

CapitalDynamics



TRULY INVESTED.



CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE IN THE COMMUNITY

2020/21 ANNUAL UPDATE



It gives us the greatest pleasure to provide Capital Dynamics' newsletter outlining the support our Clean Energy Infrastructure (CEI) strategy has provided to the local communities in which we operate.

As we hope we have demonstrated, Capital Dynamics' Clean Energy Infrastructure platform is truly committed to the local communities. The firm has been investing directly in Clean Energy Infrastructure in Europe, including onshore wind and solar PV since 2013 and contributed towards its first community fund in the same year. Capital Dynamics has been an early PRI signatory since 2008 and our Clean Energy Infrastructure business achieved an A+ score in the most recent PRI submission. In 2020, the strategy was awarded the highest GRESB ratings and was awarded sector leader for the second year running. We are very proud of these achievements, but will not rest on our laurels! There are always more things we can do and we will continue to focus on where and how to improve on our Responsible Investing framework.

The CEI business curated the wider firm's proprietary R-Eye™ framework which is used to measure, monitor and analyze ESG data based on the United Nations' Sustainable Development Goals. We ensure our underlying projects are operating in line with our CEI R-Eye™ framework and, where possible, distribute our community support amongst the spectrum of Environmental, Social and Governance projects.

In addition to providing further clean energy capacity and offsetting carbon emissions, we ensure our products are benefiting the local communities in the best ways possible. Our fully integrated asset management affiliate, CD Arevon, monitors our day to day portfolio and works closely with the third parties and communities to promote best practice ESG. Since 2013, we have committed £19.4 million to local communities and this continues to be deployed in local projects benefiting the local people of all ages. This newsletter provides a snapshot of some of the projects we have supported throughout the past year, and is in addition to the wide range of projects we support at a corporate level.

As the COVID-19 pandemic hit in early 2020, the importance of these relationships and dedicated resources proved essential. As our projects continued to operate, our flexible funding enabled us to help local communities requiring emergency funding. In addition, our dedicated asset management team was able to proactively extend to third parties and identify communities seeking such funding.

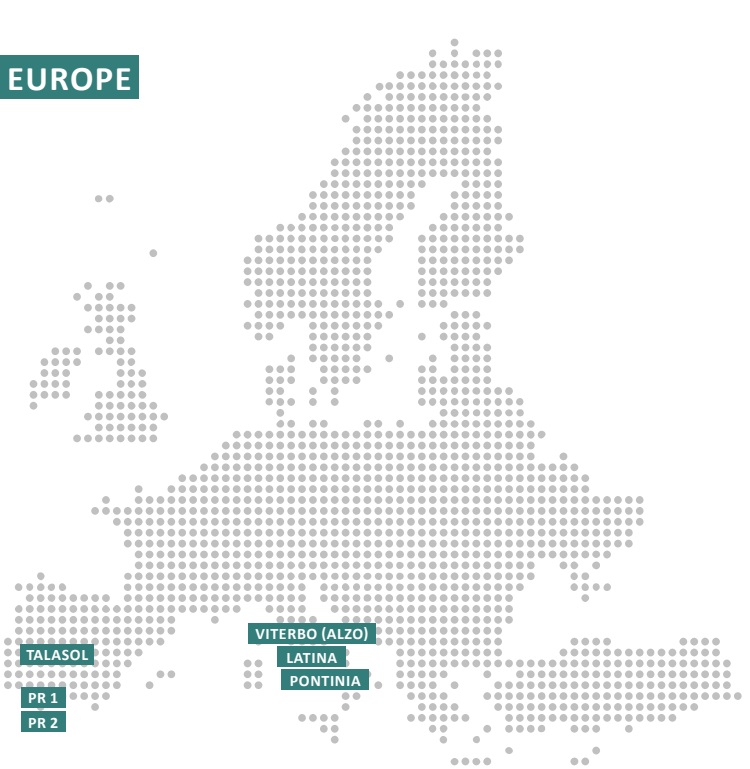
Our teams continue to work closely with the communities to create a positive impact and to work towards our goal of a greener and more sustainable future.



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

Barney Coles
Managing Director
Co-Head of Clean
Energy Infrastructure

Dario Bertagna
Managing Director
Co-Head of Clean
Energy Infrastructure



TOTAL TO BE INVESTED ACROSS ALL SITES £19.4 MILLION*

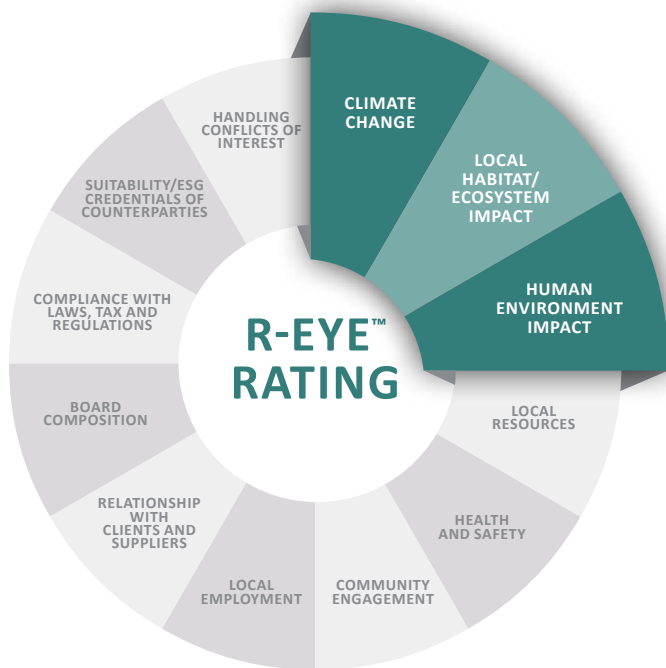


*Based on initial annual contribution of each site with estimated inflation rate of 2% per year.

Projects funded as at August 2020. Figure increases as further community projects are funded.



CAPITAL DYNAMICS ENVIRONMENTAL FUNDING



Capital Dynamics generates new clean energy capacity through the construction of wind and solar projects and is committed to the environment in which it operates alongside the environmental benefits that can be achieved through its assets. At the outset of an investment, we employ biologists or ecologists to analyse the site of each asset and identify areas of improvement. We also award grants to local groups that wish to improve their immediate surroundings and help the environment. We analyse, assess and monitor these areas using the proprietary Capital Dynamics R-Eye™ throughout the lifecycle of each investment.

Over the past 18 months, the firm has supported various environmental initiatives including water supply projects, field facilities, outdoor learning, gardening projects, pond restoration, enhancing village green spaces, woodland wellbeing, biodiversity projects, production of community gardens/allotments and energy improvements. We profile a snapshot of such projects we have supported below.

ANNUAL WINTER BIRD FEEDING



Prior to the development of Red Gap Wind Farm, ecologists were employed on site to conduct pre-construction surveys. Findings were subsequently implemented and monitored regularly through site visits by our fully integrated asset management affiliate, CD Arevon. At Red Gap Wind Farm, we carry out annual winter bird feeding between the months of October and March at designated locations on the site. Capital Dynamics has committed to spend £15,000 in aggregate on bird feeding along with labour costs for the landowner to distribute the feed throughout the life of this project.

SIDDICK VILLAGE WOODLAND

Siddick Village has an established woodland that is approximately 25 – 30 years old. The land required extensive improvement work and a management plan to ensure it is used to its best potential for the community, and to secure a sustainable future for the site. The Wythegill Community Fund awarded £3,000 towards the Siddick Village Woodland project. In order to meet its goal, the site was cleared of rubbish, essential arboricultural work took place, and fifty new trees including Beech, Silver Birch, Holly and Cherry were planted. The work was completed in partnership with local residents and the project included six community events, educational games and practical workshops for young people.



FORK TO FORK

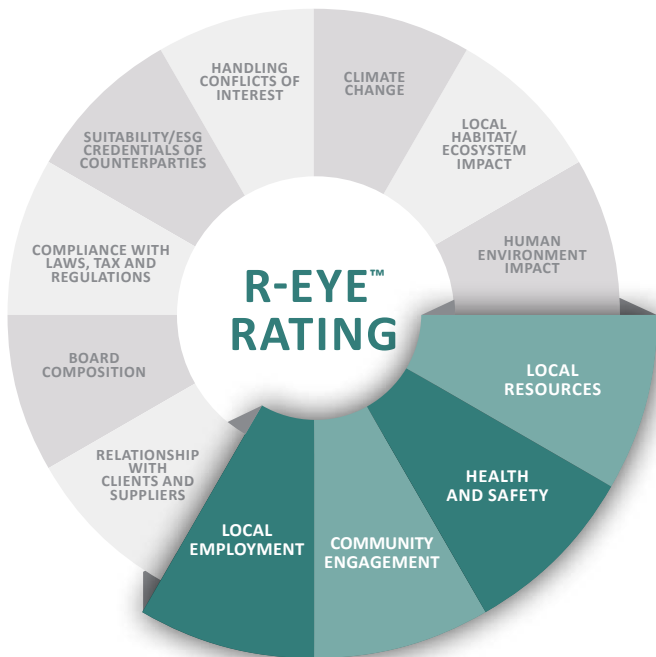


Bradworthy Primary Academy was awarded close to £2,000 through the East Youlstone Community Fund towards its Fork to Fork project. The aim of the project is for children to learn how to grow plants and vegetables in a safe and sustainable way. Through sessions with the school gardener the children will have the opportunity to plan what happens in the garden and take responsibility for growing and maintaining the fruit and vegetables that they choose to grow. This project creates hands-on experience so children can learn about and appreciate healthy foods as well as preparing healthy meals from produce they have grown. Children will also develop a greater awareness of the environment as well as an understanding and desire to nurture wildlife through developing habitats around the school gardens.

BIODIVERSITY AND HABITAT MANAGEMENT

The Puerto Real 1 project is a 133 MW solar farm located in the Puerto Real municipality in Spain. The project developed an environmental monitoring programme which was compliant with the environmental permit during the construction phase of the project. These measures included promoting the conservation of breeding of Montagu Harrier and Black-winged Kite. This resulted in the placement of 20 nest boxes in woodland and the creation of an artificial pond.

CAPITAL DYNAMICS SOCIAL FUNDING



Capital Dynamics is committed to a positive social footprint within areas in which it operates. Whether it involves employing local resources at the point of construction and throughout operations, ensuring the highest health and safety standards are met, or engaging with the local community, we are consistently looking to fund projects that have a positive social impact. We analyse, assess and monitor these areas using the Capital Dynamics R-Eye™ throughout the lifecycle of each investment.

Over an 18 month period, the firm has funded various social initiatives including school equipment, provision of village hall facilities, provision of and improvement to school facilities and teaching opportunities, creation of playgrounds, improvements to villages and local community areas, sports facilities including funding local sports teams, training, improving health and safety through road and building improvements, providing community defibrillators and community shelters, improved transportation facilities and restoring historic installations. We profile a snapshot of projects we have supported below.

NITH VALLEY UNITED



Nith Valley United 2006 was awarded funds from the Whiteside Hill Community Fund to purchase a new kit for all the players in the under 13s team for the 2019-2020 season. The Club has a single team of players born in 2006 with 18 players - thirteen of whom are from Sanquhar and Kirkconnel with the remainder from Closeburn and Cumnock. Nith Valley United 2006 has played two seasons of seven-a-side football and the 2019-2020 season was their first eleven-a-side season of competitive football. The project enabled a better sense of team cohesion and supported an initiative that keeps young players active and occupied.

KIRKCONNEL PARISH HERITAGE SOCIETY



In April 2019, Whiteside Hill Community Fund made an award of £28,000 to Kirkconnel Parish Heritage Society (KPHS) to contribute towards the replacement of its community minibus. KPHS has provided a minibus hire service since 2008. The group's previous vehicle was more than 10 years old and incurred high annual repair costs.

Among the thirty local organisations that use the bus regularly are local groups for the elderly, local primary and secondary schools, Cub Scouts, Guides & Rainbows, Upper Nithsdale Youth Pipe Band, Enable, Quarriers, Kirkconnel and Kelloholm Children's Gala and Kirkconnel FC. The total project cost was £48,000 and an award of £28,000 from the Fund enabled KPHS to match-fund with a grant of £15,000 from Propel and an award of £5,000 from the Community Council. The keys for the new bus were handed over in late 2019 and the group is now able to continue to support the community to access services and reduce rural isolation.

LOCAL EMPLOYMENT

The construction efforts required to build our Puerto Real 1 and Puerto Real 2 solar sites created ~ 450 employment opportunities available to local residents. Given the timeline needed to build these assets, these new jobs collectively spanned approximately two years of employment duration, resulting in a net benefit for the workers and businesses serving the local economy.

HMS TRINCOMALEE PLAYGROUND



£1,928 was awarded from the Red Gap Community Fund towards the HMS Trincomalee Playground at The National Museum of the Royal Navy, Hartlepool. The playground provides an area for local children to play and supports community cohesion. The playground received strong media attention and Roslyn Adamson, General Manager of the Museum said: "We are delighted Red Gap Wind Farm have granted this funding towards our new playground. The new facility will be more accessible to a wider audience and will provide an exhilarating educational space for the local community to enjoy. At the same time, the additional visitors it will draw to the site will bring economic benefit to the local area."

CAPITAL DYNAMICS GOVERNANCE FUNDING

Capital Dynamics places a high importance on good governance and works to promote relationships with local suppliers, regulators, the community and other key stakeholders. Our fully integrated asset management affiliate, CD Arevon, works closely with our charity partners including GrantScape and Foundation Scotland to manage local community funds. Feedback from communities has been positive and we strongly believe that these robust relationships govern a better future. We also comply with local laws and regulations including the Modern Slavery Act. We analyse, assess and monitor these areas using the Capital Dynamics R-Eye™ throughout the lifecycle of each investment.

YSGOL SYR THOMAS JONES COACH EDUCATION

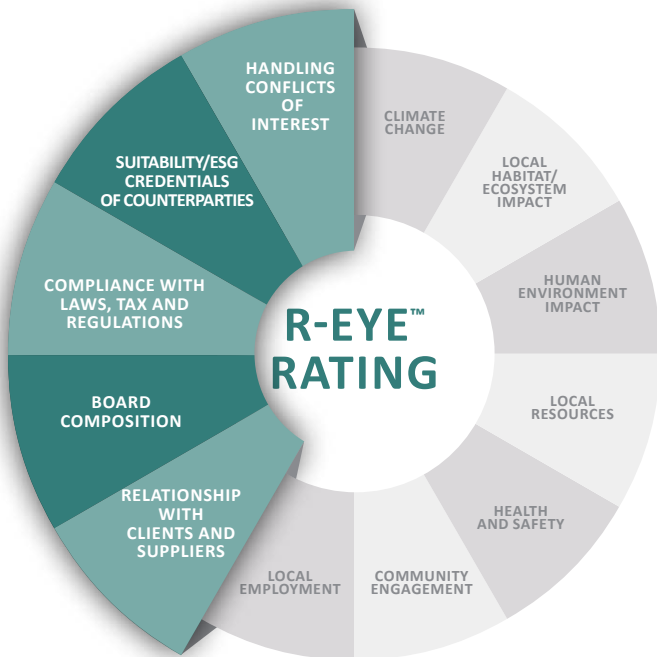


A grant of £1,600 awarded from the Ysgello Community Benefit Fund enabled more than 50 pupils at Ysgol Syr Thomas Jones in Amlwch to gain essential coaching qualifications and go on to inspire and motivate hundreds of people in their school and communities. The pupils successfully completed a variety of courses which included Safeguarding, Netball Leaders, Community Sports Leaders Level 2, FA Refereeing and First Aid. This then enabled the pupils to deliver sport and fitness related sessions in their secondary school, local primary schools and community sessions at the leisure centre. The pupils have gained leadership qualifications as well as key skills and attributes that they will possess for a lifetime thanks to this project.

DIVERSITY & ACCESSIBILITY

We are consistently working to promote diversity and inclusion at both the Manager and Company level. We aim to ensure that at least 33% of our Company Boards are made up of females and, at present, over 40% of our Board members are female.

We are supportive of local culture and prioritise building strong relationships with local stakeholders. For example, we use translation services to ensure groups can access information about the Ysgello Community Fund in Welsh as well as English, and they can complete application forms in the Welsh language. We continue to seek opportunities where we can promote an inclusive and diverse community in the areas in which we operate.



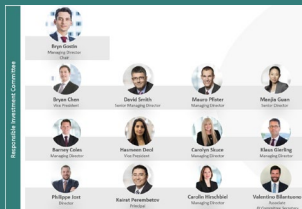
COVID-19 RESPONSE



Due to the flexibility in the ways our Community Funds have been established, we have been able to quickly adapt to respond to the Covid-19 crisis. Some of our Funds offer temporary changes to eligibility criteria and were able to issue emergency grants to support local communities. This has included donations to foodbanks and supporting community initiatives, such as the Community Council Resilience Team in Nithsdale, whom we sponsored to provide emergency funding to vulnerable individuals and families. We expect the Community Funds to continue to help groups and communities recover from the crisis in the areas in which we operate.

ABOUT US

Capital Dynamics is an independent global asset management firm focusing on private assets including private equity, private credit and clean energy infrastructure. Created in 1988, the Firm has extensive knowledge and experience developing solutions tailored to meet the exacting needs of a diverse and global client base of institutional and private wealth investors. As of Q2 2021, Capital Dynamics oversees more than USD 15 billion in assets under management and advisement¹, and employs approximately 160 professionals globally across 13 offices in Europe, the Middle East, North America, and Asia.



Capital Dynamics' global Clean Energy Infrastructure (CEI) platform makes direct equity investments in carbon-reducing renewable energy power generation from late-stage development to commercial operations.

Capital Dynamics is a recognized industry leader in responsible investing, receiving the highest marks from the UNPRI for its Strategy & Corporate Governance, and investment strategies. The Firm combines robust returns with market-leading ESG practices, including designing, implementing and trademarking the Capital Dynamics R-Eye™ Rating System – a unique, best-in-class approach to diligence and rating of each investment based on UNPRI principles and UN Sustainable Development Goals.

Capital Dynamics' CEI assets benefit from their fully integrated asset management affiliate, CD Arevon, made up of technical asset management experts. In addition to their accounting and reporting functions, CD Arevon undertakes rigorous monitoring and control of both the asset performance and third party relationships. This more robust oversight and policing helps to deliver additional value and sustainable growth.

The ability to seamlessly access CD Arevon's services on a cost efficient basis is a key part of the value-add strategy that CEI offers and is a significant differentiator from its competitors. Since the CEI platform's inception in 2010, over 22 million metric tons of greenhouse gas emissions have been avoided as a result of the firm's renewable investments. This is equivalent to the power needed to supply more than 4 million homes or vehicles for one year. In 2020, the strategy was awarded the highest GRESB ratings and was awarded sector leader for the second year running.

For more information, please visit: www.capdyn.com

¹As of June 30, 2021. Assets Under Management are calculated based on the total commitments as of the final closing date for all funds currently managed by Capital Dynamics, including amounts that have been distributed. Assets Under Advisement includes assets for which Capital Dynamics provides services such as reporting, monitoring and risk management.

Our Community Funds are managed by GrantScape and Foundation Scotland



Since 1997, independent, grant-making charity, GrantScape has successfully established and delivered over 75 Community Benefit Fund programmes and awarded grants totalling almost £90 million.

They currently distribute over £3 million of charitable funds annually through 33 individual grant programmes, linked to renewable energy projects and the Landfill Communities Fund. In 2020-21, GrantScape distributed over £3.3 million.

Their expertise in community consultation, creating and managing Community Benefit Funds and Subsidy programmes means they build a strong and positive relationship with the communities they support from the very beginning. Local priorities are identified and clearly defined objectives are established to meet them.

GrantScape are fully committed to operating in an independent and transparent way, without political bias or personal agenda. They provide a user-friendly, open and accessible application for all and work with local Advisory Groups to ensure that the grants awarded are to the most worthwhile and important projects.

Their primary aim is to provide funding towards valuable projects which help strengthen local communities and protect the natural environment.

www.grantscape.org.uk



Foundation Scotland distributes charitable funds on behalf of over 400 individuals, families, charitable trusts, companies and public bodies. As a registered charity, it provides cost effective and tax efficient giving and funding distribution services, distributing over £10 million in 2019-20.

Its developmental approach, partnerships with communities of interest and place, and in-depth knowledge of the charitable and community sectors ensures that funds entrusted to Foundation Scotland for distribution make a real difference to people's lives. The Foundation also holds around £60 million in charitable endowments.

As part of this work, Foundation Scotland administers over £5 million in community benefit payments annually, linked primarily to renewable energy projects. The Foundation works with more than 300 communities across Scotland and a wide range of project owners, supporting the set-up and on-going activities of over 60 community benefit funds.

Foundation favours a long-term view, promotes and harnesses community strengths and supports decision-making processes that are inclusive, accountable and community led.

In 2019, Foundation Scotland was shortlisted in the 'Best Engagement' category in the Scottish Green Energy Awards. The awards provide recognition and celebration for professional excellence in the renewable energy industry.

www.foundationscotland.org.uk