



ESG IN PRIVATE MARKETS AT CAPITAL DYNAMICS

Federico Braguglia – Managing Director

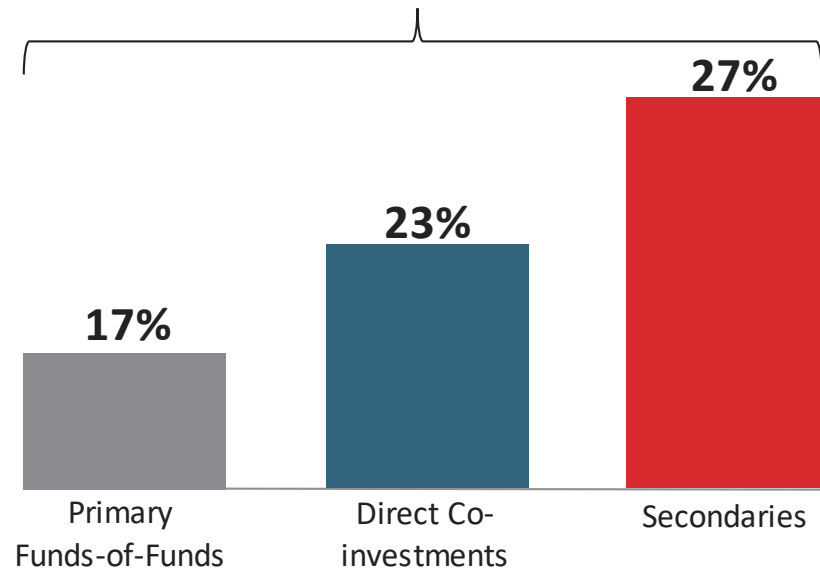
October 14th, 2020

CAPITAL DYNAMICS IS A SPECIALIST ON MID MARKET PRIVATE EQUITY AND CLEAN ENERGY INFRASTRUCTURE

USD 17bn+ AUM¹, 11 offices

Mid-Market Private Equity

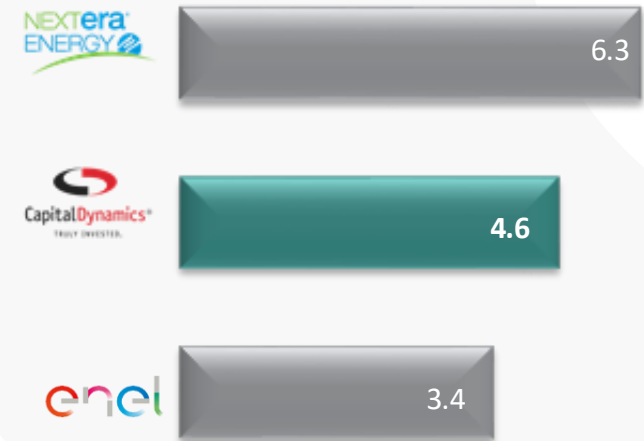
\$ ~10.6 bn AUM, 21%+ combined net IRR



Clean Energy Infrastructure

\$ ~6.4 bn AUM², 7.3GW portfolio

LEADING GLOBAL OWNERS OF SOLAR (NET GW)³



Capital Dynamics comprises Capital Dynamics Holding AG and its affiliates. 1) Includes both discretionary and advisory assets as of June 30, 2020 across all Capital Dynamics affiliates.

As of March 31, 2020. Capital Dynamics Private Equity Track Record is compiled of portfolios from vintage years 1991-2020. The performance results of certain past investments were impacted by events and market conditions that differ materially from the current investment climate. There can be no guarantee that future investments will match historical returns. **Past performance is not necessarily indicative of future results.** Please refer to the endnotes for important information about Capital Dynamics' Private Equity Track Record. Portfolio-specific performance data is available upon request. Investment experience and aggregate returns include returns and experience of investment management firms and teams acquired over the referenced period. Capital Dynamics has the ability to, and may elect to use a subscription line of credit and/or leverage which may impact results. For information about the impact of a subscription line of credit and other factors that could affect performance, please refer to endnotes.

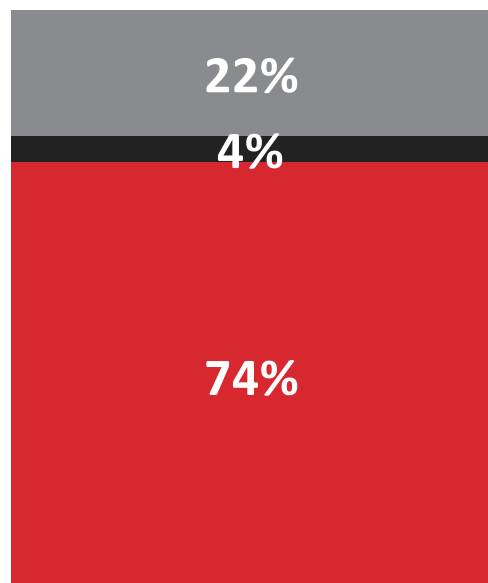
(1) Capital Dynamics, as of September 30, 2019. Includes assets in renewable energy projects managed by Capital Dynamics, including USD 4.0bn assets under discretionary management and USD 2.4bn tax equity assets. Tax equity is a financing solution for renewable energy projects. (2) CEI gross portfolio as of January 31, 2020. Includes partially commissioned and operating assets and assets with financing secured. (3) As of December 31, 2019. (4) Bloomberg New Energy Finance, League Tables, includes solar operating and partially commissioned assets and assets with financing secured. Excludes China

PRIVATE EQUITY MANAGERS APPRECIATE ESG PERFORMANCE ENHANCEMENT BUT CONCERNS OUTSIDE EUROPE PERSIST

2nd RI/ESG survey of Capital Dynamics among 157 Private Equity managers

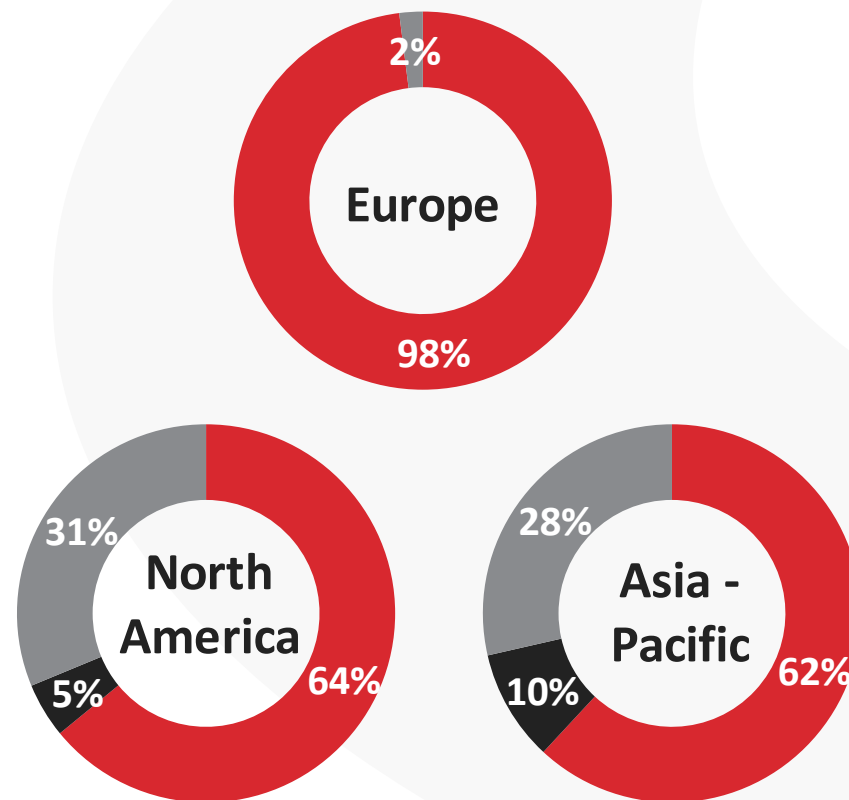
% of respondents¹

■ Agree ■ Disagree ■ No Opinion



ESG can increase returns to investors

Respondents' geographic breakdown¹



(1) Number of respondents: 157.

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PERFORMANCE ENHANCEMENT IS NOT A PRIMARY ESG DRIVER FOR MOST PRIVATE EQUITY MANAGERS

Primary drivers for RI/ESG¹ by geography

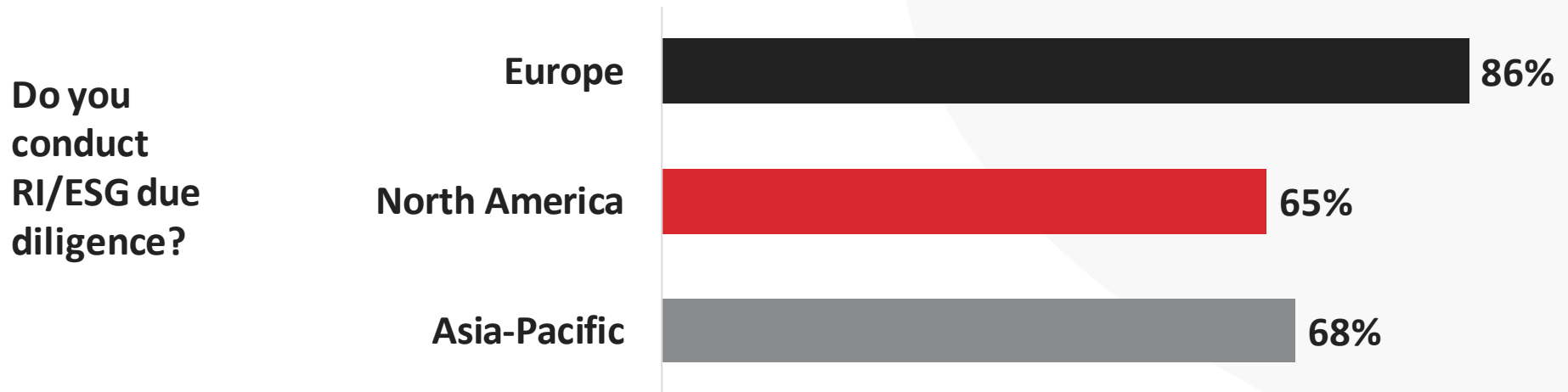
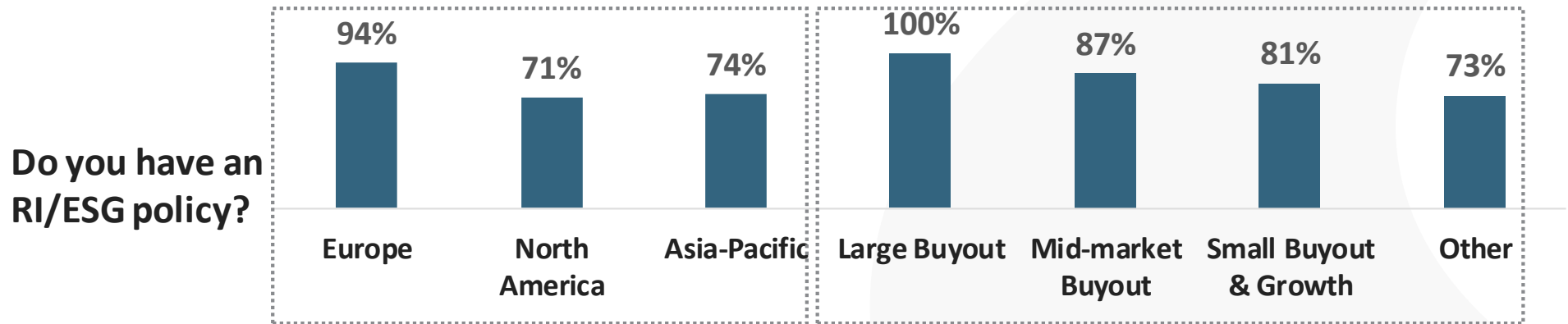


- **Potential for higher returns** was a driving force for around **only a third** of respondents
- **Investors' requirements** as strongest driver for managers with **younger** RI/ESG policies, and the primary reason for **North American** and **Asia-Pacific** managers

(1) Number of respondents: 97. This question asked to list top 3 primary drivers.

ALTHOUGH MOST PE MANAGERS HAVE IMPLEMENTED RI/ESG...

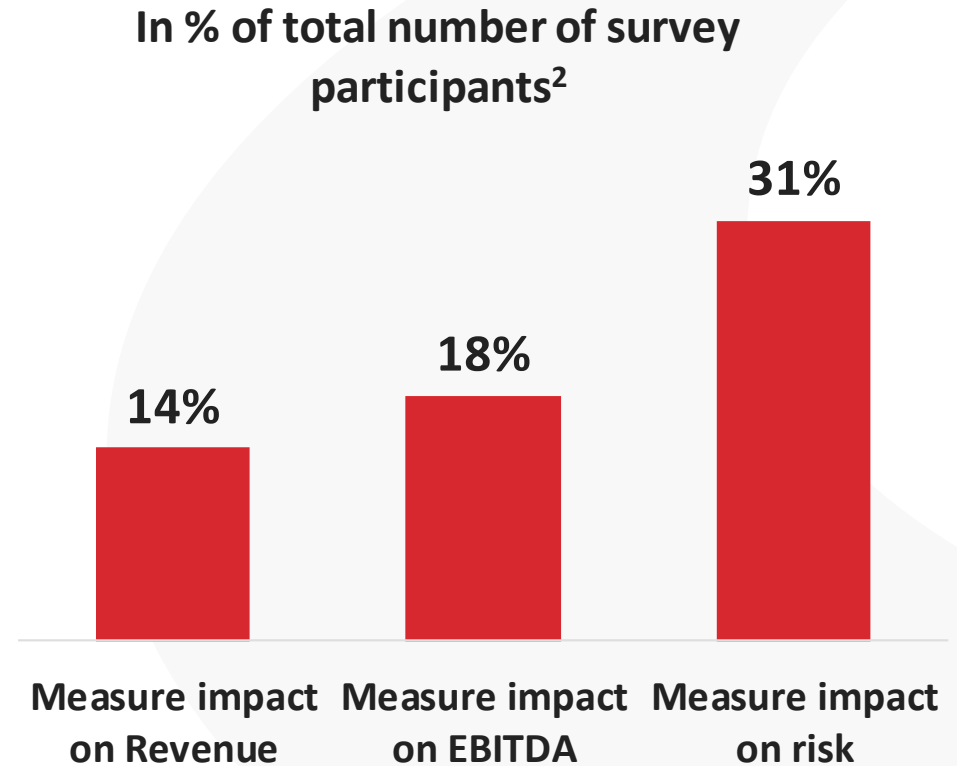
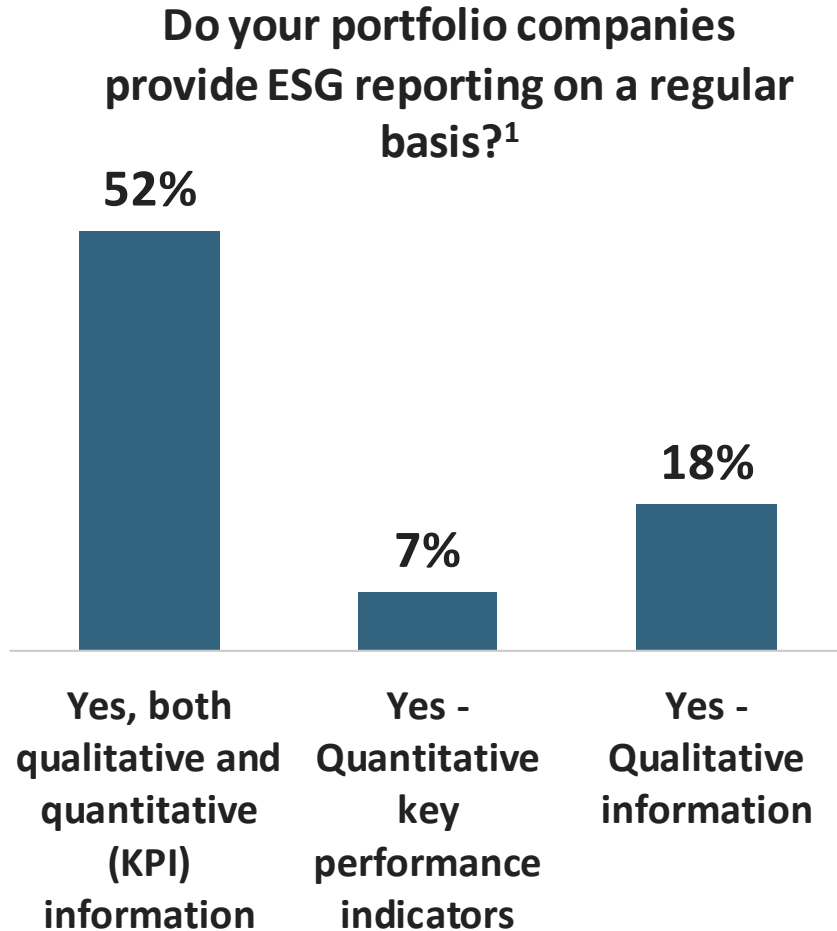
% answering yes



Source: Capital Dynamics RI/ESG Survey 2019.

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...THERE IS STILL SOME WAY TO GO TO REALLY MAKE A DIFFERENCE



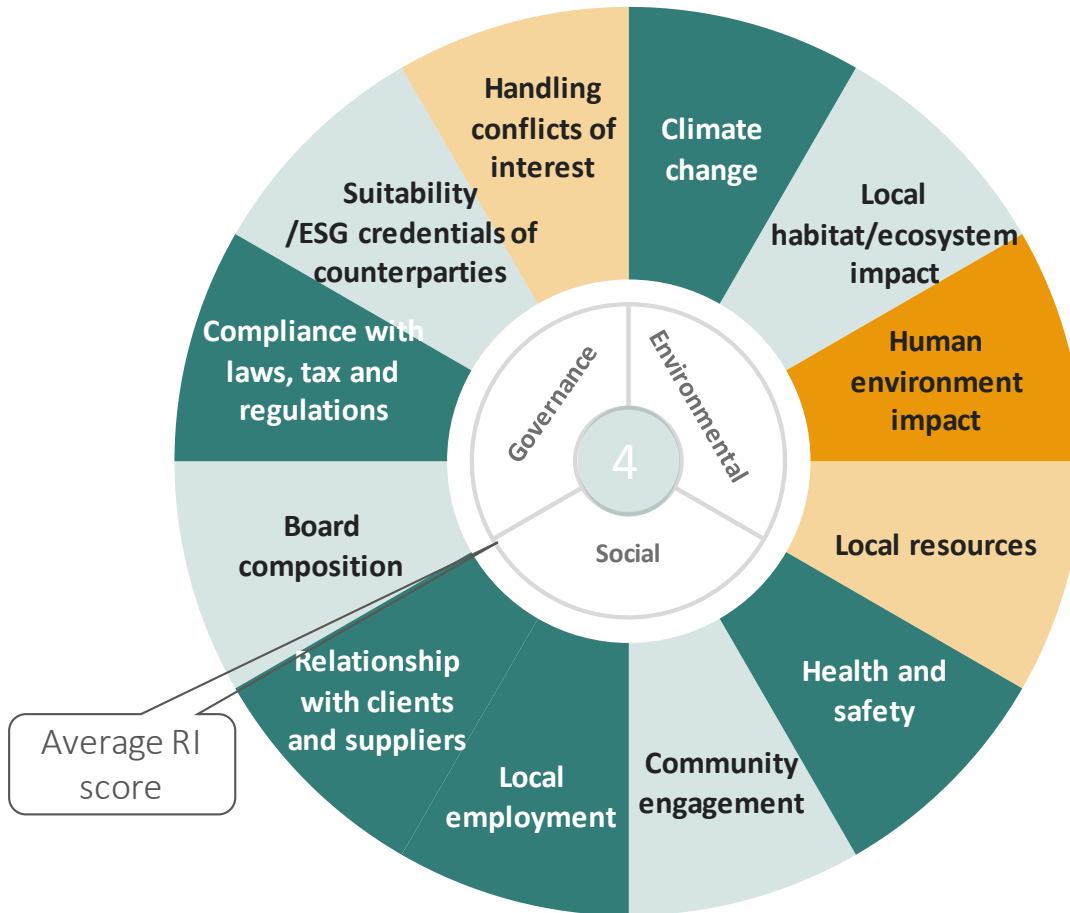
(1) Source: Capital Dynamics ESG Survey 2019. Number of respondents: 81.

(2) Source: Capital Dynamics ESG Survey 2019. Number of participants in 2019 survey = 157.

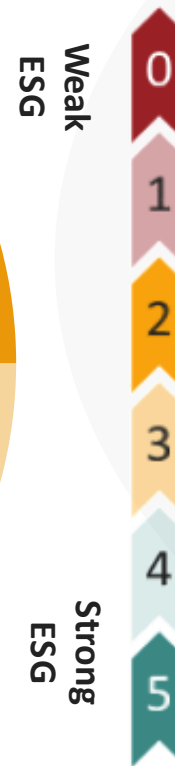
CAPITAL DYNAMICS DEVELOPED A TRADEMARKED RESPONSIBLE INVESTMENT FRAMEWORK¹

Trademarked rigorous approach to RI investment assessment, monitoring and reporting

Capital Dynamics R-Eye™



Rating system

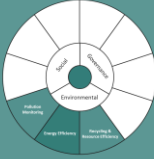




Based on UN Sustainable Development Goals



(1) Source: Capital Dynamics: for illustrative purposes only. (2) United Nations 2030 Sustainable Development Goals ("SDGs"). Capital Dynamic's approach to RI may vary. (3) Source: CD RI Committee

RI SUPERSELECTION EXAMPLE FOR CAPITAL DYNAMICS PRIVATE EQUITY PRIMARY PROGRAM

	Long-term Growth		Operational Value Creation			ESG/RI: R-Eye™ Score		
	Top-down sector analysis	"Expansion and innovation"	Revenue growth	EBITDA growth	Employee growth	Environmental	Social	Governance
Sample Fund	4	4	3	3	3			

Scoring-system:

1 (Below Average)	2 (Standard)	3 (Follower/Supporter)	4 (Innovator)
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CAPITAL DYNAMICS COMMITMENT TO RI

- Early signatory of the **Principles for Responsible Investment** ('PRI') in 2008
- Actively involved in creating the **British Private Equity and Venture Capital Association's (BVCA) Responsible Investment guidelines**¹
- Member of various ESG organisations including **GRESB** and **IIGCC**³
- Supporter and signatory of **Task Force on Climate related financial disclosures** and published first TCFD Report in 2020
- **Achieved A+** in recent UN supported-PRI submission and announced as a **GRESB sector leader, #1 in the Renewable Power Private Equity Fund** peer group

Collaborating with industry leaders



(1) [The latest BVCA RI guidelines](#): John Gripton was an inaugural BVCA Responsible Investment Advisory Board member from 2009 to 2013. (2) Source: Capital Dynamics as at September 2018. (3) ESG Benchmark for Real Assets. All logos, tradenames and trademarks cited herein are the property of their respective owners

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TRACK RECORD NOTES

Performance figures are as of March 31, 2020 (the “Track Record Date”).

Except where otherwise specified, (i) all gross and net IRRs are “pooled IRRs”, i.e. calculated on the basis of aggregated cash flows, and (ii) all cash flows since 1991 have been taken into account up to the Track Record Date unless otherwise stated. Cash flows between Capital Dynamics’ funds of funds are excluded. For fund of funds and secondaries funds, the latest value of the unrealized investments is provided by a third party manager, reviewed by Capital Dynamics for reasonableness, and then counted as a positive cash flow. Actual realized returns on any unrealized investments will depend on the value of investments at the time of disposition, any related transaction costs and the manner of sale. Any gross IRRs or gross multiples presented in this presentation are “gross of fees”, meaning that they do not reflect the deduction of Capital Dynamics management fees, carried interest or expenses, which are substantial in the aggregate. Capital Dynamics does not actively reinvest earnings and dividends.

The net IRR and net TVPI is after deductions for Capital Dynamics’ management fees, carried interest and other expenses as of the Track Record Date and is annualized and calculated on the basis of daily cash flows where available (and monthly or quarterly cash flows if not available). It is assumed that all remaining investments were sold at the unrealized values shown on the Track Record Date. The IRRs of dedicated secondary funds which are still in the investment period might be subject to high volatility.

The reference currency of the track record is US dollars. Where investments have been made in a currency other than the reference currency, Capital Dynamics follows the following method, which it believes to be the best means of demonstrating performance: (i) actual cash flows have been converted into the reference currency at the prevailing exchange rate as at the date of each cash flow for the investment; and (ii) unrealized investment values have also been converted into the reference currency at the prevailing exchange rate on the Track Record Date.

Capital Dynamics views PME+ as an accepted benchmarks for funds of funds, secondaries funds, and co-investment funds. The returns presented for public indices were derived using Public Market Equivalent (PME+) of actual net cash flows of Capital Dynamics’ products using MSCI Daily Total Return Gross World USD for the public market comparison. PME+ calculations provide a way of comparing the performance of a private equity portfolio to the public market, as represented by the performance of a given public index. Whenever a capital call occurs, stocks are bought and whenever a distribution gets paid out, stocks are sold. PME+ adjusts the distributions in a way that the index never goes short (see “Beating the public market” in Private Equity International, December 2003, p. 26-28). References to benchmarks are provided for comparison purposes only and use of benchmarks is not an indication that any future correlation will exist between investments, returns, and these benchmarks. Benchmarks cannot be invested in directly. Returns presented for indices are shown “net of fees”. Additional performance information is available from Capital Dynamics upon request.

Performance figures included herein may be higher than they otherwise would be due to the application of leverage or the use of a call facility. The use of leverage may accelerate realization of carried interest where the unlevered returns may not meet the preferred return hurdle. Finally, because the cost of leverage is borne entirely by a partnership’s limited partners, the expenses incurred in connection with leverage may have the effect of decreasing the multiple on invested capital and lowering overall performance on a net basis over time. An investor should consider the impact of leverage on the overall performance of the portfolio and the manager’s past performance.

Investments by the co-investment team are partially comprised of investments made for GE Equity (part of GE Capital), and an Investment with European Capital Partners prior to the relevant professionals joining Capital Dynamics. For the portion of the co-investment team’s track record attributable to the GE Equity investments, the information is derived from GE Equity’s internal accounting records and has not been subjected to an internal audit. In GE Equity the Team sourced, diligenced and recommended all deals, although the final investment decision was subject to approval by GE Equity’s credit committee. The investments for GE Equity are gross of management fees and some investments were not fully realized at the time the team joined Capital Dynamics. For such investments, the valuation in September 2005 is treated as a distribution when calculating IRRs. Intermediate valuations are currently not available. Neither Capital Dynamics nor GE Equity makes any representation or warranty as to the accuracy of such data. For illustrative purposes, the net IRR performance data for Portfolio I assumes that the investments made were wrapped into a fund with the same terms as Fund II (12.5% carry, 1.25% fee and a reasonable provision for establishment and partnership expenses). Additional Performance information is available from Capital Dynamics upon request.

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