

Capital D policy on Environmental, Social and Governance

FOREWORD

Since Capital D's formation, the sense of purpose and ESG considerations have been of primary importance for the partners of Capital D.

Our different nationalities, personalities, skills and professional backgrounds are a strength to our partnership which also benefits from our shared vision for the private equity we are building. Moreover, we believe we share the human values that would create the strong foundation of a great organisation that would provide a professionally enriching experience for the people involved.

For the partners of Capital D, this ESG policy is a natural extension and professional translation of the human values and care for our planet which we share. We therefore strive to contribute to the UN's Sustainable Development Goals (SDGs) through our work and behaviours.

We further believe that such values help our firm generate solid financial returns.

A PROGRESSIVE APPROACH

Our ESG policy and its implementation evolve and become gradually more sophisticated as we grow, learn and train, by building on both our experience and the evolution of best practices and regulations which we monitor.

Capital D is a PRI signatory, both to ensure we always stay true to our commitment, to help ourselves improve and learn from others and to possibly also contribute our experience to other organisations and individuals who share our values and sense of purpose.

The partners of Capital D review this policy at least once a year or when business process changes occur, to ensure the information herein is current and applicable.

THREE MAJOR UNDERTAKINGS

Our ESG policy includes three major undertakings:

1. Translating our shared values into reality across our corporate business practices;
2. Integrating ESG throughout our investment execution cycle and processes;
3. Integrating ESG into our relations with our investors and other stakeholders.

1. Translating our shared values into reality across our corporate business practices (ESG within Capital D organisation)

We believe that our management company should be exemplary on these issues and therefore ESG considerations should start with ourselves via the following themes and actions:

Environmental impact

- Systematic adoption of simple daily habits, such as sorting office waste, economical consumption of energy and paper, use of drinking fountain, avoidance of single use plastic;
- Reduction of carbon footprint, such as careful consideration of unnecessary airplane travel or the use of recycled materials;
- Commitment to allocating 1% of our management fees to 1% for the Planet in addition to encouraging numerous individual not-for-profit initiatives of individual partners and staff (www.onepercentfortheplanet.com).

Social impact

- Best practice management of our human resources, including regular training (including ESG), feedback and formal evaluation at least annually, diversity of staff especially regarding growing female representation;
- Active community involvement: we aim at contributing or giving back to our respective communities, for example at our office premises (Somerset House) or in our industry for example by giving presentations at industry conferences.

Governance and organisation

Transparent organisation and decision-making processes, weekly information sharing at a meeting of the whole team to examine all subjects (team life, investee companies, ongoing disposals, assessment of potential investment opportunities, commercial relations, investor relations).

2. Integrating ESG throughout our investment execution cycle and processes

We believe that in our industry, the core aspects of ESG issues must be addressed by the Funds' investee companies and that our responsibility as an active shareholder, working alongside the various management teams, is to assess then encourage the adoption and improvement of ESG considerations within the Funds' investee companies.

Therefore, we systematically integrate ESG in our pre-investment and investment monitoring processes.

Pre-investment

Capital D considers ethical and ESG factors when recommending investment decisions, evaluating opportunities both from an ESG risk mitigation and value creation perspective. We seek to contribute to the SDGs' targets by recommending to invest in companies whose activities are linked to these targets or by instilling such targets in the Funds' investee companies.

- Exclusions: in line with our values and our commitment to investors, we undertake to refrain from investing in several sectors or in companies with inadequate exposure or practices;
- ESG due diligence: we run through an ESG checklist (inspired from Invest Europe) in our due diligence process. We also rank prospective investments onto an ESG scorecard and our investment committee materials include a section dedicated to ESG, highlighting the key ESG considerations and potential actions, building on ESG interviews or audits – if relevant, with experts in the specific sector and business. Capital D performs a gap analysis between the company's existing ESG policies and practices and the targeted quality level;

- Shareholder's agreement typically include a specific clause covering ESG subject, the transmission of ESG-related information and the commitment to monitoring by the board of directors, based on alignment with the management team upon review of ESG due diligence findings.

Post-investment

Capital D works with the management team to identify opportunities for improvement and measuring investee companies' progress.

- An initial ESG Action Plan is created with management as part of the broader Value Creation Plan. This plan builds on the gap analysis performed during the due diligence and is regularly revisited with the management team;
- "ESG and Organisation" is a standing topic on the agenda of board meetings and the board monitors the implementation of the action plan. Where relevant, metrics support this monitoring, together with qualitative assessments;
- Beyond specific end-products, we commit to helping the Fund's investee companies adopt and grow ESG best practices, building on external expertise if appropriate, with a view to create sustainable value.

3. Integrating ESG into our relations with our investors and other stakeholders

We communicate regularly with our investors on our ESG policy and impact, especially through our quarterly financials reports, but also in our annual investor meetings or as requested by our investors' representatives.

Capital D produces an annual Sustainability & Impact Report. This report builds on reporting from the Funds' investee companies, who are encouraged to produce their own report over time. Our Sustainability & Impact Report is communicated to investors and other relevant stakeholders and we encourage feedback on our ESG performance and the quality of this reporting.





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