

Sustainable Finance Disclosure Regulation – Capital D Fund 2

Capital D complies with its obligations under Regulation (EU) 2019/88 as supplemented by the Delegated Regulation (EU) 2022/2188 (the “SFDR” or the “Regulation”). Capital D Fund 2 (the “Fund”) is classified as Article 8 under SFDR.

a) Summary

Capital D invests in disruptive businesses that grow by challenging established ways of doing business in their respective industries. The Fund does not make any minimum commitment to invest in a certain number of investments that contribute to an environmental or social objective. However, sustainability aspects, including risks, are thoroughly integrated into the investment decisions of Capital D and are taken into account during the investment process of the Fund as follows and in accordance with Capital D’s investment approach and our ESG frameworks and undertakings.

We believe that the core aspects of ESG issues must be addressed by a Fund’s investee companies and that it is our responsibility as an active shareholder, working alongside the various management teams, to assess and then encourage the adoption and improvement of ESG considerations within the Fund’s investee companies. Therefore, we systematically integrate ESG not only in our pre-investment assessment but also in our investment monitoring processes.

b) No sustainable investment objective

The Fund promotes environmental and social characteristics but does not have as its objective to make sustainable investments.

c) Environmental or social characteristics of the Fund

The Fund does not make any minimum commitment to invest in a certain number of investments that contribute to an environmental or social objective. However, sustainability risks are thoroughly integrated into the investment decisions of Capital D and are taken into account during the investment process of the Fund as follows and in accordance with Capital D’s investment approach and our ESG frameworks and undertakings.

d) Investment strategy

Capital D invests in disruptive businesses that grow by challenging established ways of doing business in their respective industries. We invest at the intersection of macro, technological and behavioural trends without a specific sector focus.

We integrate ESG best practices throughout our investment cycle and processes, as per our publicly available ESG policy. In particular, when assessing prospective investments, we systematically use our ESG scorecard which was developed in-house taking into account best practices from PRI, Invest Europe, Global Compact and the UN’s Sustainable Development Goals (“SDG”s). Not only does it help us evaluate the current impact of a prospective investee company on the planet and society, but it also guides us in determining the areas we can

focus on for improvement. This is captured in our Investment Committee materials and becomes part of the Value Creation Plans of our investee companies, which we start preparing before closing the acquisition.

e) Proportion of investments

Capital D does not have a certain target percentage of investments with sustainability goals. However, the Fund strives for a full alignment with environmental and social characteristics as described above.

f) Monitoring of environmental or social characteristics

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

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

Capital D works with the respective management teams 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.

g) Methodologies

Capital D considers ethical and ESG factors when evaluating opportunities both from an ESG risk mitigation and value creation perspective, and when recommending investment decisions. 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 Fund's 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;
- Shareholders' agreements typically include a specific clause covering ESG subjects, 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 our ESG due diligence findings.

h) Data sources and processing

Capital D uses a variety of data sources to assess new investment opportunities – primarily data received directly from the companies, as well as their published financial results. We use established third party vendors

for certain data. Our primary use of data in the context of ESG is to assess whether a company's revenues are derived from jurisdictions or sectors that are not aligned with our sustainability principles.

We do not invest in businesses that harm people or the planet. Neither do we invest in companies directly exposed to climate risks. Therefore, we do not assess climate risks other than indirect ones, e.g. disruption of their supply chain under exceptional circumstances which we monitor and mitigate through diversification or localisation.

i) [Limitations to methodologies and data](#)

We review our data sources on a regular basis to make sure we are able to make informed decisions around sustainability characteristics.

j) [Due diligence](#)

ESG analysis is a critical component of our analysis when evaluating new investment opportunities. Please refer to section d) "Investment Strategy" and section g) "Methodologies" for further details.

k) [Engagement policies](#)

We have governance requirements for an investment to be eligible for Capital D's investment mandate. We either seek majority or, in case of a significant minority, strong governance rights such as control over exit and the ability to make managerial changes in case of underperformance. Naturally, we can influence and direct the ESG impact of portfolio companies.

We always put in place an effective board including independent non-executive directors. In each investee company, we form from the outset two subcommittees of the board, an Audit Committee and a Human Resources & Compensation Committee ("HRCC"). We always conduct background checks on the C-level managers, including references. Best practice corporate policies implemented at Capital D are also implemented by our investee companies. These typically include at least a Corporate Code of Conduct and/or Code of Ethics, diversity and inclusion, anti-money laundering, anti-bribery, anti-corruption and whistleblowing policies.