

Capital Dynamics

Responsible Investment Policy

2022

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1. Responsible Investment at Capital Dynamics

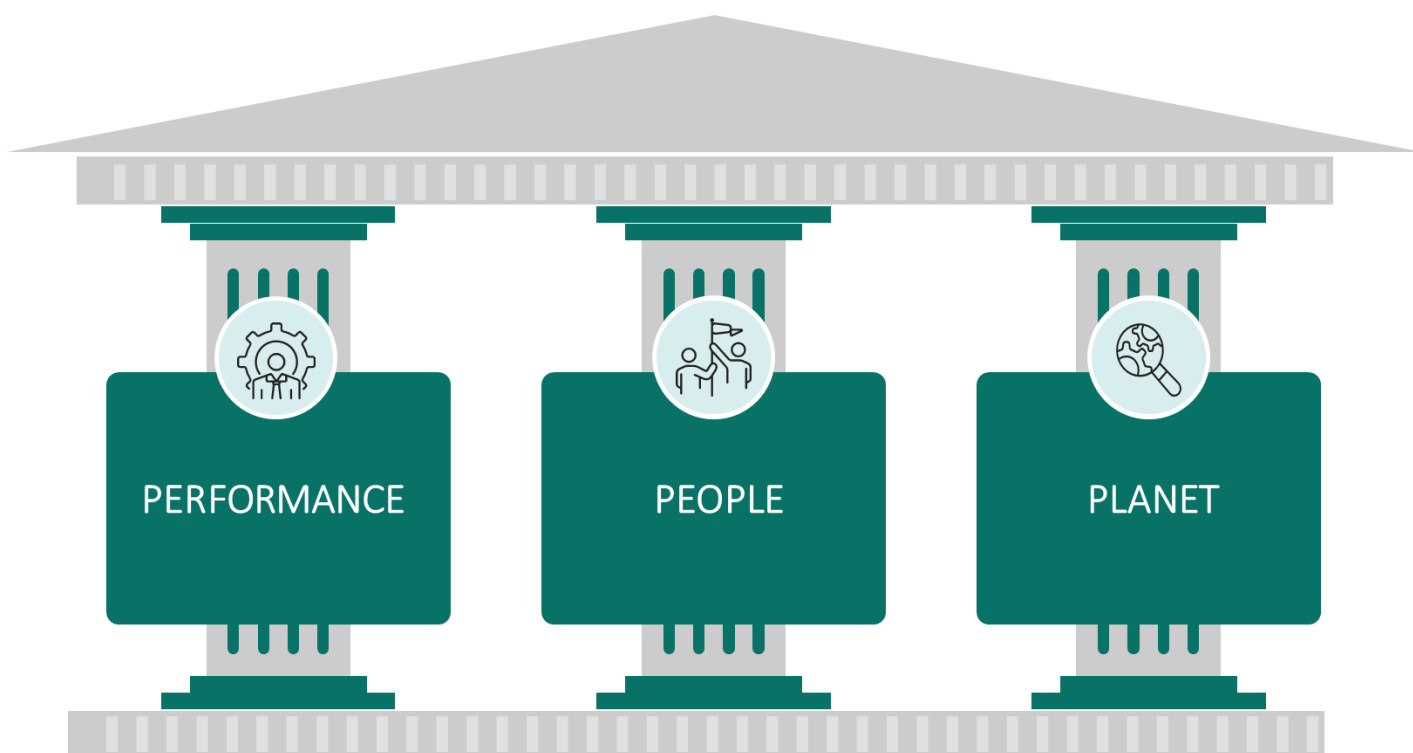
We create a prosperous future, by investing with purpose.

At Capital Dynamics, we embrace Responsible Investment (“RI”) and ESG (environmental, social and governance) practices in everything we do. We are a purpose-driven organization with a long-standing deep commitment to Responsible Investment.

Our approach to RI/ESG is designed to:

-  Provide long-term prosperity for our clients to enhance returns
-  Create growth opportunities for our employees
-  Making a positive impact on the world

Our purpose is to create a prosperous future, by making investments with purpose through our three key pillars:



Our Investment Beliefs

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

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

Capital Dynamics' Responsible Investment Committee

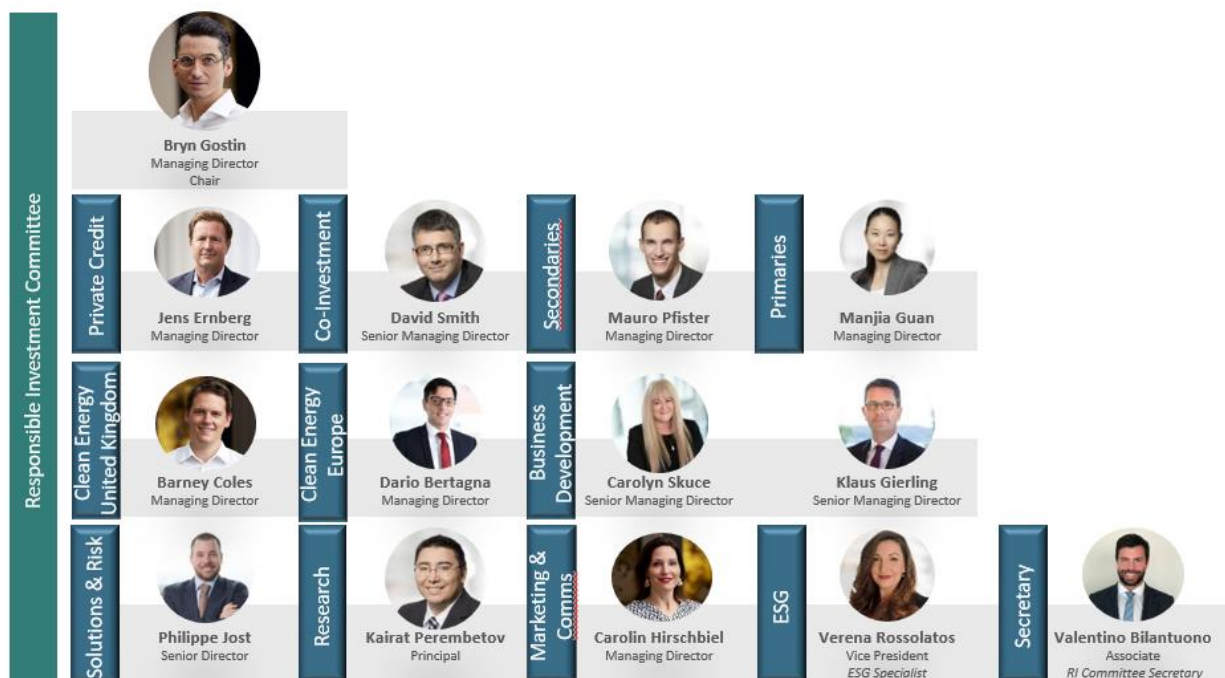
In 2018, we formed the Capital Dynamics Responsible Investment Committee with representation and support from across the leadership of the organization from Private Equity, Clean Energy, and Private Credit as well as from central management.

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

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

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

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



2. Responsible Investment Principles and Purpose

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

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

Capital Dynamics believes that responsible investment leads to enhanced long-term financial returns¹ and a closer alignment of objectives amongst investors, stakeholders and society at large. The firm is truly invested in tracking the impact of ESG considerations in an effort to better understand how these factors affect performance over time. While considerable supporting data is available covering the public markets, this is not the case for private markets. Given the “hands on” and long-term nature of the asset classes in which Capital Dynamics participates, the firm believes that the relationship between responsible investment and performance may be closer and more pronounced in the private markets. Capital Dynamics expects that by tracking data, the firm will develop a better understanding of this relationship and contribute to the public discourse in this growing sphere of investment activity. Furthermore, Capital Dynamics also understands that ESG best practices must extend beyond the investments made on behalf of the firm’s clients. Capital Dynamics is truly invested in its role as a global corporate citizen and prioritizes its commitment to the local communities where it operates, invests and works.

¹ Based on a survey conducted by Capital Dynamics in 2019. 32% of surveyed Private Equity GPs reported incremental growth in EBITDA across portfolios as a result of Responsible Investment implementation.

3. Our long-standing commitment to Responsible Investment

Capital Dynamics was one of the first signatories to the UN Principles for Responsible Investment (UN PRI) in 2008 and has continuously built out its expertise in ESG. Each year, the firm participates in the PRI's annual transparency assessment, which is designed to provide feedback to signatories in support of ongoing learning and development. It is also a key step in building a common language and industry standard for reporting and responsible investment activities. Since 2019 the firm has also participated in the annual GRESB² surveys.

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

Our long-standing history in ESG



4. Capital Dynamics' ESG Priorities

Capital Dynamics has long been a market leader in ESG. With our forward-looking Responsible Investment approach, we believe we create a prosperous future by investing driven by purpose. That is why our Firm has defined three pillars of ESG, representing our ESG Priorities over the next five years, ranging from our Net Zero ambitions to start taking imminent action against climate change, supporting Women in Leadership across our own Firm and the Finance sector and continue to support our local Communities.



Our ambitious 5-year climate plan strives to set new industry standards



We are advancing best D&I practices and support our exemplary female role models at our firm as part of our Women Empowerment program



We continue to give back to our communities and will invest in carbon offsets

Capital Dynamics' Pledge to Net Zero

In February 2022, Capital Dynamics pledged to Net Zero with the Net Zero Asset Manager Initiative and launched its 5-Year Climate Plan. We are committed to push the timeline for net zero forward from 2050 to 2027.

We have set the following ambitious targets to achieve over the next five years by 2027 at the latest across our own operations (corporate level) and our investment portfolios (investment level).



OPERATIONAL NET ZERO TARGETS

- Reduce emissions from Energy consumption at Capital Dynamics office premises by 50%
- Reduce emissions from employee commuting by 50%
- Reduce emissions from business flights by 20%
- Support verified carbon removal projects to offset remainder of emissions



PRIMARIES NET ZERO TARGETS

Make 60% or more of new primary fund commitments with General Partners who are committed to GHG reduction targets in their portfolio companies



SECONDARIES NET ZERO TARGETS

Conduct a full ESG underwriting including GHG emissions and reduction targets in 50% of its GP Led Secondary Transactions



MID-MARKET DIRECT PRIVATE EQUITY NET ZERO TARGETS

- Encourage 100% of our direct private equity investments to measure GHG emissions with the target to reach such measurements by at least 50% of portfolios companies
- Increase the proportion of portfolio companies adopting science-based greenhouse gas reduction targets with the adoption target of 50% or more portfolio companies for our next mid-market direct private equity fund
- Encourage 100% of our portfolio companies to produce reports covering climate-related financial risks and opportunities with the target to reach reporting by at least 50% of portfolios companies



PRIVATE CREDIT NET ZERO TARGETS

- Implement ESG questionnaire to be completed by each borrower, to identify strengths and weaknesses and facilitate constructive dialogue with their Sponsors and management teams to work on improvements that can be introduced
- Work with select borrowers and Sponsors to measure GHG emissions, particularly in industries where increased attention and 3rd party resources could provide meaningful value
- Discuss with Sponsors and management teams improvements and targets that can be introduced and potentially included in ESG-related deal terms (e.g. rate ratcheting for positive ESG-related KPIs, negative covenants to control deterioration of ESG-related KPIs)



CLEAN ENERGY NET ZERO TARGETS

- Minimize GHG emissions for 100% of our Clean Energy investment projects
- Seek to invest in alternative carbon reduction mechanisms for projects with residual emissions.

Female Empowerment (D&I)

Capital Dynamics aims to improve diversity and inclusion (D&I) through increased transparency, better knowledge, the implementation of key diversity measures and by continuing to foster and improve the Firm's inclusive culture.

The program is designed to offer support across four key pillars:

1. Visibility & Participation
 - a. Elevating women's voices across the firm
2. Gender Parity
 - a. Commitment to sponsor gender parity across the industry
3. Career Development
 - a. Introducing career development initiatives to support every career stage
4. Employee Benefits
 - a. Creating competitive benefits to support critical life milestones

Communities

Capital Dynamics has a long-standing history in supporting local communities.

We are committed to continue our engagement with local communities by pursuing three distinct goals:

1. Diversity & Inclusion
 - a. Supporting causes that aid the transition to an equitable world
2. Environment & Net Zero
 - a. Supporting causes which actively remove carbon from our environment.
3. Staff & Business Partners
 - a. Support our staff and business partners to drive towards an equitable, supportive world.

To fulfil our goals, we identify organizations that align to our three areas of engagement, review them annually and forge new partnerships.

In addition, each our office offers the opportunity to the employees to have one to two days out of the office volunteering with local charities.

5. Climate Change

Climate change poses an acute threat to our planet along with the broader global financial markets. Capital Dynamics' responsibility as an investment manager is to ensure the firm understands these potential risks and mitigates them, to the best extent possible, through investment selection as well as ongoing monitoring utilizing both in-house and third party information service providers.

Capital Dynamics’ Pledge to Net Zero underpins our deep commitment to work together with our clients on accelerating the transition towards a lower carbon economy. As an early adopter of ESG in the private markets, Capital Dynamics recognizes the important role that alternative asset managers can play in leading the transition to a net zero economy. It is our belief that we can both benefit a broader set of constituents, which will be impacted by environmental change and generate enhanced long-term investment returns for our clients.

As climate change accelerates, setting a clear focus on greenhouse gas reduction targets in line with the 1.5°C objective of the Paris Agreement will play a critical role in minimizing environmental-related financial risk to our portfolio companies. Companies which take these issues seriously are also likely to represent attractive investment targets for financial and strategic buyers in the future as the world collectively accelerates towards net zero goals over the next two to three decades.

It is for these reasons that we are committed to taking immediate action in the advancement of net zero ambitions at the fund, asset, and operational levels of Capital Dynamics. Many, if not most, of our clients share these same concerns and goals. For this reason, we are committed to offering investment solutions to capitalize on the emerging frontier of net zero investment solutions and help us all drive towards an equitable lower carbon world.

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

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

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

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

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) developed recommendations for more effective climate-related disclosures around four thematic areas that represent core elements of how organizations operate among their governance, strategy, risk management, metrics and targets. These disclosures should “promote more informed investment, credit, and insurance underwriting decisions”, and “would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system’s exposures to climate-related risks³”. Capital Dynamics supports the TCFD recommendations and issued its inaugural annual TCFD disclosure report in 2020 and included firm-level and asset-level qualitative scenario analysis in its 2021 TCFD report.

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

³ *Task Force on Climate-related Financial Disclosures.*

Further, in 2022 Capital Dynamics engaged with a third party specialist in measuring its own carbon footprint across the Firm's operational scope 1, scope 2 and scope 3 emissions. We are committed to measure and report our own environmental impact and track progress against our reduction targets on at least an annual basis. In addition to our own operational carbon footprint, Capital Dynamics is in process of measuring our financed emissions in our investment portfolio in line with the methodologies developed by the Partnership of Carbon Accounting Financials (PCAF). In March 2022, our Firm joined PCAF, which is the only global Standard, built on and reviewed by the GHG Protocol for measuring and disclosing financed emissions of financial portfolios. Using this standard allows us at Capital Dynamics to deploy a harmonized, robust method to assess climate-related financial risks in line with the Task Force on Climate-related Financial Disclosures (TCFD).

6. Principles for Responsible Investment (“PRI”)

Capital Dynamics has been a signatory of the PRI since 2008. In 2021, Capital Dynamics was once again awarded the highest ranking (5 Stars) by PRI in the category of Investment & Stewardship Policy, Private Debt, and Clean Energy, and ranked 4 stars in the category Indirect Private Equity.

As a signatory, the firm commits to the following principles:

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

As mentioned earlier, the firm has modeled its proprietary R-Eye™ Rating System based on the United Nations SDGs⁴. Each R-Eye scorecard is evaluated based on a subset of the SDG’s depending on the underlying investment strategy.

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

Capital Dynamics also completes the GRESB assessment for its Clean Energy business, the ESG benchmark for real assets, for the firm’s real asset strategies. In 2022, Capital Dynamics Clean Energy business received the highest ranking from GRESB in multiple categories and for four consecutive years has been recognized as “Sector Leader” for the Renewable Power, Renewable Power EU and Renewable Power PE.

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



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

7. Environmental, Social and Governance (“ESG”) Evaluation

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



Environmental

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

- Identifying and assessing the environmental impact of investments to the degree economically feasible and operationally possible. The firm will aim to identify potential opportunities and risks by conducting environmental impact analysis⁵, working with potential business partners or third party service providers to help minimize risks and enhance value where possible. Capital Dynamics will seek to confirm compliance with applicable local environmental laws and regulations;

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

- Engaging, in certain cases, where emissions are unavoidable, in offsetting measures to reduce the negative environmental impact of investments, such as the purchase of carbon-dioxide emissions certificates;
- Refraining from knowingly committing to certain investments that could potentially result in a serious negative impact on the environment, such as the severe degradation of air and water quality; and by
- Further developing a clean energy business line (established in 2010) in a conscious effort to make a material contribution to a more environmentally sustainable future.

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

Social

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

- Identifying and assessing social matters to the degree economically feasible and operationally possible. As part of the identification process Capital Dynamics will aim to conduct⁷ a social impact analysis and collaborate with potential business partners to reduce any identified risks (e.g., health and safety risks) and to improve social standards with the aim to enhance value of the businesses. The firm seeks to confirm compliance with applicable local laws and regulations;
- Striving to ensure best practices are followed with respect to health and safety standards in the firm’s direct and indirect investments;
- Refraining from knowingly investing in assets that could have a serious negative impact on the general welfare of society or on local communities;
- Aligning our business and investment practices with (a) the OECD Guidelines for Multinational Enterprises, and (b) UN Guiding Principles on Business and Human Rights;
- Favoring the use of unionized labor if it does not affect other ESG goals; and by
- Seeking opportunities to invest in communities with a view to bringing local economic benefits.

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

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

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

Governance

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

- Identifying and assessing matters related to governance to the degree economically feasible and operationally possible. The firm seeks to confirm compliance with the highest applicable governance standards. This may be in accordance with local regulations or international best practice, whichever is the more stringent;
- Actively monitoring portfolio operational performance including ESG metrics, when acting as an active investor with a managerial role;
- Managing unresolved governance risks. Capital Dynamics is committed to solving any issues that arise on an ongoing basis; and by
- Refraining from knowingly making investments in companies that have a significant risk of governance failure and are considered to lack a high level of business integrity.

Capital Dynamics strives to be a fair and equitable workplace that places high importance on Governance. The firm implemented [RepRisk](#) (a leading business intelligence tool that enables dynamic ESG risk analytics) for all investment strategies in 2020 to help monitor the firm's assets and, for certain business lines, the asset supply chain.

8. ESG Assessment Overview

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

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

Proprietary Rating System

In 2019, the [Capital Dynamics R-Eye™ Rating System](#) was implemented throughout all business lines to ensure a consistent and transparent approach to ESG due diligence. Each investment made, regardless of business line, is rated on a 0 to 5 scale on the firm's proprietary [R-Eye™ Scorecard](#). Investments with

the weakest ESG are rated 0 while investments which have the strongest ESG are rated 5. In most cases, these ratings are based on standardized due diligence questionnaires and assessments which were developed by the investment teams within each business line and ratified by the firm's Responsible Investment Committee ("RI Committee").

Sample R-Eye™ and Scorecards



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

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

Products e.g. LFGS CPEP, Future Essentials II, JPB
Assessment basis - suggest to complete each

could be given a '2' for fully meets, '0.5' for

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

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

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

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

- Policies, processes and resources**
 - Is the GP/underlying company a signatory of the UN-supported PRI ("PRI") or similar organisation?
 - Does the GP/underlying company have a dedicated resource for RI?
 - Does the GP/underlying company have a robust RI policy?
 - Does the GP/underlying company have senior level RI buy-in at board level or similar?
- Board representation**
 - Does the board of the underlying company include a representative or board committee responsible for RI?
 - Is RI put before the board for discussion generally at least annually?
 - Does the underlying company produce a board-approved report covering its RI performance at least annually?
- Integration in ownership stage¹**
 - Do the GP's portfolio companies generally provide RI data on an on-going basis?
 - Do the GP's portfolio companies generally use data/KPIs to measure RI changes over time (i.e., improvements)?
 - Do the GP's portfolio companies generally employ RI roadmaps or value creation plans?
 - Do the GP's portfolio companies generally monitor RI risks and implement clear processes for analyzing RI incidents?
 - Do the GP's portfolio companies generally consider RI matters in preparation for exit?

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

Score
0.0
0.0

Exclusion Framework

Capital Dynamics formally incorporates the PRI, the SDGs and other ESG factors in investment appraisal, due diligence and decision making. The firm has created a proprietary R-Eye™ rating system for each business line. This rating system is designed to review a specific set of responsible investment matters, assess sustainability risk and provide transparency to clients. Capital Dynamics' business lines are likely to reject an investment on responsible investment grounds if certain essential R-Eye™ criteria are not met at the point of initial investment appraisal. However, the firm may consider an investment if it does not meet all R-Eye™ criteria on initial appraisal if it is believed that the required standard can be achieved at the time of investment or commitment, typically through robust ESG negotiation with the asset owners. From time to time, business lines may invest in situations that do not meet all R-Eye™ criteria at completion provided that the investment team can demonstrate a clear action plan to achieve the required standards within a reasonable period of time post-investment (e.g., by implementing remedial action plans developed in the light of due diligence findings).

Capital Dynamics will never knowingly invest⁸ in businesses which, above a certain materiality threshold:

- Exploit forced labor or child labor⁹ as defined by the International Labour Organization¹⁰;
- Manufacture or trade ammunition and/or weapons¹¹;
- Manufacture, sell or distribute adult entertainment, pornography or sexually explicit content;
- Are involved in banned products and activities under global conventions and agreements such as those pertaining to pesticides, chemicals, wastes and endangered wildlife; or
- Exploit vulnerable groups in society (in the view of the relevant investment committee).

Business Line and Strategy-specific Approach

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

Please refer to sections 13 through 15 for further details at the level of each individual business line.

⁸ Commercially reasonable efforts

⁹ See section 6 on Modern Slavery Act

¹⁰ <https://www.ilo.org/ipec/facts/lang-en/index.htm>

¹¹ Defined as a Portfolio Company that is primarily engaged in the production and sales of weapons, firearms and munitions. The foregoing shall not apply to an entity that is primarily engaged in the production or sale of any product or component that is not intended primarily for use in the manufacture of weapons, firearms and munitions.

Oversight

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

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

The RI Committee enjoys senior representation from each of the firm's key business lines including Private Equity, Private Credit and Clean Energy. As part of committee members' roles, these senior individuals serve as the RI Committee representative designated to evaluate all investment decisions made by their business lines. If these individuals identify complex ESG issues during their investment review, it is their responsibility to refer the potential investment to the full RI Committee for review and consideration. The RI Committee will then issue a recommendation to the relevant investment committee, opining on best practice as it relates to the identified issue or issues. The affected investment committee will consider this recommendation, along with other key investment, risk and portfolio considerations, in making a final investment decision. This same RI Committee review process also applies to managers and assets during the investment holding period.

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

ESG Education and Training

Capital Dynamics is committed to ensuring that all Capital Dynamics professionals receive ESG training on at least an annual basis. The topics and group sizes may vary but the overall purpose is to keep the firm's staff up to date regarding ESG considerations, best practices and lessons learned in the alternative assets industry. Capital Dynamics views this annual training as essential in achieving the firm's external and internal initiatives given the constantly evolving landscape of ESG on a global basis generally and in our industry specifically. The last annual firm wide ESG training was successfully completed by 100% of Capital Dynamics employees. Each business line also undertakes its own strategy specific ESG training on an annual basis. Moreover, Capital Dynamics has also rolled out its inaugural unconscious bias training to all employees in 2022 to further strengthen our Firm's D&I ethos.

9. Investment Monitoring

General

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

- Ongoing meetings with fund managers at Annual Investor Meetings (AIMs) and 1:1 meetings with Asset Managers to identify any ESG-related issues and opportunities of underlying portfolio companies;
- Periodic meetings with the management of underlying portfolio or project companies to identify any ESG-related issues and opportunities (such meetings solely in the case of the firm's business lines engaged in direct investment);
- Review and re-evaluation of potential issues identified during the fund/manager due diligence;
- Constant news monitoring to identify any potential issues in real time (*i.e.*, emerging ESG issues are added to a 'watch' register for Private Equity and reported to the relevant investment management professionals and investment committees); and
- Review of the list of ESG-related themes that are monitored and update of same list if needed.

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

RepRisk

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

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

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

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

While an ESG risk may not result in a banned investment, performing the ESG Risk review in conjunction with the RepRisk platform allows us to monitor our investments with respect to minimum social and environmental safeguards in accordance with international standards. Please refer to the Appendix for a list of ESG Issues subject to the RepRisk screening criteria.

10. Reporting

Investor Reporting

Capital Dynamics reports ESG matters to investors regularly. The firm's annual fund reports include a section on ESG activities in the respective program's underlying assets and illustrate Capital Dynamics' R-Eye™ assessment. Further, Capital Dynamics has established processes to report ESG-related incidents in a timely manner. Incidents are reported to the RI Committee chair and tracked on a central ESG Alert tracker. Depending on the severity of the incident, the chair will advise if the incident should be further reported to the RI Committee who reviews and recommends appropriate action, identifying lessons learned to share with the broader group. Capital Dynamics will also report to its clients any ESG incidents in portfolio companies, assets and fund managers ad hoc if they are deemed sufficiently significant and relevant to a particular program.

Corporate Annual Responsible Investment Report

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

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

Capital Dynamics supports the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and is committed to producing annual disclosures that consider these recommendations. Capital Dynamics issued its inaugural annual TCFD disclosure report in 2020. In 2021, Capital Dynamics conducted firm-level and asset-level scenario analysis for our direct strategies Clean Energy, Middle-Market Direct and Private Credit. The report is available on the Firm's website.

SFDR Fund Reporting

In 2022, Capital Dynamics issued its first SFDR fund-level investor reports for funds which are classified as Article 8 and Article 9. The Firm welcomes the increased transparency and disclosure requirements introduced by the SFDR regulation and is committed to further expand on its data collection under commercially reasonable endeavors.

Climate Analytics

Capital Dynamics is committed to measure and report climate-related financial risks in their investment funds, including key climate-related KPIs, such as the financed emissions. In 2022, Capital Dynamics joined the Partnership for Carbon Accounting Financials (PCAF) and committed to assess its financed emissions in line with PCAF's robust methodology. Our Firm is currently in process of measuring our financed emissions and plans to provide full transparency on climate-related KPIs.

SFDR Principal Adverse Impacts on Sustainability

Capital Dynamics considers Principal Adverse Impacts (PAIs) as defined in the Sustainable Finance Disclosure Regulation (SFDR) at a product level for its sustainable investments in Article 9 funds. Our Firm will start reporting the PAI data points for our Article 9 products on a best efforts basis and under commercially reasonable endeavors in 2023, for the reference period of 2022.

11. Statement on Modern Slavery Act

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

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

Capital Dynamics specializes in middle market corporate investing and clean energy investing with 14 offices around the globe. The firm is committed to preventing any form of Modern Slavery or human trafficking throughout its business.

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

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

12. Industry Memberships and Disclosures

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

- Principles for Responsible Investment ("PRI")
- Net Zero Asset Manager ("NZAM")
- Institutional Investors Group on Climate Change ("IIGCC")
- Partnership for Carbon Accounting Financials ("PCAF")

- Task Force on Climate-Related Financial Disclosures (“TCFD”)
- Global Real Estate Sustainability Benchmark (“GRESB”)
- Pensions for Purpose
- Invest Europe
- Italian Forum per la Finanza Sostenibile (“FFS”)
- iC International
- Institutional Limited Partners Association (“ILPA”)
- Level 20
- Out Investors
- Sponsors for Educational Opportunity (“SEO”)

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

13. Strategy-specific approach — Private Equity

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

Primaries

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

Pre-investment responsible investment assessment

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

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

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

Post-investment responsible investment monitoring

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

- Monitoring of relevant industry press articles and the mainstream press;
- Regular 1:1 calls, webcasts and meetings with the managers;
- Attendance at the manager's annual investor meetings;
- Active monitoring of all underlying portfolio companies during the holding period utilizing RepRisk¹³; and

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

¹³ As of 2020.

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

Secondaries

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

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

Pre-investment responsible investment assessment

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

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

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

Post-investment responsible investment monitoring

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

- Monitoring of relevant industry press articles and the mainstream press;
- Regular 1:1 calls, webcasts and meetings with the managers;
- Active monitoring of all underlying portfolio companies during the holding period utilizing RepRisk¹⁴;

¹⁴ As of 2020.

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

Co-investments

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

Pre-investment responsible investment assessment

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

Investment appraisal and due diligence criteria typically encompass the following:

- Responsible investment policies, processes, systems, innovation, economic growth and resources of the sponsor/GP and those of the underlying company;
- Board composition and the importance of responsible investment matters at the board level;
- Measurement and analysis of responsible investment matters during the ownership phase at the level of the sponsor/GP and that of the underlying portfolio company;
- The nature and extent of responsible investment reporting by the sponsor/GP to its investors;
- Consideration of ethnicity, diversity & inclusion, gender equality, affordable & clean energy, quality education, good health, nutrition and well-being and health & safety at the sponsor/GP, portfolio company and supply chain levels; and
- Consideration of energy competitiveness/efficiency/intensity, climate change, water consumption/quality, sustainable transportation/infrastructure, recycling and use of natural resources and pollution control at the sponsor/GP, Portfolio Company and supply chain levels.

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

Post-investment responsible investment monitoring

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

- Review of periodic reporting to ensure compliance with the underlying transaction documentation (e.g., with covenants requiring the sponsor/GP and/or underlying portfolio company to introduce or maintain appropriate responsible investment strategies and/or to remedy deficiencies identified during due diligence or otherwise);
- Review of any responsible investment incidents or infractions;
- Review of relevant industry press articles and the mainstream/financial press;
- Periodic meetings with the sponsor/GP and attendance at the board meetings of underlying portfolio companies (where the team enjoys board representation by virtue of the transaction documentation);
- Active monitoring of all underlying portfolio companies during the holding period utilizing RepRisk¹⁵;
- Attendance at the AIMs of the sponsor/GP and those of the underlying portfolio company; and
- At least annual re-assessment of the R-Eye™ ratings for the underlying portfolio company assets.

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

14. Strategy-specific approach — Clean Energy

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

The firm supports the Paris Agreement and its investment in clean energy projects helps to meet global targets including the SDGs and the Kyoto Protocol, simultaneously providing a solution for members of the RE100, a list of over 370 companies committed to 'go 100% renewable'.¹⁶

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

- Employ local talent whenever possible, and for investments in locations where union and/or local labor may be employed, the firm evaluates the social impact pertaining to matters such as implementation of fair labor and responsible contracting policies;
- Target best practice environmental industry standards; and
- Generate superior returns for the firm's clients.

¹⁵ As of 2020.

¹⁶ Source: <http://there100.org/>

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

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

Pre-investment responsible investment assessment

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

- Initial screening selection process undertaken to identify any “fatal flaws” from a responsible investment perspective;
- Thereafter, an R-Eye™ scorecard is provided at each stage of the Clean Energy investment committee review process in accordance with the Clean Energy team's responsible investment framework;
- Investment professionals are required to review all existing documentation available, retain consultants and advisors when information is insufficient and report diligence findings in the scorecard evaluation;
- The deal team reviews proposed project contractors' ESG checklists and disclosures and applies the same Exclusion Framework to contractors and main suppliers as for investments to manage risks and avoid incidents; and
- Capital Dynamics' constant news monitoring highlights potential issues in real-time, which may be relevant, based on geographic, industry or company-specific considerations.

Post-investment responsible investment monitoring

After an investment has been made, the Clean Energy team continues to monitor projects in partnership with its dedicated asset management team, Netro Energy, Ltd. Monitoring activities include:

- Quarterly reporting of the Capital Dynamics R-Eye™, showing an up-to-date assessment of project ESG evaluation;
- Quarterly reporting of carbon-equivalent statistics (*e.g.*, homes powered, metric tons of greenhouse gas emissions avoided, passenger vehicle emissions avoided, equivalent gallons of gasoline and equivalent barrels of oil otherwise consumed by each project for a stated energy output);
- Quarterly reporting of responsible investment activities in the period including those in relation to Health & Safety and the Supply Chain;

- Annual reporting of investor specific carbon-equivalent statistics through ‘Clean Energy green certificates’;
- Reviewing project contractors’ ESG checklists and disclosures to evaluate opportunities and avoid incidents during project construction and operation;
- The use of RepRisk to monitor all assets and suppliers within the Clean Energy portfolio;
- Continuous correspondence with our asset management partners or affiliates who are responsible for the day-to-day management of project investments and oversee any ESG-related risks and opportunities including any health and safety incidents (and responses to the same); and
- Publish performance metrics of the portfolio.
- Collect SFDR Principal Adverse Impact data for Article 9 Clean Energy funds

Each year, Capital Dynamics’ Clean Energy business line participates in the internationally recognized GRESB assessment, an industry-standard benchmark or an alternative recognized reporting assessment, designed to capture information regarding ESG performance and sustainability best practices for real estate and infrastructure portfolios globally. In 2022, our Clean Energy business line was awarded a 5 Star GRESB Rating for its European clean energy fund “CEI III”, and was recognized as “Sector Leader – Renewable Power” (1st Renewable Power, 1st Renewable Power Europe, 1st Renewable Power PE).

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

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

15. Strategy-specific approach — Private Credit

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

Borrower/target company investment appraisal and due diligence

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

- Analysis of the borrower's/target company's environmental policies;
- Analysis of the borrower's/target company's social policies (*i.e.*, workplace safety, diversity, labor rights, human rights and any employee assistance programs); and
- Analysis of the borrower's/target company's governance policies (*i.e.*, those pertaining to operation of the board, senior management, business strategy, business ethics and data security).

Sponsor's credentials

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

- Understanding the sponsor's responsible investment track record and ESG policies; and
- Evaluating the sponsor's ability to actively monitor and then report ESG-related findings to its clients and lending partners.

Post-investment responsible investment monitoring

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

- Ongoing correspondence with sponsor and/or portfolio company executive team as it pertains to identified risks and opportunities for value enhancement;
- Review and, if necessary, re-underwriting of potential issues identified during investment appraisal and due diligence;
- Assessing the current strengths and weaknesses of the borrower/sponsor from an ESG perspective;
- Identifying potential new areas of concern;
- Constant news monitoring to highlight potential industry-specific issues in real time, which may be relevant, based on geographic, industry, or company-specific considerations; and
- Active monitoring of all lenders during the holding period utilizing RepRisk¹⁷.

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

¹⁷As of 2020.

16. Attestation

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

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

Bryn Gostin

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

Carolin Hirschbiel

Carolin Hirschbiel, Managing Director
Head of Marketing & Communications

Jens Ernberg

Jens Ernberg, Managing Director
Private Credit

Verena Rossolatos

Verena Rossolatos, Vice President
ESG Specialist

Barney Coles

Barney Coles, Managing Director
Clean Energy

Dario Bertagna

Dario Bertagna, Managing Director
Clean Energy

Mauro Pfister

Mauro Pfister, Managing Director
Secondaries

David Smith

David Smith, Senior Managing Director
Co-investments

Manjia Guan

Manjia Guan, Managing Director
Head of Primaries, Asia

Carolyn Skuce

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

Klaus Gierling

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

Philippe Jost

Philippe Jost, Senior Director
Head of Risk

Kairat Perembetov

Kairat Perembetov, Principal
Research

Valentino Bilantuono

Valentino Bilantuono, Associate
Product Development and RI Committee Secretary





17. Appendix

ESG Risks Screening Criteria & Thematic Research Topics by RepRisk







The below table provides an overview of the ESG Issues subject to the RepRisk screening criteria¹⁸:





No	ESG Issue	Definition	Environmental (E) Social (S) Governance (G)
1	Animal mistreatment	This issue refers to the torture, mistreatment or abuse of animals, through experiments, husbandry, trophy hunting, etc.	
2	Climate change, GHG emissions, and global pollution	This issue includes pollution, mainly atmospheric, that has negative impacts beyond the surroundings in which the emissions occur. This includes, for example, criticism related to climate change, carbon, and other greenhouse gas emissions, coal-fired power plants, gas flaring, carbon credits, etc.	
3	Impacts on landscapes, ecosystems, and biodiversity	This issue covers impacts of company activities on ecosystems or landscapes such as forests, rivers, seas, etc., contamination of groundwater and water systems, deforestation, impacts on wildlife, etc.	
4	Local pollution	This issue covers pollution into air, water, and soil that has a primarily local effect, including oil spills, etc.	

¹⁸ RepRisk (2021): RepRisk Research Scope: ESG Issues. Available at: <https://www.reprisk.com/content/static/reprisk-esg-issues-definitions.pdf> (Accesses 02 May 2022)

5	Overuse and wasting of resources	This issue refers to a company's overuse, inefficient use of waste of renewable and nonrenewable resources, such as energy, water, commodities, etc.	
6	Waste issues	This issue relates to inappropriate disposal or handling of waste from the company's production processes or projects, as well as waste trafficking.	
7	Child labor	This issue refers to the use of child labor by an employer, according to the ILO Conventions. This includes, for example, child prostitution, child pornography, child trafficking, etc. for those under 18 years old.	
8	Discrimination in employment	This issue refers to treating people differently or less favorably because of characteristics that are not related to their merit or the inherent requirements of the job, such as gender, religion, nationality, age, etc. Discrimination can arise either when gaining access to employment or once employees are in work.	
9	Forced labor	This issue refers to the use of forced or compulsory labor by an employer. This includes, for example, bonded labor, prison labor, exploitative practices, full or partial restrictions on freedom of movement, withholding of wages, threats of deportation for illegal workers, etc.	
10	Freedom of association and collective bargaining	This issue refers to violations of workers' rights to organize and collectively bargain. This includes, for example, interfering with union formation and participation, retaliation against striking workers, refusal to comply with union agreements, etc.	
11	Human rights abuses, corporate complicity	This issue is linked when a company is accused of committing or being complicit in human rights abuses. This includes, for example, violence against individuals, threat of violence, child and forced labor, human trafficking, organ trafficking, privatization of water sources, privacy violations, supporting oppressive regimes or terrorist organizations, trading in "blood diamonds" or "bush gold," etc.	

12	Impacts on communities	<p>This issue relates to activities of a company that leads to problems or worries for a community, such as a village or town or a group of people with common interests, values, preferences, social background, etc.</p> <p>This includes, for example, land- and water-grabbing, negative impacts on a community's livelihood/employment opportunities, relocation of communities, safety impacts, access to lifesaving drugs, etc.</p>	
13	Local participation issues	<p>This issue covers instances in which local communities or individuals are not appropriately consulted about the activities of a company, do not benefit appropriately from their activities, or when companies use unethical tactics, such as imprisonment or harassment, to silence their critics.</p>	
14	Occupational health and safety issues	<p>This issue refers to health and safety matters in the context of employee relations within a company.</p> <p>This includes, for example, lack of safety for employees at work, occupational accidents related to poor health and safety measures, sickness among workers related to production processes, negligence resulting in work-related accidents, etc.</p>	
15	Poor employment conditions	<p>This issue refers to poor employment conditions.</p> <p>This includes, for example, "slave-like" working conditions, "sweatshop" labor, harassment and mistreatment of employees (including sexual), issues related to labor contracts and/or pay, illegal employment, unfair dismissals, spying on employees, etc.</p>	
16	Social discrimination	<p>This issue refers to treating people differently or less favorably because of certain characteristics, such as gender, racial, ethnic, or religious, outside of an employment setting (such as customers). See "Discrimination in employments" for discriminatory treatment of employees.</p>	
17	Anti-competitive practices	<p>This issue refers to business or government practices that prevent, reduce or manipulate competition in a market.</p> <p>This includes, for example, bid-rigging, dumping, exclusive dealing, price fixing, dividing territories, government-granted monopolies, limit pricing, tying, resale price maintenance, collusion, etc.</p>	
18	Corruption, bribery, extortion, money laundering	<p>This issue refers to corruption, bribery, extortion and money laundering.</p> <p>The understanding of corruption is based on the 10th Principle of the UN Global Compact.</p> <p>This includes, for example, use of slush funds, aggressive lobbying, overcharging, nepotism, cronyism, connections to organized crime, etc.</p>	

19	Executive compensation issues	<p>This issue refers to the compensation (salary, bonus and other remuneration) of top management, regardless of their performance.</p> <p>This includes, for example, excessive bonuses, salaries, pensions, termination settlements, benefits, etc.</p>	
20	Fraud	<p>This issue refers to intentional deception made for personal gain or damage to another individual (lying with financial or legal impacts).</p> <p>This includes, for example, counterfeiting, forgery, embezzlement, insider trading, fraud related to bankruptcy, investments or securities, breach of fiduciary duty, false advertising/billing/claims/documentation, misleading investors, stock price manipulation, etc.</p>	
21	Misleading communication	<p>This issue refers to when a company manipulates the truth in an effort to present itself in a positive light, and in the meantime contradicts this self-created image through its actions.</p> <p>Also refers to when a company misleads consumers about its products and services.</p> <p>This includes, for example, “greenwashing,” false advertising, off-label marketing, “astroturfing,” etc.</p>	
22	Tax evasion	<p>This issue refers to general efforts to not pay taxes by illegal means.</p> <p>This includes, for example, tax fraud, use of tax havens, etc.</p>	
23	Tax optimization	<p>This issue refers to the practice of minimizing tax liability through tax planning. While not illegal, it may be associated with abuse of the law.</p> <p>Often criticized for robbing a state of potential tax revenues, particularly in developing countries.</p> <p>This includes, for example, tax inversion, the relocation of a company’s headquarters to a low-tax country while retaining operations in a high-tax country, and tax avoidance, taking advantage of beneficial tax “loopholes.”</p>	
24	Controversial products and services	<p>This issue refers to the sale of products or services that provoke strong disagreement or disapproval.</p> <p>This includes, for example, alcohol, weapons, drones, biofuels, drugs used for state executions, gambling, genetically-modified organisms, nuclear power/fuel, palm oil, ozone-depleting substances, seed and/or animal patents, PCBs, pornography, socially-controversial financial services, tobacco, tropical wood products, etc.</p>	

25	Products (health and environmental issues)	This issue refers to providing a product or service which poses an unnecessary risk to the consumer’s health or the environment. This includes, for example, recalls of toxic or dangerous products (including drugs), contaminated food, medical treatments leading to unintended health consequences, transportation services providing safety risks to customers, etc.	
26	Supply chain issues	This issue refers to companies who are held accountable for the actions of their suppliers. Both vendors and subcontractors are considered part of the supply chain.	
27	Violation of international standards	This issue refers to breaches of international standards set by: International governmental organizations with a global nature that are open for all states to join, including all UN-related bodies International treaties with a global nature that are currently in force and that are, in principle, open for all states to sign International customary law.	
28	Violation of national legislation	This issue refers to the violation of national and state legislation in relation to an environmental, social, or governance issue. This includes, for example, breaches of national or regional laws, breaches of bilateral or regional treaties, court actions by government agencies or other companies for questionable business practices, breaches of domestic laws for crimes committed abroad, business with nationally-sanctioned countries, etc.	

The ESG Issues are in scope of the thematic research conducted by RepRisk, which comprise of key environmental themes, cybersecurity, human rights and Governance matters. For a full list of ESG Themes subject to the risk screening, please refer to the below table¹⁹:

NO.	Topic	Related Issues	Definition
1	Abusive/Illegal fishing	<ul style="list-style-type: none"> • Impacts on communities • Impacts on landscapes, ecosystems and biodiversity • Overuse and wasting of resources 	<p>Refers to irresponsible, illegal or excessive fishing for commercial purposes.</p> <ul style="list-style-type: none"> • Includes fishing techniques that deplete fish and other marine populations around the world, cause significant by-catch, or threaten already endangered species.
2	Access to products and services	<ul style="list-style-type: none"> • Impacts on communities 	<p>Involves the accessibility and affordability of products and services, i.e. financial services, education, and health care.</p>
3	Agricultural commodity speculation	<ul style="list-style-type: none"> • Impacts on communities 	<p>Often referred to as “Food Speculation.”</p> <ul style="list-style-type: none"> • The practice of betting on the price of key food crops. • Attributed to rising food prices, as excessive market speculation means that prices for goods are no longer determined by supply and demand.
4	Airborne pollutants	<p>Climate change, GHG emissions, and global pollution and/or Local pollution</p>	<p>Emissions of air pollutants from stationary, i.e. industrial sites and mobile sources, i.e. planes. Airborne pollutants include oxides of nitrogen (NOx), oxides of sulfur (SOx), volatile organic compounds (VOCs), heavy metals, particulate matter (PM), and chlorofluorocarbons (CFCs).</p>
5	Alcohol	<p>Controversial products and services</p>	<p>Refers to any beverage based on ethanol.</p> <ul style="list-style-type: none"> • Consumption of alcohol is banned in many religions/cultures. • Alcohol is addictive and may lead to alcohol abuse or alcohol poisoning.

¹⁹ RepRisk Research Scope: Topic Tags. Available at: <https://www.reprisk.com/media/pages/static/958363135-1652283308/reprisk-esg-topic-tags-definitions.pdf> (Accessed 02 May 2022)

6	Animal transportation	Animal mistreatment	<ul style="list-style-type: none"> • Refers to the illegal or improper transportation of animals for commercial purposes, often for use in animal testing labs. • Includes inhumane animal transport, regardless of purpose.
7	Arctic drilling	Impacts on landscapes, ecosystems and biodiversity	<p>Refers to petroleum exploration in Arctic geological basins.</p> <ul style="list-style-type: none"> • 19 Arctic geological basins located in Alaska (US), Canada, Greenland, Norway, and Russia. • Extreme weather conditions in the Arctic could lead to unforeseen consequences and unstable drilling conditions. • Potential impact on local wildlife such as endangered bird species, whales, and polar bears. • Climate change has led to the opening up of the arctic for drilling, and the drilling itself would emit large amounts of greenhouse gases.
8	Asbestos	<ul style="list-style-type: none"> • Controversial products and services • Occupational health and safety issues 	<p>A set of fibrous minerals that were widely used in construction for much of the 20th century.</p> <ul style="list-style-type: none"> • Use of asbestos banned in most countries due to a link between exposure and mesothelioma (cancer).
9	Automatic and semi-automatic weapons	Controversial products and services	<ul style="list-style-type: none"> • A firearm that automatically reloads itself until the trigger is released. • Sale of automatic and semi-automatic weapons is widely criticized due to their ability to fire indiscriminately into crowds, leading to mass killings. Also often referred to as assault weapons.
10	Biological weapons	<ul style="list-style-type: none"> • Impacts on landscapes, ecosystems and biodiversity • Local pollution • Violation of international standards • Violation of national legislation 	<p>Disease-generating agents such as bacteria, viruses, rickettsiae, fungi, toxins, or other biological agents that are deployed as weapons to kill or injure people. Also called germ weapons. Considered a Weapon of Mass Destruction (WMD).</p>
11	Chemical weapons	<ul style="list-style-type: none"> • Impacts on landscapes, ecosystems and biodiversity • Local pollution • Violation of international standards • Violation of national legislation 	<p>Refers to specialized munition such as grenades and artillery shells that contains chemicals designed to inflict death or harm in humans. Considered a Weapon of Mass Destruction (WMD).</p>

12	Cluster munitions	Controversial products and services	<ul style="list-style-type: none"> • Refers to weapons containing multiple explosive sub-munitions. • Cluster munitions can saturate large areas of land, indiscriminately killing both civilians and military targets. • As sub-munitions often fail to go off when a cluster bomb is dropped, huge quantities can land undetonated on the ground and remain a fatal threat long after a conflict ends.
13	Coal-fired power plants	<ul style="list-style-type: none"> • Climate change, GHG emissions, and global pollution • Impacts on landscapes, ecosystems and biodiversity • Local pollution 	<ul style="list-style-type: none"> • Power plants that generate energy by burning coal. • A leading source of carbon-dioxide emissions. • Associated with toxic air and water pollution, human health concerns, and global warming
14	Conflict minerals	Human rights abuses and corporate complicity	<ul style="list-style-type: none"> • Minerals mined in conditions of armed conflict and human rights abuses. • Only linked in reference to minerals used in the manufacture of electronic products (cassiterite, wolframite, coltan, and gold) that are mined and/or traded in the Democratic Republic of the Congo or nine surrounding Central African countries (Angola, Burundi, Central African Republic, Congo Republic, Rwanda, Sudan, Tanzania, Uganda, and Zambia).
15	Coral reefs	Impacts on landscapes, ecosystems and biodiversity	Refers to negative environmental impacts on corals and coral reefs, including coral bleaching, usually resulting from abusive fishing, deep sea drilling, and any exploitative activities conducted underwater.
16	Cyberattack	<ul style="list-style-type: none"> • Human rights abuses and corporate complicity • Violation of international standards • Violation of national legislation 	Refers to a premeditated infiltration of computer systems, technology-based businesses, and networks. The act of which results in cybercrimes, such as identity or information theft.
17	Deep sea drilling	Impacts on landscapes, ecosystems and biodiversity	Refers to a process of drilling for oil and gas that lies beneath the ocean floor. Due to uncertain weather conditions, freezing water and crushing pressure, deep sea drilling is considered one of the most technologically challenging, and therefore riskiest, forms of oil and gas drilling

18	Depleted uranium munitions	Controversial products and services	Refers to weapons and ammunition containing depleted uranium. The use of depleted uranium in munitions is controversial due to questions about long-term health effects, which could affect the kidney, brain, liver, heart, and other systems.
19	Diamonds	Human rights abuses and corporate complicity	Commonly refers to any diamonds mined in situations involving severe human rights abuses. Conflict diamonds are diamonds sold in order to fund armed conflict and civil war. Common locations include Liberia, Sierra Leone, the Democratic Republic of the Congo, the Republic of the Congo, Cote d'Ivoire, and Zimbabwe
20	Drones	<ul style="list-style-type: none"> • Controversial products and services • Human rights abuses and corporate complicity • Impacts on communities 	Refers to any unmanned aerial vehicles (UAVs) and aerial intrusion detection systems. Criticism of drones are usually associated with surveillance weapon technologies, dual-use technologies, military trade use, and war crimes
21	Economic impact	Impacts on communities	Measures the negative effect business activity has on the economy or livelihoods of a community.
22	Endangered species	Impacts on landscapes, ecosystems and biodiversity	Any species of organism threatened with extinction. Endangered species is the second most severe conservation status under the IUCN Red List of Threatened Species. Any species of organism threatened with extinction. Endangered species is the second most severe conservation status under the IUCN Red List of Threatened Species.
23	Energy management	Overuse and wasting of resources	Involves the management of energy consumption during operations, including energy efficiency and intensity. Energy consumption from the product use is outside of the scope.
24	Epidemics/Pandemics	<ul style="list-style-type: none"> • Anti-competitive practices • Corruption, bribery, extortion, and money laundering • Fraud • Freedom of association and collective bargaining • Impacts on communities • Misleading 	An epidemic is a disease that affects a large number of people within a community, population, or region. A pandemic is an epidemic that has spread over multiple countries or continents. Examples of such diseases include Ebola, Bird flu, Zika, H1N1, COVID-19, SARS, HIV/AIDS, etc. Refers to criticism of a company's actions relating to its liability in the spread of infectious diseases.

		<p>communication</p> <ul style="list-style-type: none"> • Poor employment conditions • Products (health and environmental issues) • Occupational health and safety issues 	
25	Forest burning	Impacts on landscapes, ecosystems and biodiversity	Refers to the use of uncontrolled or illegal fire for land clearance.
26	Fracking	Impacts on landscapes, ecosystems and biodiversity	A drilling technique designed to recover oil and gas from shale rock. Criticism related to the huge amounts of water used in the fracking process, fears that chemicals could contaminate nearby groundwater, and worries that fracking can cause or contribute to earth tremors.
27	Fur and exotic animal skins	Animal mistreatment	Fur is the hair covering of mammals with extensive body hair that is thick and soft. It is used as a raw material in the fashion industry, e.g. to produce coats, hats, or shawls. Exotic animal skins refer to the patterned skins of snakes, alligators, crocodiles, and other reptiles that are used as a raw material in the fashion industry, e.g. to produce shoes, belts, or handbags. Controversy may exist regarding the use of fur for fashion (such as coats, hats, shawls) due to animal cruelty concerns.
28	Gambling	Controversial products and services	Banned or highly regulated in many countries throughout the world, often for religious reasons and/or because it can be psychologically addictive.
29	Gender inequality	<ul style="list-style-type: none"> • Discrimination in employment • Human rights abuses and corporate complicity • Poor employment conditions • Social discrimination 	<ul style="list-style-type: none"> • Relates to unfair benefits or treatment in the workplace of individuals wholly or partly due to their gender. • Includes limited access to resources and opportunities depending on the person's declared gender.
30	Genetically modified organisms (GMOs)	Controversial products and services	Organisms, usually food crops, whose genomes have been altered in order to foster certain desirable traits such as pesticide-resistance. No official consensus about the environmental and health impacts of GMOs, but critics argue that could pose future, unforeseen, risks.

			<ul style="list-style-type: none"> • GMO seeds have had significant adverse impacts on traditional farmers, many of whom have accrued significant debts as the prices of GM seeds increased. • Large agricultural companies have also been accused of driving traditional farmers out of business through aggressive patent lawsuits.
31	Genocide/Ethnic cleansing	Human rights abuses and corporate complicity	Refers to the crime of destroying, or conspiring to destroy, an entire national, ethnic, racial, or religious group. Ethnic cleansing refers to mass expulsion or killing of members of one ethnic or religious group by those of another.
32	Greenhouse gas (GHG) emissions	Climate change, GHG emissions, and global pollution	Greenhouse gases covered under the Kyoto Protocol are: <ul style="list-style-type: none"> • carbon dioxide (CO2) • methane (CH4) • nitrous oxide (N2O) • hydrofluorocarbons (HFCs) • perfluorocarbons (PFCs) • sulfur hexafluoride (SF6) • nitrogen trifluoride (NF3)
33	Health impact	Impacts on communities	Measures the negative effect business activity has on the health and wellbeing of a community.
34	High conservation value forests	Impacts on landscapes, ecosystems and biodiversity	Refers to a forest management designation under the Forest Stewardship Council. The term is used to refer to forests that have an especially high ecological or social value.
35	Human trafficking	<ul style="list-style-type: none"> • Human rights abuses and corporate complicity • Impacts on communities • Forced labor • Child labor 	Refers to trade of humans most commonly for the purpose of forced labor, slavery, and/or sexual trafficking. Most commonly trafficked individuals are migrants, women, and children.
36	Hydropower (dams)	<ul style="list-style-type: none"> • Impacts on landscapes, ecosystems and biodiversity • Impacts on communities • Local participation issues 	Refers to power derived from the energy of moving water. Conventional hydropower, or hydropower derived from dams, is often blamed for massive environmental destruction or the forced relocation of nearby communities.

37	Illegal logging	Impacts on landscapes, ecosystems and biodiversity	Refers to the harvesting, transporting, processing, buying, or selling of timber in violation of national laws. May occur in protected areas or areas with especially rich biodiversity.
38	Indigenous people	<ul style="list-style-type: none"> • Impacts on communities • Local participation issues 	People who live within geographically distinct ancestral territories and who identify themselves as being part of a distinct cultural group descended from groups present in the area before the creation of modern states. Indigenous people are often defined under international and national legislation as having distinct rights based on their cultural or historical distinctiveness from the politically dominant population.
39	Involuntary resettlement	<ul style="list-style-type: none"> • Impacts on communities • Human rights abuses and corporate complicity • Local participation issues 	Refers to forcibly relocating a community, usually illegally and without consent. Compared to land grabbing, forced resettlement involves physical removal, usually by a government authority or company, from a habitation or home.
40	Land ecosystems	Impacts on landscapes, ecosystems and biodiversity	Refers to criticism of a company or a project as it relates to the destruction of land-based ecosystems. Land ecosystems, or terrestrial ecosystem, is the land-based community of organisms and their physical environment on a particular piece of land.
41	Land grabbing	Impacts on communities	Refers to the seizing of large areas of land, usually illegally or without the consent of local communities. Often associated with agriculture and biofuel acquisitions in the Global South and linked to concerns over water or food security.
42	Land mines	Controversial products and services	Ground munitions that detonate automatically upon contact with a person or vehicle. Undetonated landmines often remain hidden in the ground long after a conflict ends, posing a lethal threat to both combatants and civilians.
43	Lobbying	Corruption, bribery, extortion and money laundering	Attempt to persuade regulators into supporting actions that are favorable to a company and/or a project while potentially causing adverse direct or indirect environmental, social, and/or governance impacts.

44	Marijuana/Cannabis	Controversial products and services	Refers to the psychoactive drug from the Cannabis plant intended for medical purposes. It may be smoked like a cigarette or mixed with a food or beverage. The use and sale is heavily controlled and is considered illegal in many countries.
45	Marine/Coastal ecosystems	Impacts on landscapes, ecosystems and biodiversity	Refers to the criticism of a company or project as it relates to the destruction or contamination of marine or coastal ecosystems. Marine/Coastal ecosystems are considered the habitats from the coastal shorelines to the dark sea floor. The marine ecosystem includes marshes, tidal zones, estuaries, mangrove forests, beaches, lagoons, sea grass beds, the sea floor, and coral reefs.
46	Migrant labor	Poor employment conditions	Typically refers to someone who works outside of their home country, but may also refer to someone who migrates within a country. Migrant workers often endure less social or legal protection than domestic workers, and are therefore more vulnerable to exploitation and human trafficking.
47	Monocultures	Impacts on landscapes, ecosystems and biodiversity	Refers to the practice of growing a single plant or crop variety intensively over a wide area of land, often for a number of consecutive years. Because uniform crops are more susceptible to pathogens and deplete nutrients in soil, monocultures are often linked to food security concerns. Common monoculture crops include maize, rapeseed, soybean and cotton.
48	Mountaintop removal mining	Impacts on landscapes, ecosystems and biodiversity	Refers to a controversial form of surface mining for coal that involves removing the summit of a mountain. Widely practiced in the Appalachian Mountains in the eastern United States.
49	Negligence	Violation of national legislation	A legal term for when a company or individual is deemed legally liable for failing to take necessary precautions to prevent harm.
50	Nuclear power	Controversial products and services	Often criticized in relation to health and environmental risks associated with uranium mining, processing, and transport. Critics contend that nuclear reactors pose serious safety and environmental concerns, including the risk of nuclear accidents and the improper disposal of nuclear waste.

51	Nuclear weapons	<ul style="list-style-type: none"> • Impacts on landscapes, ecosystems and biodiversity • Local pollution • Violation of international standards • Violation of national legislation 	<ul style="list-style-type: none"> • A military weapon in the form of a missile or a bomb that derives its destructive force from an explosion through nuclear reaction. • The ethical and environmental impact is long-term and is certain to affect a large population. Considered a Weapon of Mass Destruction (WMD).
52	Offshore drilling	Impacts on landscapes, ecosystems and biodiversity	<ul style="list-style-type: none"> • A type of oil drilling process where drilling is done in the rock formations beneath the seabed. Oil spill incidents from offshore drilling are fatal to marine life and difficult to contain.
53	Oil sands	<ul style="list-style-type: none"> • Climate change, GHG emissions, and global pollution • Impacts on landscapes, ecosystems and biodiversity • Local pollution • Waste issues 	<ul style="list-style-type: none"> • Refers to unconventional petroleum deposits in sand or sandstone that involves a complex and energy-intensive process. • Criticized by environmentalists due to pollution concerns and use of large quantities of water. Found in 23 countries worldwide, with the largest deposits in Canada, Kazakhstan, and Russia.
54	Opioids	<ul style="list-style-type: none"> • Impacts on communities • Products (health and environmental issues) • Controversial products and services • Misleading communication • Fraud 	<ul style="list-style-type: none"> • Opioids are a class of drugs that include the illegal drug heroin, synthetic opioids such as fentanyl, and pain relievers available legally by prescription, such as oxycodone (OxyContin®), hydrocodone (Vicodin®), codeine, morphine, and many others. Refers to criticism of a company or project as it relates to the public health crisis with severe consequences including increases in opioid misuse and related overdoses.
55	Palm oil	Controversial products and services	<ul style="list-style-type: none"> • The most largely produced edible oil in the world. • Palm oil plantations are concentrated primarily in Indonesia and Malaysia, where lax environmental regulation has led to the indiscriminate clearing of forests for palm oil plantations.
56	Plastics	<ul style="list-style-type: none"> • Impacts on communities • Impacts on landscapes, ecosystems and biodiversity • Local pollution • Overuse and wasting of resources • Products (health and environmental issues) • Waste issues 	<p>Improper disposal of plastic waste (landfill issues, diversion of waste to developing countries).</p> <ul style="list-style-type: none"> • The production of plastics which contain harmful chemicals (e.g. BPA, Parabens, PVCs). • The manufacture and sale of products lacking recyclable materials. • Overuse of plastic packaging material in production, including single use plastics (e.g. straws, lids, cups, plastic bags). • The implied threat to marine life through

			<p>plastic marine debris.</p> <ul style="list-style-type: none"> • Generation of micro-plastics.
57	Pornography	Controversial products and services	<p>Refers to the explicit portrayal of sexual matter. Banned in many countries, often for religious reasons. Criticized for its negative portrayal of women.</p>
58	Predatory lending	Controversial products and services	<p>Refers to the practice of issuing loans to borrowers with the expectation that they will default. Typical examples include equity grabbing, in which the lender hopes to profit from the default by taking over equity, and price gouging, which involves charging excessive interest rates or fees.</p>
59	Privacy violations	Human rights abuses and corporate complicity	<p>Refers to actions by a company that result in the unauthorized access or distribution of an individual's personal information without his or her permission of knowledge. Commonly occurs through indirectly failing to protect privacy, i.e. outside data hacking and loss of client info, or directly violating privacy, i.e. phone/account hacking by company or sale/release of confidential client info. Does not include corporate espionage.</p>
60	Protected areas	<ul style="list-style-type: none"> • Impacts on landscapes, ecosystems and biodiversity • Impacts on communities 	<p>Refers to regions that are set aside for special protection due to their natural, ecological, or cultural value. Often protected by national governments or international organizations in order to limit human occupation or the exploitation of natural resources.</p>
61	Racism/Racial inequality	<ul style="list-style-type: none"> • Discrimination in employment • Human rights abuses • Poor employment conditions • Social discrimination 	<p>Refers to a company's prejudicial treatment of individuals/employees for their perceived connection to a racial group, as well as companies benefiting from systemic racism. Includes criticism based on physical appearance, skin color, or racially-motivated hate or violence. Refers to a company: perpetuating or allowing a culture of white supremacy amongst employees, violating any international/national law which protects individuals against racial inequality (Civil Rights Act, Race Relations Act, etc.), disqualifying a candidate for hire or promotion based on perceived race or ethnicity, illegally firing an employee based on perceived</p>

			race or ethnicity, or targeting ethnic groups through discriminatory policies.
62	Rare earths	<ul style="list-style-type: none"> • Impacts on landscapes, ecosystems and biodiversity • Impacts on communities • Local pollution • Waste issues 	Refers to several chemical elements found in the Earth's crust that are commonly used in modern technologies. Includes yttrium, scandium, lanthanum, cerium, praseodymium, neodymium, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, and lutetium.
63	Salaries and benefits	Poor employment conditions	Refers to criticism of a company or a project as it relates to the negative impact their activities have on the salaries and benefits of their employees, specifically as it relates to whether they are above or below the living wage requirements.
64	Sand mining and dredging	<ul style="list-style-type: none"> • Impacts on landscapes, ecosystems and biodiversity • Local pollution 	Refers to the extraction of sand through open pits, from beaches, inland dunes, or dredged from ocean and river beds. Sand mining or dredging causes undue erosion and degradation to the surrounding flora and fauna and may also severely affect the stability of the foundation of nearby infrastructures.
65	Seabed mining	<ul style="list-style-type: none"> • Impacts on landscapes, ecosystems and biodiversity • Local pollution 	Refers to the commercial recovery of minerals at the surface or below the seabed. Often used to refer to all ocean-based mining activities. Conservationists warn that it could have disastrous long-term consequences for marine life.
66	Security services	<ul style="list-style-type: none"> • Human rights abuses and corporate complicity • Occupational health and safety issues • Violation of international standards • Violation of national legislation 	Service providers who specialize in providing trained manpower (commonly with military background) for information gathering, body guard services, and other general security services. Also refers to government institutions (KGB, MI5, NSA, etc.) that serve as a national security agency.

67	Ship breaking and scrapping	<ul style="list-style-type: none"> • Impacts on landscapes, ecosystems and biodiversity • Local pollution • Waste issues • Occupational health and safety issues • Poor employment conditions 	<p>Type of ship dismantling involving the breaking up of ships to recycle their parts or for the extraction of raw materials.</p> <p>Issues are primarily environmental when the disposable materials and refuse from the ship breaking process get mixed in the beach soil and sea water.</p>
68	Soy	<ul style="list-style-type: none"> • Controversial products and services • Climate change, GHG emissions, and global pollution • Impacts on landscapes, ecosystems and biodiversity • Products (health and environmental issues) 	<p>Refers to large-scale plantations of soybeans, which can lead to deforestation and contribute to climate change. Due to massive crop planting (see monoculture), soybean seeds are commonly genetically-modified to resist plant pests and diseases.</p>
69	Tax havens	<ul style="list-style-type: none"> • Corruption, bribery, extortion, money laundering • Fraud • Tax evasion • Tax optimization • Violation of international standards • Violation of national legislation 	<p>Refers to a jurisdiction that implements a lower than market tax rate or does not impose tax. Such countries are preferred banking areas for criminal elements due to the tax haven's secretive nature where little to no financial information is shared with foreign authorities.</p>
70	Tobacco	Controversial products and services	<p>Refers to any product manufactured from dried tobacco leaves, including cigars, cigarettes, snuff, and shisha. Known to cause numerous health problems, making the marketing of tobacco products, especially to young adults, extremely controversial.</p>
71	Wastewater management	Impacts on landscapes, ecosystems and biodiversity and/or Waste Issues	<p>Involves the management of wastewater generation, treatment, and discharge, which includes groundwater and aquifer pollution.</p>
72	Water management	Overuse and wasting of resources	<p>Involves the management of water consumption during operations, including water efficiency, intensity, recycling, and impact on water resources.</p>

73 Water scarcity

- Impacts on landscapes, ecosystems and biodiversity
- Impacts on communities
- Overuse and wasting of resources

Refers to creating or contributing to a lack of water, commonly as a result of overuse, pollution, or privatization.

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