks and opportunities

# Additional committees serving as Governance functions at Capital Dynamics

<b>Committee</b>	<b>Scope</b>
Executive Committee (EC)	<p>Serves as the advisory committee to the Chief Executive Officer, who is responsible for steering the direction of the Firm and implementing the Firm’s short- and long-term strategic plans, including:</p> <ul style="list-style-type: none"> <li>• Long-term growth and business expansion</li> <li>• Strategic business initiatives</li> <li>• Product strategies</li> <li>• Resourcing priorities</li> <li>• Culture/business practices</li> </ul> <p>The EC meets quarterly and as needed, and is comprised of the Firm’s business unit heads. Business units operate within agreed upon guidelines, toward the attainment of the EC’s objectives.</p>
Clean Energy Investment Committee (CE IC)	<p>Reviews and approves investment/divestment decisions relating to CD-sponsored clean energy products and advisory mandates, considers allocations among clients and products, and monitors portfolio risk in respect of clean energy products and mandates. Investment related conflicts of interest and compliance matters are referred to the CCC. The composition of the CEI IC is tailored to the individual Clean Energy product and is approved by the Product Committee. Each of the CE ICs is comprised of at least two members. The CE ICs meet as needed.</p>
Product Committee	<p>Considers, approves and/or ratifies the terms, fees, extensions and modification of all Capital Dynamics (CD) sponsored fund and advisory products mandates.</p> <p>The PC meets as needed to review product and service mandate terms. Terms are submitted via a New Product Sheet (NPS) and/or PC memo. Has the power to form, amend and dissolve CD’s investment committees and the valuation committees, and to appoint or remove members thereof (unless agreed otherwise in respect of a CD product).</p>
Compensation Committee (CC)	<p>Oversees compensation policies, bonus and carry programs and employee benefits plans and approves senior level promotions. The Compensation Committee meets annually to approve discretionary bonuses and compensation plans, and as needed.</p>



<b>Committee</b>	<b>Scope</b>
Conflicts and Compliance Committee (CCC)	Reviews investment-related conflicts of interest and compliance issues arising from the investment activities of all CD-sponsored funds and advisory mandates. Conflicts and compliance matters are referred to the CCC by the investment committees. Where a matter has not been referred but falls within the mandate of the CCC, the CCC may require the matter to be so referred. Requests for review must be submitted to the CCC with at least 48 hours' notice. The CCC meets as needed.
Valuation Committee (VC)	Reviews quarterly valuation reports of direct investments held by CD-sponsored funds. Evaluates on an annual basis the appropriateness of the valuation methodology applied to primary and secondary fund-of-funds investments held by CD-sponsored funds and investments held by advisory mandates. Periodically reviews all valuation policies applied to investments across CD-sponsored funds and advisory mandates. The VC meets quarterly and as needed.
Operations Committee (OC)	Advises the COO on operations initiatives in support of the Firm's strategic goals. Provides recommendations for coordinated direction on operations matters. Resolves day-to-day operational issues and serves as a forum for the exchange of ideas to improve operational performance. Performs the role of liaison with non-operations business units. The OC meets bi-weekly and as needed.
Risk Committee (RC)	Approves principles, policies, strategies and processes for the management of risk. Coordinates with business units to identify principal risks, evaluate their potential impact, and implement appropriate systems to manage such risks. Addresses IT and Responsible Investment related risks. Reports to the CEO as to risk matters and also reports to the appropriate group boards as needed. Follows the direction of the CD Holding Board as to the risk appetite of the Firm. The RC meets quarterly and as needed.

# Memberships

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



We were early adopters of the PRI, signing on in 2008. In the most recent (2021) assessment, we received 5-Star ratings for Investment & Stewardship Policy, Private Debt and Clean Energy.



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 was also a co-chair of an IIGCC committee and has been working on the creation of a framework for private equity firms to achieve net-zero emissions.



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



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

## Memberships (cont.)



Capital Dynamics is a supporter of the Task Force on Climate-Related Financial Disclosures, an initiative created to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. We are proud to have issued our first annual Task Force on Climate-Related Financial Disclosures (TCFD) Report in 2020 and we have produced our second TCFD report including Firm-level and asset-level scenario analysis in 2021.



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



Capital Dynamics is a member of Invest Europe, the world's largest association of private capital providers, and the Firm is active in their Working Group on Accounting Standards, Valuation, and Reporting as well as the Responsible Investment 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.



# Looking ahead

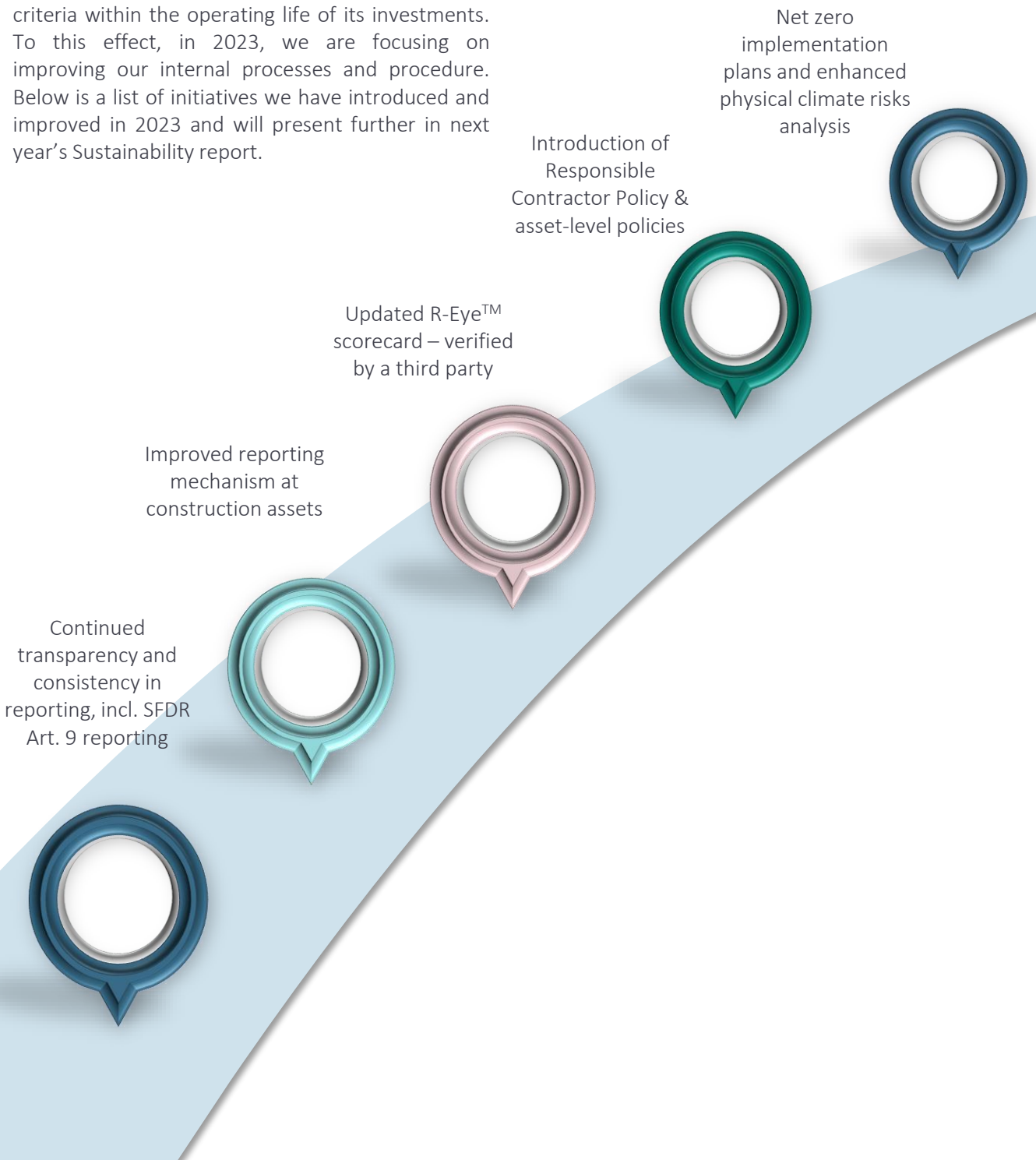
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# Looking ahead – our 2023 plans

The Clean Energy team aims to continually improve its responsible investment processes and to better integrate environmental, social and governance criteria within the operating life of its investments. To this effect, in 2023, we are focusing on improving our internal processes and procedure. Below is a list of initiatives we have introduced and improved in 2023 and will present further in next year’s Sustainability report.





# GRI content index

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# GRI Content Index

Statement of use		Capital Dynamics has reported in accordance with the GRI Standards for the period 1 January 2022 - 31 December 2022				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		None apply				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	

General disclosure						
GRI 2: General Disclosures 2021	2-1 Organizational details	Pages 9-11				
	2-2 Entities included in the organization's sustainability reporting	<p>Page 3</p> <p>All European assets of Capital Dynamics' Clean Energy financial reporting are included in our sustainability reporting. As we are a private company, our audited consolidated financial statements or financial information is not filed on public record. Capital Dynamics' holistic approach to Responsible Investment is applied across all of our Clean Energy funds disclosed in this report. We do not make adjustments to information for minority interests and the approach does not differ across the disclosures of the GRI 2: General Disclosures 2021 standard and across material topics.</p>				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-3 Reporting period, frequency and contact point	Page 3				
	2-4 Restatements of information	<p>- 2021 Community funding in the UK amounted to GBP 575,845.10. The figure is higher than previous statements due to the omission of part of the community funding in the previous reporting period.</p> <p>- Scope 2 emissions data: 2021 data have been restated due to the inclusion of data from further assets. We have collected data from 100% of the portfolio for 2021.</p> <p>- Generation figures, avoided emissions and equivalent environmental benefits figures are not attributed to Capital Dynamics' share. Previously reported data adjusted these figures by ownership. Since we are control owners and responsible for building the projects, we view the reporting of the full amounts of environmental benefits achieved through the projects as a the appropriate methodology.</p>				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-5 External assurance	<p>This report has been reviewed by the following parties to ensure accuracy, in line with Capital Dynamics' review practices for sustainability reporting:</p> <ul style="list-style-type: none"> <li>- Clean Energy Investment team leadership</li> <li>- Capital Dynamics' Co-Chairs of the Responsible Investment Committee</li> <li>- Capital Dynamics' Responsible Investment Committee members</li> <li>- Capital Dynamics' Head of Compliance</li> </ul> <p>No third party entity audited this report.</p>				
	2-6 Activities, value chain and other business relationships	<p>Pages 11-12 Page 21</p> <p>Equipment suppliers who provide turbines, solar panels, trackers, electrical infrastructure etc. have global supply chains. Construction firms and service providers used for our operations are typically local firms. Our main suppliers and partners are:</p> <ul style="list-style-type: none"> <li>- Modules: LONGi, Jinko Solar, Jietion Solar, Trina</li> <li>- Wind Turbines: Siemens Gamesa, Enercon, Nordex, Vestas, General Electric</li> <li>- Inverters: SMA Solar Technology, Sungrow, Siemens</li> <li>- Trackers: Soltec, PVH, Comal</li> </ul> <p>No significant changes to the previous reporting period occurred for our activities, value chain and other business relationships</p>				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-7 Employees	<p>Pages 11-12</p> <p>Headcount numbers reported represent total numbers of employees by employment contract, type and gender within the Capital Dynamics Clean Energy team and Netro Energy, which are monitored by HR. No temporary workers and non-guaranteed hours staff are employed by Capital Dynamics Clean Energy or Netro Energy.</p> <p>Workers who are not employees include on-site construction, operation and maintenance of our assets, which is performed by contractors. The work performed by these contractors is reflected in our Health &amp; Safety data.</p> <p>No significant fluctuations in the number of employees occurred during the reporting period.</p>				
	2-8 Workers who are not employees	<p>See 2-7</p> <p>Data on the total number of workers who are not employees is currently not tracked. We plan to collect and report data on man-hours of contractors for all of our operational and construction assets for 2023.</p>				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Page 47-48  The Responsible Investment Committee is the highest governance body dedicated to RI matters at Capital Dynamics with senior leadership representation from all of Capital Dynamics' business lines to take into account varying stakeholder views. The committee is led by Bryn Gostin (male) and Verena Rossolatos (female) who both have extensive industry experience in Responsible Investment in the private markets. The gender and executive composition of the RI Committee is as follows: - 30% of RI committee members are female - 40% of RI committee members are also member of the firm's Executive Committee  Additional Diversity, Equity and Inclusion metrics can be found in our annual RI report available at: <a href="https://www.capdyn.com/news/2022-2023-responsible-investment-report/">https://www.capdyn.com/news/2022-2023-responsible-investment-report/</a>				
	2-10 Nomination and selection of the highest governance body	Page 49				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	Page 49  Conflicts of interest are prevented and mitigated through the conflicts of interests handling procedure (refer to 2-15)				
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 47-50				
	2-13 Delegation of responsibility for managing impacts	Page 50				
	2-14 Role of the highest governance body in sustainability reporting	The Co-Chairs of the Responsible Investment Committee review and approve reported information in sustainability reports in close cooperation with key stakeholders, including the RIC members (representation from all business lines) as well as the Head of Compliance. Further, the Co-Chairs of Responsible Investment involve Capital Dynamics' Board in reviewing and approving information reported in sustainability reports, as part of the quarterly updates to the Executive Committee.				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-15 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. Should a conflict of interest occur, Capital Dynamics will provide transparent reporting to our clients on the matter and remediation actions.				
	2-16 Communication of critical concerns	Page 50				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	<p>Page 49</p> <p>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 RI 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&amp;I ethos.</p>				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body (cont.)	In addition, the Co-Chairs of Responsible Investment regularly engage with industry peers, standard setters, regulators and RI associations on advancing best practices in Responsible Investment, which supports the capacity building internally and within the industry. For example, for the past two years, Capital Dynamics co-led the Institutional Investor Group on Climate Change (IIGCC) working group on the Net Zero Investment Framework for Private Equity, which developed a practical and accessible guide for the Private Equity industry. We continue working closely with the IIGCC to develop additional Net Zero guidance for infrastructure assets and how investments into climate solutions, like renewable energy projects, represent meaningful Net Zero targets in the private markets				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	<p>Each employee at Capital Dynamics is part of the annual performance review and objectives setting process. Managers and employees discuss progress on professional and personal development objectives and how well employees have performed against key competencies. As part of the end of year meeting, employees receive a performance rating. The performance evaluation of the Co-Chairs of Responsible Investment is therefore integrated in the annual appraisal cycle and take into consideration 360 degree feedback from stakeholders. In response to the evaluation in 2022, Verena Rossolatos was appointed the Co-chair of the Responsible Investment committee. She leads the RI Committee together with Bryn Gostin. Further, in 2022 the RI co-chairs evaluated each of the RIC members in terms of performance towards advancing our RI program, which was linked to a discretionary RI compensation.</p>				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-19 Remuneration policies	<p>Remuneration consists of fixed pay and variable pay. Fixed pay salaries are reviewed once per year. Any increase is determined primarily on performance, but the general level of pay increases within our industry will also be taken into account. The annual review does not guarantee you an increase in salary. Capital Dynamics may in its absolute discretion pay a bonus of such amount and subject to such conditions as the Company may in its absolute discretion determine from time to time. Further, the Clean Energy investment team has launched impact targets linked to carried interest for its new funds. This ensures strong GP alignment with the goal to achieve positive impacts on the environment, economy and society. In addition, Capital Dynamics rolled out a sustainability-linked remuneration policy in 2021 and implemented a discretionary RI bonus for RIC members and members of the RI sub-committees in line with their performance on managing our impacts on the economy, environment and people. The sustainability risk remuneration policy is available <a href="#">here</a>.</p>				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	<p>For our new Clean Energy funds, we have rolled out impact-linked carry, which is paid upon successful achievement of the two Clean Energy impact targets.</p> <p>Remuneration determination: The Compensation Committee at Capital Dynamics oversees compensation policies, bonus and carry programs and employee benefits plans and approves senior level promotions. The Compensation Committee meets annually to approve discretionary bonuses and compensation plans, and as needed. Salary increases are determined primarily on performance, which takes into account stakeholder views (360 degree feedback as part of annual performance reviews). See page 51.</p>				
	2-21 Annual total compensation ratio	No disclosure	2-21 a-c	Confidentiality constraints	As we are a small team and the sample size for computing the compensation ratio is small, the data are identifiable, which we cannot report due to confidentiality and data protection laws.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Pages 5-6				
	2-23 Policy commitments	Page 19 Policy commitments described in this report are approved by the Responsible Investment Committee and Capital Dynamics' Board.				
	2-24 Embedding policy commitments	Page 19 Page 23 Pages 47-48				
	2-25 Processes to remediate negative impacts	Pages 18 -20 Page 23 Pages 47-48  Capital Dynamics' Grievance Policy ensures that any employee who wishes to raise a work-related grievance will be treated in a fair and equitable manner. All grievances will be dealt with promptly and every effort will be made to settle these to the satisfaction of all concerned.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	Capital Dynamics strives to maintain an environment that encourages compliance with Capital Dynamics' Code of Conduct and the securities laws that apply to Capital Dynamics' activities in the various jurisdictions in which it conducts business. Each employee who has reason to believe that a possible violation of Capital Dynamics' Code of Conduct or securities laws applicable to Capital Dynamics' activities has occurred, is ongoing or is about to occur, is encouraged to immediately report the suspected Misconduct in accordance with these procedures. Capital Dynamics has established the following procedures (commonly referred to as "whistleblower procedures") for the receipt of, and response to, such reports in the respective jurisdictions in which it has business. All Capital Dynamics employees, directors and officers are responsible for compliance with Capital Dynamics' whistleblowing policy and the whistleblowing procedures.				
	2-27 Compliance with laws and regulations	No significant instances of non-compliance with laws and regulations and no fines were paid during the reporting period				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General disclosure</b>						
GRI 2: General Disclosures 2021	2-28 Membership associations	Pages 54-55				
	2-29 Approach to stakeholder engagement	<p>Pages 28-30 Pages 44-45</p> <p>The Clean Energy team engages with a wide array of stakeholders on a regular basis. These stakeholders include employees, investors, energy buyers, equipment suppliers, service providers, landowners, public authorities and NGOs. Stakeholder engagement is managed on a project-by project basis. Throughout the project lifecycle we work with contractors and local community members to resolve any issues and keep the projects running smoothly. We regularly meet with investors and distribute quarterly reports for each fund, as well as annual sustainability disclosures to report on progress made in Responsible Investment.</p>				
	2-30 Collective bargaining agreements	Capital Dynamics and Netro Energy do not have collective bargaining agreements internally.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Material topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 26				
	3-2 List of material topics	Page 26  The list of material topics has been updated in line with best market practices, regulatory developments and evolving significance of topics to stakeholders and our business				
<b>Economic performance</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 26  Capital Dynamics prepares long-term business plans for all the investments at the time of the investment and updates them on a quarterly basis to estimate the fair market value of each investment. With the help of Netro Energy, Capital Dynamics also prepares detailed operating budgets for each asset on an annual basis, which include forecasted distributions to the funds. Actual performance is measured against the operating budget on a monthly basis. Key economic indicators are reported to the limited partners on a quarterly basis.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Economic performance</b>						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<u>United Kingdom</u>  Revenues: £ 42,402,203.07 Operational costs: £ 7,097,989.98 EBITDA: £ 35,304,213.09  <u>Mainland Europe</u>  Revenues: € 29,437,469.71 Operational costs: € 9,722,566.31 EBITDA: € 19,714,903.40				
	201-2 Financial implications and other risks and opportunities due to climate change	Information provided in our 2022 TCFD disclosure available at: <a href="https://www.capdyn.com/news/2022-task-force-on-climate-related-financial-disclosures-tcf-report/">https://www.capdyn.com/news/2022-task-force-on-climate-related-financial-disclosures-tcf-report/</a>				
	201-3 Defined benefit plan obligations and other retirement plans	Not material				
	201-4 Financial assistance received from government	Not material				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Market presence</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Not material				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not material				
	202-2 Proportion of senior management hired from the local community	Not material				
<b>Indirect economic impacts</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	As a renewable energy investment manager, we invest in clean energy projects (wind and solar) in the UK, Italy and Spain.				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Pages 11-12 Pages 18-20 Page 22 Page 27 Pages 28-30				
	203-2 Significant indirect economic impacts	Pages 18-20				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Procurement practices</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Procurement is managed by the Clean Energy Investment professionals. All suppliers are subject to RI risks screening through RepRisk. Capital Dynamics has implemented a Responsible Contractor Policy in 2023.				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Renewable energy projects rely on equipment produced globally and thus cannot achieve a high degree of local sourcing. A lot of materials we source originate in certain markets (e.g. China) and there are limited or no alternative options available. Services for construction and operation employ significant local labor (i.e. within the country). Due to the complexity of our supply chain, we do not currently monitor budgets based on the location of operations.				
<b>Anti-corruption</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	The Capital Dynamics Clean Energy team complies with the company's Anti-bribery Policy and undergoes annual trainings. The main project agreements include requirements for our contractors to comply with anti-corruption laws and maintain adequate procedures to ensure that. More information can be found at: <a href="https://www.capdyn.com/disclosures/">https://www.capdyn.com/disclosures/</a>				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Anti-corruption</b>						
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	All Clean Energy employees and operations are covered by anti-corruption monitoring and standards overseen by our Compliance team. All payments approvals are limited to a select number of employees and require multiple signatures. Further, as part of our ongoing risk management processes, RepRisk is utilized to screen third parties for RI-related risks, including risks pertaining to corruption. In line with our RI Policy, we ensure all investments are aligned with the UNGPs and OECD Guidelines on responsible business conduct. No significant risks related to corruption were identified in the reporting period.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Anti-corruption</b>						
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	All CE Team employees and operations are covered by anti-corruption monitoring and standards. All payments approvals are limited to a select number of employees and require multiple signatures. RepRisk provides an additional layer of monitoring for these risks. All Capital Dynamics employees receive training on anti-corruption policies and procedures during onboarding and must report quarterly any gifts received or given. The mandatory compliance portal requires quarterly acknowledgment of the employee handbook which has strict anti corruption requirements.				
	205-3 Confirmed incidents of corruption and actions taken	We have not had any confirmed incidents of corruption.				
<b>Anti-competitive behavior</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Due to our firm's size, this topic is not material				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	We have not had any incidents pertaining to anti competitive, anti-trust, or monopoly practices.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Tax</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	All Clean Energy products issue audited financial statements in the relevant tax jurisdictions				
GRI 207: Tax 2019	207-1 Approach to tax	All Clean Energy products issue audited financial statements in the relevant tax jurisdictions				
	207-2 Tax governance, control, and risk management	Not material				
	207-3 Stakeholder engagement and management of concerns related to tax	Not material				
	207-4 Country- by-country reporting	Not material				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Materials</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	We hold a competitive process for a variety of different turbine manufacturers. We closely monitor various recyclability initiatives within the industry and if commercially viable, we would consider such options in our future investments. Currently, our R-Eye scorecard includes questions on whether projects include decommissioning bonds/guarantees and whether the main equipment supply agreements (panels, batteries, turbines) include supplier's recycling obligations/commitments.				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not material				
	301-2 Recycled input materials used	Not material				
	301-3 Reclaimed products and their packaging materials	Not material				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Energy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 34 Page 36				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Corporate energy usage is outside the scope of this report as it represents total energy usage for the whole office, which includes Capital Dynamics employees outside of the CE business and is deemed not applicable for inclusion within this report.				
	302-2 Energy consumption outside of the organization	The renewable energy portfolio achieves a positive net energy output. We do not currently monitor energy intensity for energy used or energy produced.				
	302-3 Energy intensity	Not material				
	302-4 Reduction of energy consumption	Page 34-36				
	302-5 Reductions in energy requirements of products and services	Page 34-35				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Water and effluents</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 38				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 38				
	303-2 Management of water discharge- related impacts	We do not employ significant water resource at wind turbine sites except when pouring turbine foundations. Solar projects located in dusty climates are washed when necessary for energy production and the operations team uses grey water when possible				
	303-3 Water withdrawal	Not material				
	303-4 Water discharge	Water discharge is minimal due to the nature of solar and wind farms. We work to ensure that when applicable, all water discharges are legal and safe.				
	303-5 Water consumption	Water consumption data was collected from O&M and EPC counterparties for each project and collated internally. We plan to report data in our next Sustainability report.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Biodiversity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	All investments are screened for environmental compliance and any risk must be recorded in the R-Eye™ scorecard and investment approval paper All investments undergo required environmental assessments during the planning phase. Environmental Impact Assessments are carried out for all investments in the UK and mainland Europe.				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 39				
	304-2 Significant impacts of activities, products and services on biodiversity	Blades from wind turbines may cause avian strikes and are reported for protected species. Vegetation management for solar assets can have fire risk during specific periods of the year. Travel to and from sites may include speed restrictions to protect sensitive species.				
	304-3 Habitats protected or restored	There are habitats maintained at a number of sites including Middle Balbeggie and Red Gap (assets sold in June 2022)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
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<b>Biodiversity</b>						
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	The list of protected species affected by our projects is identified by reviewing relevant environmental assessments and reporting documentation for each site. Affected species are those found within the mapping of an asset. If affected species are found, conservation plans are developed independently at each site. There are no known IUCN Red List species located within our assets.				
<b>Emissions</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Emissions data (energy generated and energy consumed) is collected by our asset management teams and reported monthly				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 34				
	305-2 Energy indirect (Scope 2) GHG emissions	Page 34				
	305-3 Other indirect (Scope 3) GHG emissions	Page 34				
	305-4 GHG emissions intensity	We plan to report GHG emission intensity figures in the next reporting period				
	305-5 Reduction of GHG emissions	Page 36				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Emissions</b>						
GRI 305: Emissions 2016	305-6 Emissions of ozone- depleting substances (ODS)	In the UK, SF6, a potent greenhouse gas with a high global warming potential is used in HV equipment across some of our wind assets. We monitor levels monthly during the Wind Managers' inspections and annually via competent electrical contractors. There were no emissions associated with ozone-depleting substances in the reporting period.				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Our operational assets do not cause any significant air emissions				
<b>Waste</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste management at our sites is monitored by third party EPC and O&M contractors. We collect all available waste management data from our contractors at defined intervals. Our team actively partners with suppliers who are conscious of these impacts and working to develop recycling and second life programs.				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 38				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Waste</b>						
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Page 38  The Clean Energy team aims to report waste generated from our operations. We have managed to obtain data from some of our operational assets for 2022 and are working to further improve our data collection methodology going forward.				
	306-3 Waste generated	As above				
	306-4 Waste diverted from disposal	As above				
	306-5 Waste directed to disposal	As above				
<b>Supplier environmental assessment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 41				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 41  All suppliers are subject to RI risks screening through RepRisk. In addition, Capital Dynamics has implemented a Responsible Contractor Policy in 2023 to help us assess contractors against a range of health, safety, environmental and social criteria.				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Supplier environmental assessment</b>						
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Page 23  We assess all of our suppliers for potential and actual negative impacts as part of our rigorous RI due diligence and monitoring processes.				
<b>Employment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Not material				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Not material				
	401-2 Benefits provided to full- time employees that are not provided to temporary or part-time employees	Not material				
	401-3 Parental leave	Not material				
<b>Labor/management relations</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Not material				
GRI 402: Labor/Manage ment Relations 2016	402-1 Minimum notice periods regarding operational changes	Not material				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Occupational health and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 42-43 The Clean Energy team considers Health and Safety to be a top priority at all our investments. We work hard to enforce fair and safe working conditions for all employees, contractors and associated workers.				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pages 42-43 All of our construction and operational sites have strict occupational H&S requirements developed based on the specific risks identified at the site and local regulations. Our Risk Assessments & Method Statements used in the UK are reviewed: - if there is a significant change in a process/ introduction of a new one; - on the introduction of new / amended legislation; - following an accident /near miss; - if there is a significant change in the workplace layout; - to assess any controls identified in an incident investigation before they are implemented - If there is evidence that the original assessment was inaccurate; - where there is new information about hazards; - on changes in staff numbers/ competency; - when it is suspected the original assessment is no longer valid; - at least every 12 months				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Occupational health and safety</b>						
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Pages 42-43				
	403-3 Occupational health services	Pages 42-43				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 42-43				
	403-5 Worker training on occupational health and safety	Page 43  The training Matrix will be reviewed at least annually or prior to any of the following changes:  a) A new employee enters the work place; b) Work practices; c) An employee is assigned to a new area or task; d) New plant or materials are purchased; e) Control measures alter; f) A systems change takes place.				
	403-6 Promotion of worker health	Pages 42-43 The Clean Energy team considers Health and Safety to be a top priority at all our investments. We work hard to enforce fair and safe working conditions for all employees, contractors and associated workers. We monitor and report on our team's and contractors' Health and Safety data.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Occupational health and safety</b>						
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 42-43				
	403-8 Workers covered by an occupational health and safety management system	Pages 42-43  In the UK, Netro implemented an integrated Health, Safety, Quality & Environmental ("HSQE") Management System covering employees, contractors, customers and visitors. The Management System is currently rolled out to European assets. All of our construction and operational sites have strict occupational health and safety requirements developed based on the specific risks identified at the site and local regulations.				
	403-9 Work- related injuries	Pages 42-43				
	403-10 Work- related ill health	There were no work- related ill health incidents during the reporting year.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Training and education</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	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 RI 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.				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
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<b>Training and education</b>						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	We do not currently monitor hours of training per employee. Aggregated data on training is collected at Capital Dynamics level. The All-Staff annual RI training lasts approximately one hour. Further, the investment team receives dedicated RI training, which takes approximately 1.5 hours.				
	404-2 Programs for upgrading employee skills and transition assistance programs	The CE team provides multiple opportunities and platform for employee growth, including internal and external seminars and talks by experts in their fields.				
	404-3 Percentage of employees receiving regular performance and career development reviews	All Capital Dynamics and Netro Energy employees receive regular performance reviews.				
<b>Diversity and equal opportunity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	In our Clean Energy business line we set a target to have 40% of female board representation. The average female board membership across Clean Energy funds is 33%. Key performance indicators for diversity metrics are tracked to measure progress over time.				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 30 We target to have 40% female board representation at our Clean Energy funds. The average female board membership is currently 33%. Additional DEI metrics can be found in our annual RI report available <a href="#">here</a>				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Diversity and equal opportunity</b>						
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Not material				
<b>Non-discrimination</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	All Capital Dynamics employees are subject to the firm's Code of Conduct rules and anti- harassment policies laid out in the employment handbook				
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination and corrective actions taken during the reporting period at Capital Dynamics.				
<b>Freedom of association and collective bargaining</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Not material				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not material				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Child labor</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Capital Dynamics would never knowingly invest in activities that exploit forced labor or child labor as defined by the International Labour Organization. We conduct rigorous RI underwriting, including screening of human rights issues using RepRisk. In addition, we have added clauses to supplier contracts for our solar PV module manufacturer (an industry which is known for links to forced labor). Our contractual agreements require our suppliers to adhere to all applicable human rights and labor laws.				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 21 Page 41				
<b>Forced or compulsory labor</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	See above (Child labor, 3-3)				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 21 Page 41				
<b>Security practices</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Not material				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Not material				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Rights of indigenous peoples</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Capital Dynamics is deeply committed to respect all human rights and to mitigate and prevent human rights issues in relation to our own operations, our investments and business relationships. Our approach to human rights-related risk management and policies is available in our latest Modern Slavery Act statement available at: <a href="http://www.capdyn.com">www.capdyn.com</a>				
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	There were no incidents of violations involving rights of indigenous peoples during the reporting period.				
<b>Local communities</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Community engagement programs and initiatives are developed on a project-by-project basis and we strive to make a positive impact on all the communities we work in. Many of our European assets have dedicated community funds.				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pages 28-30 Pages 44-45				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Local communities</b>						
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Our investments undergo thorough RI due diligence prior to making investment decisions. Any significant negative impacts would be flagged during that stage. Planning authorities would either recommend mitigation measures or reject the planning permission.				
<b>Supplier social assessment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	The Clean Energy team is taking environmental and social criteria into account when selecting suppliers. All suppliers are subject to RI risks screening through RepRisk. In addition, Capital Dynamics has implemented a Responsible Contractor Policy to help us assess contractors against a range of health, safety, environmental and social criteria.				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	The Clean Energy team is taking environmental and social criteria into account when selecting suppliers. All suppliers are subject to RI risks screening through RepRisk. Capital Dynamics has implemented a Responsible Contractor Policy to help us assess contractors against a range of health, safety, environmental and social criteria.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Supplier social assessment</b>						
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Pages 28-30 Page 41				
<b>Public policy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Not material				
GRI 415: Public Policy 2016	415-1 Political contributions	Not material				
<b>Customer health and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Not material				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not material				
	416-2 Incidents of non- compliance concerning the health and safety impacts of products and services	Not material				
<b>Marketing and labeling</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Four of our Clean Energy funds disclose regulatory information in line with the Sustainable Finance Disclosure Regulation ("SFDR"). The reports are reviewed by the Co- chairs of Responsible Investment, the Clean Energy Investment leadership as well as third party auditors prior to publication. These controls ensure accurate product and marketing information is disclosed for our funds.				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Marketing and labeling</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Four of our Clean Energy funds disclose regulatory information in line with the Sustainable Finance Disclosure Regulation ("SFDR"). The reports are reviewed by the co-chairs of Responsible Investment, the Clean Energy Investment leadership as well as audited by a third party prior to publication. These controls ensure accurate product and marketing information is disclosed for our funds.				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not material				
	417-2 Incidents of non-compliance concerning product and service information and labeling	Four of our Clean Energy funds disclose fund information in line with SFDR Article 9. Capital Dynamics produces the respective periodic reports in line with the regulatory requirements. No incidents of non-compliance concerning product information have occurred.				
	417-3 Incidents of non-compliance concerning marketing communications	As above				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDAR D REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Customer privacy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Capital Dynamics ensures it adheres to the requirements set out in the UK General Data Protection Regulation, the Data Protection Act 2018, and all other relevant legislation and regulation.				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints concerning breaches of customer privacy and losses of customer data during the reporting period.				
<b>Topics in the applicable GRI Sector Standards determined as not material</b>						
TOPIC				EXPLANATION		
N/A						

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