

capitalD

Sustainability & Impact
Report 2023



Table Of Contents

Foreword	1
Sustainability at Capital D	3
Sustainability at Fund and portfolio company level	9
Preliminary remarks	9
VONQ (Fund 1)	10
Phrasee (Fund 2)	14
Electrify Video Partners (Fund 2)	18
Overview of sustainability performance	21
Fund 1: VONQ KPI table	21
Fund 1: PAI table	22
Fund 2: Phrasee KPI table	23
Fund 2: Electrify Video Partners KPI table	24
Fund 2: PAI table (Annex I)	25
Fund 2: Periodic Disclosure (Annex IV)	26
Appendix: ESG Policy	30

Foreword

Capital D is delighted to present an overview of its sustainability initiatives and ESG impact for the year 2023. This marks the fifth year since the closure of Fund 1 in October 2018 and the second year of active investment for Fund 2. 2023 was a busy year for Capital D as we welcomed our new portfolio company Electrify Video Partners and grew our investment team.

While our commitment to making a positive impact on both people and the planet remains an ongoing journey of improvement, we are proud to report that Capital D once again has achieved a level of practice that positions us among the top-tier private equity firms, as evidenced by our PRI ranking.

The collaborative ecosystem we've cultivated, notably with Re_Set and Springwise, serves as a catalyst for continuous learning and enhancement of ESG best practices. We continue to explore innovative solutions to minimize our carbon footprint, reduce resource consumption, and promote sustainable business practices. This includes refining our approach to screening potential investment opportunities and guiding our investee companies towards adopting best-in-class practices. We aim to leave a lasting legacy by nurturing companies that contribute positively to both people and the planet.

In this report, we detail our activities at the Capital D management company level, and delve into the performance of our three investee companies during 2023: VONQ (Fund 1), Phrasee (Fund 2), and Electrify Video Partners (Fund 2, invested in September 2023).

We appreciate your ongoing support and value your contributions to our collective journey towards a sustainable and responsible future.

The Capital D team



Capital D is a next-generation growth buyout private equity firm investing in disruptive businesses across Europe:

- We invest at the intersection of macro, technological and behavioural trends, in businesses which will be the winners of the disruption economy. We add purpose and agility to traditional investment lenses and believe businesses with those characteristics are better equipped to succeed;
- We understand “what’s next” through an ecosystem comprising experts in digital, innovation and sustainability which creates unique investment opportunities.



Sustainability at Capital D level

As we continue to grow, our commitment to sustainability remains at the core of our operations. The year 2023 marked the completion of the fifth full year since the closure of Fund 1 in October 2018 and the second year of active investment in Fund 2, which shares a comparable strategy and purpose. We are delighted to highlight our successful accomplishment of several initiatives throughout this year.

Top ESG rating by PRI, a framework for continuous improvement of our ESG practices

As a PRI signatory from inception, we were assessed by PRI in 2023 for the fourth time. We again achieved the highest possible overall ratings this year and came out as a 5-star rated fund on all three dimensions:

- Policy Governance and Strategy: 5-star rating (93/100 score);
- Direct Private Equity practices: 5-star rating (95/100);
- Confidence building measures: 5-star rating (100/100)

We are confident that given our progressive improvement and implementation of ESG best practices, we will continue to achieve very high ratings as per the revised PRI assessment framework. While these ratings are not an objective per se for Capital D, we see the PRI evaluation process as a framework and guideline to continuously improve and implement the strong ESG practices already in place at Capital D, which are described in this section.

SFDR Summary

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’s Fund 2 is classified as Article 8 under SFDR and further information in this regard is set out on page 9 and in the SFDR template report on pages 26-29.

Capital D also considers and reports on principal adverse impacts of investment decisions on sustainability factors (“PAIs”) in respect of Fund 1 and Fund 2. Whilst Capital D considers PAIs across its business, it does not report PAIs in aggregate at entity level in accordance with Article 4 of SFDR but instead considers that reporting PAIs on a product-by-product basis in accordance with Article 7 of SFDR is the most appropriate manner to present the relevant information to its investors.

Further information on Capital D’s SFDR compliance is set out below.

Team and practices (SFDR Article 5)

All Capital D team members are ESG-trained and our team is at the forefront of ESG matters, especially through research and our partnership with Re_Set and Springwise. With Peter Kruppa joining us in late 2021 as our full-time Chief Financial and Compliance Officer, we have significantly enhanced our compliance and disclosure practices in line with the Sustainable Finance Disclosure Regulation (“SFDR” or “the Regulation”).

Equal treatment, diversity and inclusion

We promote and ensure, both at Capital D and portfolio company level, an equitable treatment of employees, irrespective of gender, race, religion or sexual orientation. There is no gender pay gap at Capital D and we monitor diversity both at employee and management levels, particularly with portfolio companies.

Well-being of employees

Both at Capital D and with portfolio companies, we seek to improve employees' well-being, the quality of the working environment, and promote exercise by organising sport or outdoor activities, as well as any community engagement and charity initiatives. We ensure the best possible and flexible working environment, with also remote work policies in place. Our portfolio companies monitor turnover rate and absenteeism and would report to Capital D significant incidents.

Remuneration policy

Our Remuneration Policy (Sustainability Risks) specifically addresses the obligation in Article 5 of the Regulation: "Financial market participants and financial advisers shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks."

Capital D uses external compensation benchmarks and ensures its salary model is fair, clear, motivating and aligned with KPIs for various levels in the organisation. This is reviewed as appropriate typically on an annual basis.

We award our team members a variable discretionary bonus at year-end. Remuneration levels are set based on the performance of the individual concerned. Such performance is assessed via a comprehensive 360-degree year-end evaluation process, including a self-evaluation of each team member. Various factors are considered including the conduct of each team member under any relevant internal procedures, policies and compliance requirements (which may, to the extent applicable, include factors relating to Sustainability Risks).

Strategy and methodology (SFDR Article 3)*Investment process and organisation integrating sustainability risks*

Sustainability risks are integrated into the investment decisions of Capital D and 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 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 (SDGs). 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 an investment.

Exclusions

We do not invest in businesses that harm people or the planet. Excluded sectors include mining, fossil fuels, sex and pornography, tobacco, weapons and firearms. Furthermore, Capital D does not 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.

Governance

Active ownership & governance bodies

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 create a strong 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 a Corporate Code of Conduct and/or Code of Ethics, diversity and inclusion, anti-money laundering, anti-bribery, anti-corruption and whistleblowing policies.

GDPR compliance, data protection and cybersecurity

Our Firm and our investee companies are all GDPR compliant and have strict data protection and security policies in place. Capital D's IT infrastructure is entirely cloud-based and we have mandated a specialized IT services firm to review our IT set-up and to ensure we work according to best practices and standards appropriate for a firm our size, with our staff fully trained and with the right policies in place. Our investee companies' GDPR compliance, data protection and IT security are assessed in due diligence, with external experts. There have not been any cybersecurity breaches within the last three years in any of our investee companies.

Relentless efforts to promote ESG best practices at investee companies

Our objective is that by the time Capital D exits an investee company, the company ranks higher on our ESG scorecard than at entry. For that purpose, we closely monitor progress and ESG is a standing board agenda topic in the monthly board meetings of our investee companies.

Community engagement and charity initiatives

They are part of Capital D's DNA, which we instill also in the culture of investee companies. We do not impose specific standards in relation to these topics but we repeatedly make suggestions and share best practices.

Environmental impact

Measuring, reducing and offsetting our carbon footprint

Capital D has measured its carbon footprint for the last five years. We continuously strive to decrease and offset our carbon footprint.

Capital D has renewed its pledge to [1% For The Planet](#), an international organization whose members contribute 1% of their annual sales to environmental causes. In 2023 we renewed our support to:

[WeForest](#): around 11,480 trees were planted in Brazil with our contributions to date, resulting in the sequestration of approx. 1,880 tonnes of CO₂ over 30 years, and,



Re_Set and Springwise are certified B Corporations since September 2020.



James Bidwell, CEO of Springwise, speaking on the topic of circular economy and reducing plastics at ChangeNOW 2023.



Re_Set co-founder, Sophie Bidwell at ChangeNOW. Dubbed 'the largest event for the planet', the event welcomed 35,000 participants from 120 countries in Paris, November 2023.

[ClientEarth](#), a leading not-for-profit environmental law organisation with a team of c. 300 lawyers and environmental experts who are fighting against climate change and to protect nature and the environment.

Our offices are located in Somerset House in London, the UK's largest creative community, which is highly committed to social and environmental impact as can be read in their [annual report](#).

Early in our interactions with investee companies, we raise their awareness on the need to address the environmental challenge we are all facing. They quickly embrace it and make it one of their priorities; they often impress us with the pace at which they raise their environmental standards. From 2022 onward, we have requested that our investee companies measure their GHG emissions and carbon footprint, and have plans to reduce them, which has been monitored on an on-going basis.

Re_Set and Springwise, our leading edge partners in sustainability, innovation and digital

Since September 2020, Re_Set and Springwise, the strategic consultancy and global innovation intelligence platform, have been part of the global B Corporations community. They are focused on working with client organisations to accelerate positive change through business as a force for good.

The B Corp Certification identifies and celebrates companies with exceptional positive social and environmental impact. Individually, B Corps meet the highest standards of verified performance, public transparency and legal accountability. They are a new kind of business that balance purpose and profit and are legally required to consider the impact of their decisions on their workers, customers, suppliers, community and the environment.

Collectively B Corps lead the growing global movement of people using 'business as a force for good'.

Capital D leverages its strategic partnership with Re_Set and Springwise throughout its investment cycle, typically through joint work in several areas:

- Deal sourcing: we conduct regular thematic deep dives to understand the most promising parts of the value chain and identify successful innovative companies as potential investments. In 2023, we carried out two deep dives in Generative Artificial Intelligence and LegalTech & RegTech, which altogether resulted in 82 prospective investment leads;
- Post-deal value add: they can contribute during Capital D's ownership period e.g. through a focused research piece, typically highlighting the latest innovations and ESG trends relevant to an investee company, or at an investee company's strategic offsite on sustainability, innovation and digital transformation.

Radiating ESG best practices and initiatives beyond our Firm and investee companies

Our partners Re_Set and Springwise contribute regularly to radiating ESG best practices and initiatives by organizing or participating in external events. In 2023 these events included to name a few:

- Major ecosystem and media partnership with ChangeNOW, the largest gathering of innovators for the planet, where Springwise supported the Call to Action for start-ups and attendees across their channels;

- Moderating live panels such as 'The Life Giving Carbon Cycle', 'Reducing Plastics', 'Aligning Business with Planetary Boundaries', 'Corporate Transformation at every level'; sponsoring the "Coups de Coeur" start-up pitches and showcasing sustainable innovations from the event across their channels;
- Nominating & storytelling partnership with The Earthshot Prize including two reports showcasing the finalists and winning innovators developing solutions across five key areas;
- Ongoing partnership with [edie](#), the industry-leading, purpose driven business media brand which empowers sustainability, energy and environmental professionals of all levels to make business more sustainable through award-winning content and events, including monthly round-ups and sustainable innovation reports showcasing the latest innovators developing solutions to fight climate change;
- Ongoing support of 1% For The Planet and active involvement in the community;
- Thought leadership articles and best practice guides including 'Ten do's and don'ts for sustainability leaders'. Springwise thought leadership reports including Future 43, Horizon 2030 and monthly FutureNOW on various ESG themes – all available at www.springwise.com;
- Advocacy through the Better Business Act and Business For Nature.



Sustainability at fund and portfolio company level

Preliminary remarks regarding ESG and SFDR reporting for 2023

In 2023, Capital D was managing 2 funds (Fund 1 and Fund 2).

At the end of 2022, Capital D selected an independent expert firm, Greenly, to help measure GHG emissions and carbon footprint in all our portfolio companies going forward. Greenly also helps them with recommendations for improvement.

For each of these funds, this annual Sustainability & Impact Report 2023 includes all information required based on our commitment to investors, i.e. specifically:

Fund 1 reporting

Fund 1 closed in October 2018 and invested in three companies:

- Invincible Brands, majority exited in September 2020;
- VONQ, unrealised investment at December 31, 2023;
- Qmee, exited in June 2022.

Fund 1 is an SFDR Article 6 fund as it pre-dates the SFDR legislation.

Since VONQ was the only unrealised portfolio company in Fund 1 at the end of 2023, we report extensively on the company in this report.

Since we introduced GHG emissions and carbon footprint measurement in all our portfolio companies during Q4 2022, we also provide on an indicative basis the PAI table for Fund 1 (VONQ only) as per the Annex I SFDR template, although it is not a requirement for Capital D to do so.

Fund 2 reporting

Fund 2 closed in March 2024. So far we have made two investments in Phrasee (March 2022) and Electrify Video Partners (September 2023).

Fund 2 is an SFDR Article 8 fund and therefore this report contains all the relevant reporting templates for Fund 2. i.e. SFDR Annex I and IV templates.

VONQ is a Dutch-headquartered B2B provider of online job marketing services assisting European and American corporate clients and recruitment firms in optimising the effectiveness of employment advertisements across digital job boards. The Company also assists certain clients in improving their employer brand profile. VONQ has worked with over 1,000 clients, including Enterprise clients such as Shell, Rabobank, Microsoft, and Amazon, many of whom it has longstanding relationships with. VONQ is active in the Benelux and DACH regions and increasingly in the UK, France, Italy, and the USA. VONQ has also developed a ‘white label’ indirect advertisement placement service, which is made available via partners including leading Application Tracking System (ATS) vendors.



VONQ launched its internal cross-functional ESG Committee in late 2022 which monitors KPIs and sets annual objectives and initiatives for the company.



“At VONQ, our commitment to our ESG goals isn’t just a response to a trend; it’s a reflection of our core values. Our mission is to achieve and redefine sustainability, ensuring our growth journey is inclusive, responsible, and impactful.”

Tycho van Paassen

Co-Founder and Chief Revenue Officer, VONQ Group

(Introduction, Environmental, Social & Governance Report 2023, VONQ Group BV)



VONQ

Capital D completed its investment in VONQ in October 2019. Since then, the Capital D team has been very involved in helping management accelerate the company's technology transformation.

We are proud to report that VONQ's management has made good progress in turning ESG into a priority, and a range of best practices are now embedded in the company's culture. For the third time, VONQ independently produced its own 'Environmental, Social & Governance Report 2023', which is publicly available on its website.

In 2023, VONQ was once more honored to be categorised a strategic leader in the Fosway 9-Grid™ for Talent Acquisition. Fosway Group is a well-reputed European HR Industry Analyst working with global software vendors and an advisor to corporations on software vendors. This recognition is a testament to VONQ's commitment to excellence in the HR/TA Tech industry.

Governance and organisation

Capital D appointed Rob Brouwer as VONQ's new Non-Executive Chair in September 2023, replacing the incumbent Chair Jane Silber. Rob is a highly experienced HR Technology executive and business leader, currently serving as CEO of Jobrapido. In addition, he spent over a decade in a variety of global leadership roles at Monster Worldwide. Rob, together with the executive team, is now working on creating a scaled technology platform to help the firm build on its technology and innovation mindset.

VONQ adopted and implemented best practice policies in 2021 and it has established a cross-functional ESG Committee which monitors KPIs and sets annual objectives for the company. We are therefore proud to report that VONQ now has a robust and complete policy package as follows:

Labour and Human Rights

Policies aligning with international labour standards such as non-discriminatory treatment, anti-harassment, workplace health and safety, anti-slavery and human trafficking, no child labour, freedom of association, and minimum wages.

Equality and Diversity Policies

Encouraging equality and diversity among the workforce and eliminating unlawful discrimination, as well as committing to treating all employees fairly and providing equal opportunities for career advancement.

Code of Conduct





Encouraging ethical conduct and promoting compliance with applicable laws, rules, and regulations.

Information security

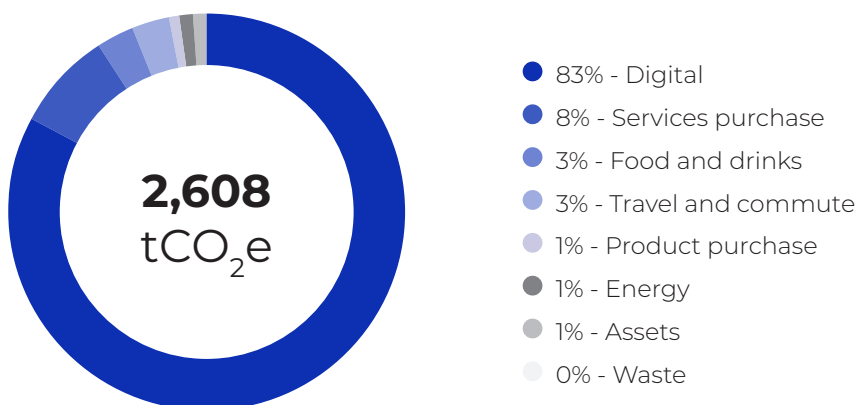
VONQ is ISO 27001 Information Security certified and has an Information Security Management Leader, a designated Information Security Officer (ISO) with the authority to drive information security at the functional and operational levels, whilst coordinating the activities across the organization.

Risk Management

VONQ maintains a Risk Register and Treatment Plan and its assessment applies to all business processes, information systems, networks, and devices. The CEO is accountable for the acceptance or treatment of critical or high business risks. The VP of Engineering and Product can approve the avoidance, remediation, transference, or acceptance of any risk cited in the Risk Register. The DevOps Engineer is responsible for adherence to this policy.

 <p>2021 Recognized as Core Leader by research institute Fosway</p>	 <p>2022 Best Recruitment Marketing Solutions Provider by Acquisition International Magazine</p>
 <p>2022 Recognized as Strategic Leader by research institute Fosway</p>	 <p>2023 Recognized as Strategic Leader by research institute Fosway</p>

Total emissions of VONQ
by activity (% tCO₂e)



VONQ employees during the clean-up days in Rotterdam





Social impact

VONQ embraces 4 key company values: Together (“Join forces”), Ownership (“Own it, do it”), Move fast (“Intelligent decisions made quickly”), Grow & Enjoy (“Be happy with every step you make”) and maintains a safe and healthy workplace supported by policies in place for its employees’ well-being.

VONQ continued to showcase its credentials on social impact as it obtained the Great Place to Work in the Netherlands® certification between Dec 22 and Dec 23.

Gender & Representation

VONQ had a diverse team of 126 dedicated employees, with a gender split of 64% male and 36% female. Whilst this split reflects a consistent pattern from previous years, VONQ recognizes the challenge in the gender balance, especially in the senior leadership team, where the proportion of women fell from 43% in 2022 to 33% in 2023.

Employee Benefits

VONQ supports remote working and unlimited holidays, which are components of its broader vision to create a workplace that prioritises their employees holistic well-being. VONQ also provides access to Headspace, a leading meditation and mindfulness application, and has partnered with Vondelgym, a leading fitness and wellness facility in the Netherlands.

Performance Management & Professional Development

VONQ employs a 360-degree feedback programme in their annual performance review cycle, which now consists of (1) annual goal setting, (2) mid-year review, and (3) year-end conversations between manager and employee.

In addition, employees’ satisfaction is regularly measured via its ‘Eletive’ software. The company also offers LinkedIn Learning, a trusted online platform renowned for its comprehensive repository of over 1,000 courses spanning multiple disciplines and skills.

Environmental impact

The company measures its carbon footprint and has, with the help of Greenly, defined a roadmap to decrease it over the coming years.

VONQ has an environmental policy in place, which applies to all its stakeholders and guides behaviours and practices across corporate activities. Aligned with the Paris Agreement 2.0, they aim to cut GHG emissions by 40% by 2030.

In 2023, VONQ significantly reduced their total GHG emissions to 2,608 tCO₂e, a 10% reduction from the previous year’s 2,864 tCO₂e. This achievement reflects VONQ’s concerted efforts to minimize carbon footprint across all operations.

While these results are encouraging, VONQ is still reporting quite a high intensity of 18 tCO₂e per employee vs. a benchmark of 7.3 tCO₂e (Platforms, Software & Applications Industry), due to VONQ’s high skew to energy- and data-intensive digital services (SaaS; online advertising, web services).

This year, VONQ also decided to offset 10% of its carbon emissions by partnering with the [Keo Seima Wildlife Sanctuary REDD+ project](#) in eastern Cambodia.

Founded in 2015, Phrasee is a London, UK headquartered AI-powered SaaS company, with a staff of 68 as of December 2023. It uses a proprietary natural language generation platform to create short-form marketing text which is aligned with its clients' brand values. This results in superior opening, click-through rates and ROI (on marketing spending) vs. human-written copy.

Currently most of the revenue comes from email deployments (the remainder is social media, texts, etc.). The revenue model is annual or multi-year subscriptions, with an impressive and growing blue-chip enterprise client roster spread across diverse business sectors, predominantly in the USA and the UK.



“As Phrasee continues to expand globally, we recognize the increasing importance of our responsibility to society, our employees, and our customers. Therefore, we strive for a better future through various initiatives and programs that internally and externally promote ESG practices.”

Dan Head
CEO, Phrasee

(Environmental, Social & Governance Report 2023, Phrasee Limited)



| EMEA summer event.



Phrasee

Phrasee is the first investee company of Fund 2. We completed the investment in March 2022, with Keyhaven Capital Partners and Morgan Stanley Expansion Capital as co-investors.

Our ESG priorities in 2023 were the implementation of best governance practices and the measurement of carbon footprint, and we are proud to report that Phrasee's management has made good progress on turning ESG into a priority. For the first time, Phrasee independently produced its own 'Environmental, Social & Governance Report 2023'.

In December 2023, Phrasee was listed as a leader in the 'AI Writing Assistant' category by G2, the largest and most trusted software marketplace in the world. This is a testament of Phrasee's excellence in the Gen AI space.

Governance and organisation

Our focus in 2023 was to strengthen the management team with a focus on overall commercial and product leadership. Dan Head was appointed CEO, while Parry Malm, Phrasee's founding CEO, stepped down whilst remaining on the board. Prior to joining Phrasee, Dan held commercial leadership roles at Braze, ultimately becoming Chief Revenue Officer. Patrick Forquer was appointed CRO (previously America VP for Global Accounts at Braze) and Toby Coulthard was appointed CPO (previously Senior AVP for Solutions Consulting at Braze). The company also promoted Jasper Pye, VP of Product, to the role of CTO. With this management team at the helm, the company set clear strategic goals for the year ahead.

We are pleased to report that Phrasee in 2023 has put in place a robust and complete policy package as follows:

Contract Lifecycle Management

Improved CLM program to automate contract processes, reducing risk and ensuring compliance with document laws.

Legal Information and Resources

Developed a webpage with essential legal documents demonstrating their regulatory standards and streamlining the contracting process by providing prospective clients with key information on services and security provisions.

Onboarding and Offboarding Processes

Developed detailed and comprehensive onboarding and offboarding playbooks to ensure consistency during crucial parts of the employee lifecycle and reduce the risk of errors and oversight.

Labour and Human Rights

Established policies that align with international labour standards, such as non-discriminatory treatment, anti-harassment, workplace health and safety, anti-slavery and human trafficking, no child labour, freedom of association, and minimum wages.

Equal Opportunities and Diversity Policy

Established Equal Opportunities and Diversity Policy to encourage equality and diversity among their workforce and eliminate unlawful discrimination.

Code of Conduct

Adopted a Code of Conduct to encourage ethical conduct and promote compliance with applicable laws, rules, and regulations.

Information security

Prioritized safeguarding confidential customer information by attaining ISO 27001 certification in 2023 and forming a cross-departmental InfoSec Committee to enforce best practices and facilitate transparent decision-making. This includes the creation of various company policies and procedures, such as an Incident Response Plan and Disaster Recovery/Business Continuity Plans.

Risk Management

Implemented a comprehensive risk assessment process across all business aspects, overseen by the General Counsel, involving identification, analysis, and management of risks using various strategies, with periodic reporting to senior leadership, and accountability of the CEO and CFO for critical or high-risk decisions.

Social impact

In 2023, Phrasee celebrated the first full year of its company-sponsored 'Culture Club', fostering diversity and inclusivity by providing a collaborative space for employees to connect, share ideas, and commemorate important cultural and historical events, promoting awareness, overcoming biases, and nurturing a more inclusive workplace environment where everyone feels valued and respected.

Employment Retention Rate

We are pleased to report that Phrasee's employee retention rate has increased to 75.5% in 2023, compared to 68.9% in the previous year, only slightly below the industry average of 80% for the software industry.

Gender Equality and Representation

As of December 2023, due to a workforce rightsizing and reorganization, the company had streamlined its workforce to a total of 68 employees, with 56% male and 44% female representation as opposed to 51% and 49% for the year prior.

Furthermore, by the end of 2023, Phrasee no longer had women in leadership roles; this is something that the company has already begun to address in 2024, through the hiring of a female CFO, the promotion of a female human resources employee to HR Business Partner, and the hiring of a female fractional Chief Marketing Officer.

Employee Benefits

Phrasee prioritizes its employees' well-being and financial security by offering competitive benefits packages, including improved healthcare coverage and support for remote work, transitioning from a flexible remote working policy to a Return to Office (RTO) policy. Additionally, Phrasee partnered with Boost! benefits portal and Reward Gateway Employee Assistance Program (EAP) to provide free access to tools and support for mental health and well-being, aiming to help employees lead happier, healthier lives and achieve a better work-life balance.

Professional and Personal development

Phrasee prioritized the professional and personal development of its employees through various initiatives. The company revamped its performance management cycles to include bi-annual feedback sessions and weekly coaching sessions, aiming to foster continuous growth and feedback. Additionally, Phrasee offered leadership development workshops to align strategic goals across departments and empower leaders. To ensure employee engagement and satisfaction, Phrasee conducted regular staff surveys and provided support through initiatives like traineeships for graduates and sustainable workplace practices. Through these efforts, the company aims to create a supportive, engaging, and fulfilling workplace culture for all employees.

Environment

Phrasee’s commitment to environmental responsibility is evidenced by its comprehensive analysis of greenhouse gas emissions for 2023.

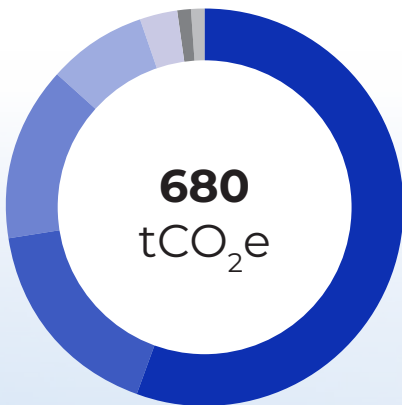
While boasting no Scope 1 emissions, the company diligently addresses its Scope 2 emissions through measures such as energy conservation and remote work policies. Furthermore, Phrasee acknowledged the importance of managing Scope 3 emissions, collaborating with stakeholders to identify and implement strategies for reduction.

Overall, total GHG emissions for 2023 were 635 tCO₂e. Comparing its emissions per employee to sector benchmarks, Phrasee demonstrated significant progress, with emissions less than 45% of the sector average.

To offset its carbon footprint, the company invested in the India Gujarat State Wind Farm project, aligning with UN Sustainable Development Goals.

Looking ahead, Phrasee sets ambitious targets for GHG reduction by 2030, reaffirming its commitment to sustainability and contributing to global climate change mitigation efforts.

Total emissions of Phrasee by activity (% tCO₂e)

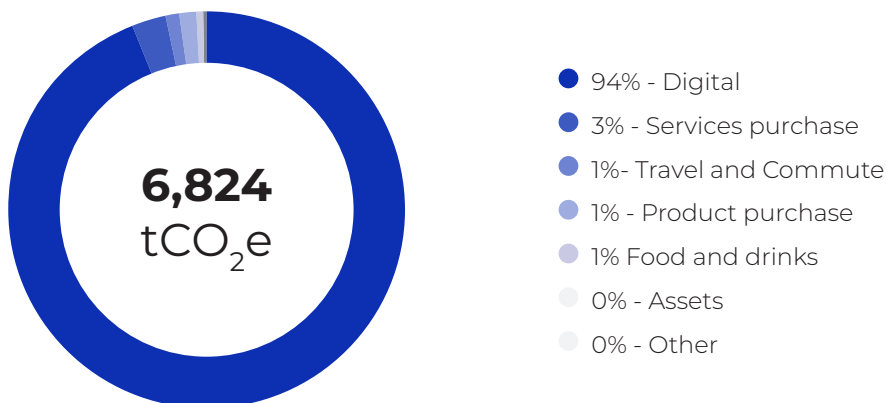


- 55% - Digital
- 17% - Services purchase
- 14% - Food and drinks
- 8% - Travel and commute
- 3% - Activities and event
- 1% - Product purchase
- 1% - Energy
- 0% - Waste
- 0% - Assets
- 0% - Freight

Founded in 2021, Electrify Video Partners is a next-generation digital media company that invests in and scales established YouTube creators. As a next-generation media company which reaches millions of people, Electrify wants to inform and inspire generations through quality content, and be a positive force in the creator community. Just within two years, Electrify assembled a team of c. 50 digital media experts and built a portfolio of 5 channel brands.

The company is committed to advancing and strengthening its approach to ESG topics to help serve their creator partners, employees, shareholders and investors, and to enhance their success as a business.

Total emissions of Electrify Video Partners
by activity (% tCO₂e)



Company offsite in Lisbon, Portugal in September 2023



Electrify Video Partners

Electrify is the second investee company of Fund 2. We completed this investment in September 2023. Our ESG priorities in 2023 were the implementation of best governance practices and the measurement of carbon footprint for the first time.

Governance and organisation

Board of directors

A Board has been put in place consisting of a Non-Executive Director and Observer from Capital D, the co-CEOs Owen Maher and Ian Shepherd, Non-Executive Chair Justin Reizes (largest shareholder) and an Observer from MEP Capital (lender). We are looking to appoint an independent Non-Executive Chair in 2024 to replace Justin Reizes.

Governance policies

All employees, as well as external advisors, are bound by the Electrify Employee Handbook which details a range of policies, including, but not limited to, the Equal Opportunities Policy, Harassment Policy and Bribery and Corruption Policy.

Cybersecurity

A cybersecurity assessment led by an external firm is planned for early 2024 in order to rigorously assess the underlying risk in the business.

Social impact

A Culture of Diversity, Equity, and Inclusion

Electrify is a 100% remote company with a diverse workforce, represented by 17 nationalities, located across the world.

As of the end of 2023, Electrify had in total 47% female representation across employees. They hired 20 new employees in 2023 of which 50% were female.

The combined representation of female and underrepresented gender groups in the Leadership Team was 33%. The goal is to develop the next generation of female and non-binary leaders in senior positions and monitor the retention of female and other minorities currently in leadership roles.

The remote work policy allows 100% work-from-home. It helps improve the scoring on all of the company's ESG initiatives by reducing business travel, office space and the CO₂ footprint. Additionally, more flexible arrangements open new opportunities in relation to inclusiveness and diversity.

Employees well-being

Whilst being fully remote, the company ensures there are two in-person team gatherings per year. A range of initiatives to further enhance employee wellbeing and support are also being explored, including mental health first aid training.

External social impact

Electrify invest in channels with a focus on Learning & Education. Their commitment to SDG4 (United Nations Sustainable Development Goals - Quality Education) is demonstrated through their efforts to make free informative and high quality content available to everyone.

Additionally, Electrify has developed a Creator Foundation to provide support to emerging creators and not-for-profit organisations, with the aim of producing content that tells important stories linked to the United Nations Sustainable Development Goals.

In 2023 Electrify partnered with YouTube to launch the EduTuber Accelerator, a twelve-week program designed to support emerging educational content creators.

Electrify also support selected charitable and not-for-profit organisations with advice

and recommendations on their social media strategy, content production and distribution. They launched their first project in January 2023 with Human Rights Watch.

Environment

For the first time, Electrify measured their GHG emissions and carbon footprint in 2023, with the support of Greenly. According to Greenly, GHG emissions per employee are 25% lower than the sector benchmark, with Scope 1 emissions for Electrify at 0 tCO₂e, Scope 2 emissions at 0 tCO₂e, and Scope 3 at 122 tCO₂e.



Overview of sustainability performance

Fund 1 - VONQ KPI table

Company Name	VONQ
Company website	https://www.vonq.com/
Year of initial Capital D investment	2019
Country of domicile / headquarters	Netherlands
Company structure	Private
Growth Stage of Company	Buyout
Primary sector of operations SIC code	Technology & Communications
Primary industry of operations SIC code	Software & IT Services
Industry sector	HR Tech
GP economic ownership	50%
Fund economic ownership	50%

Year		2023	2022	2021	
Company Annual ESG Report		Yes	Yes	Yes	
Publicly available from company Website		Yes	Yes	Yes	
Environment	GHG Emissions ¹	Scope 1 Emissions (tCO ₂ e)	7	63	N/A
		Scope 2 Emissions (tCO ₂ e)	11	26	N/A
		Scope 3 Emissions (tCO ₂ e)	2,518	2,708	N/A
	Energy Consumption	Total energy consumption (kWh)	34,997	100,228	N/A
		Share of renewable energy consumption	N/A	60%	N/A
	Carbon footprint	Carbon footprint offset	Yes	Yes	No
		Carbon footprint reduction plan	Yes	Yes	Yes
Social	Employment metrics	Number of FTEs at year end	124	168	123
		Net hires	(44)	45	N/A
		Employee retention rate	68%	74%	64%
		Absenteeism	1%	4%	N/A
		Employee survey (Y/N)	Yes	Yes	No
		Number of shareholder employees	22	25	N/A
	Diversity	CEO excess pay ratio ³	4x	N/A	N/A
		Total number of board members	7	7	7
		Number of women board members	1	2	1
		Total number of C-Suite employees	6	7	8
		Number of women C-suite employees	2	3	3
		Overall employee diversity (male/ female %)	64/36	63/37	67/33
	Work Related Accidents	Gender pay gap (unadjusted) ²	7%	12%	N/A
		Number of nationalities	18	23	23
		Number of work-related injuries	0	0	0
Governance	Board	Number of work-related fatalities	0	0	0
		Days lost due to injury (days)	0	0	0
		Total number of board members	7	7	7
	Policies and procedures	Independent Chairperson	Yes	Yes	Yes
Internal audit (systems and procedure)		No	No	No	
Information Security accreditation		ISO 27001 obtained in 2021			
Policies implemented		Code of Conduct, Labour&Human rights, Equality&Diversity, Anti-Bribery, Anti-Money laundering, Whistleblowing system, Environmental Policy			

⁽¹⁾ Methodology used to calculate GHG emissions: Scope 1: Activity & Spend-based; Scope 2: Activity-based; Scope 3: Activity & Spend-based

⁽²⁾ Gender pay gap (unadjusted) compares the difference between the average male salary and the average female salary across the entire organisation, with no consideration given to roles

⁽³⁾ Ratio: CEO salary / average salary of all other employees

⁽⁴⁾ Note, change in calculation methodology for energy consumption between 2022 and 2023

Fund 1 - PAI table

PAI Report - Indicators applicable to investments in investee companies
 (as per Annex I of the Delegated Regulation (EU) 2022/1288 supplementing Regulation EU 2019/2088)

This table is provided only on an indicative basis as Capital D Fund 1 is not an SFDR Article 8 fund

Fund Name Capital D Fund 1
LEI 222100UE6S9DOFDG1F42
Year 2023
Investee companies VONQ

Adverse Sustainability Indicator		Metric	2023	2022	Unit	2024 plans / objectives			
Climate and Other Environment-Related Indicators (Mandatory PAIs)	1	GHG emissions ¹	Scope 1 GHG emissions	7	64	tCO ₂ e	In 2024 VONQ will explore a potential path to Net Zero. In the meantime the company continues to implement improvement opportunities, especially promoting sustainable commuting for employees, incorporating environmental considerations into purchasing policies and optimising hardware and software efficiency for data storage.		
		Scope 2 GHG emissions	11	26	tCO ₂ e				
		Scope 3 GHG emissions	2,518	2,800	tCO ₂ e				
		Total GHG emissions	2,536	2,890	tCO ₂ e				
	2	Carbon footprint	Carbon Footprint	48	55	tCO ₂ e/€M			
	3	GHG intensity of investee companies	GHG intensity of investee companies	75	85	tCO ₂ e/€M			
	Greenhouse Gas Emissions	4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	0		%	0
			5	Share of nonrenewable energy consumption and production	Share of nonrenewable energy consumption	40		40	%
				Share of nonrenewable energy production	0	0		%	0
		6	Energy consumption intensity per high impact climate sector	Energy consumption intensity in Agriculture, Forestry and Fishing	0	0		GWh/€M	0
				Energy consumption intensity in Mining and Quarrying	0	0		GWh/€M	0
				Energy consumption intensity in Manufacturing	0	0		GWh/€M	0
				Energy consumption intensity in Electricity, Gas, Steam and Air Conditioning Supply	0	0		GWh/€M	0
				Energy consumption intensity in Water Supply; Sewage, Waste Management and Remediation Activities	0	0		GWh/€M	0
				Energy consumption intensity in Construction	0	0		GWh/€M	0
				Energy consumption intensity in Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	0	0		GWh/€M	0
	Energy consumption intensity in Transportation and Storage			0	0	GWh/€M		0	
	Energy consumption intensity in Real Estate Activities	0	0	GWh/€M	0				
	Biodiversity	7	Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	0	0		%	0
Water	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0	t/€M	0		
Waste	9	Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0	0	t/€M	0		
Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters (Mandatory PAIs)	10	Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	0	0	%	0		
		11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0	%	0	
	12	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	7	12	%	Reduction where relevant		
	13	Board gender diversity	Average ratio of female to male board members in investee companies	14	40	%	Increase if adequate candidates		
	14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	0	%	0		
Other Optional Indicators for Principal Adverse Impact	Water	8	Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	0	0	%	0	
	Human Rights	14	Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0	0		0	

⁽¹⁾ Methodology used to calculate GHG emissions: Scope 1: Activity & Spend-based; Scope 2: Activity-based; Scope 3: Activity & Spend-based

Fund 2 – Phrasee KPI table

Company Name	Phrasee
Company website	https://phrasee.co/
Year of initial Capital D investment	2022
Country of domicile / headquarters	United Kingdom
Company structure	Private
Growth Stage of Company	Buyout
Primary sector of operations SIC code	Technology & Communications
Primary industry of operations SIC code	Software & IT Services
Industry sector	Marketing Tech
GP economic ownership	43%
Fund economic ownership	22%

		Year	2023	2022	2021
		Company Annual ESG Report	Yes	No	No
		Publicly available from company Website	Yes	N/A	N/A
Environment	GHG Emissions ¹	Scope 1 Emissions (tCO ₂ e)	0	0	N/A
		Scope 2 Emissions (tCO ₂ e)	4	4	N/A
		Scope 3 Emissions (tCO ₂ e)	618	578	N/A
	Energy Consumption	Total energy consumption (kWh)	25,500	12,960	N/A
		Share of renewable energy consumption	N/A	N/A	N/A
	Carbon footprint actions	Carbon footprint offset	Yes -10%	Yes	No
		Carbon footprint reduction plan	Yes	Yes	No
Social	Employment metrics	Number of FTEs at year end	68	97	90
		Net hires	(29)	7	N/A
		Employee retention rate	44%	73%	69%
		Absenteeism	0.1%	N/A	N/A
		Employee survey (Y/N)	Yes	Yes	Yes
		Number of shareholder employees	22	30	N/A
		CEO excess pay ratio ²	4x	N/A	N/A
	Diversity	Total number of board members	6	6	6
		Number of women board members	0	0	2
		Total number of C-Suite employees	5	8	4
		Number of women C-suite employees	0	4	1
		Overall employee diversity (male/ female %)	56/44	52/48	56/44
		Gender pay gap (unadjusted) ²	28%	39%	N/A
	Work Related Accidents	Number of nationalities	16	12	11
		Number of work-related injuries	0	0	0
Number of work-related fatalities		0	0	0	
Days lost due to injury (days)		0	0	0	
Governance	Board	Total number of board members	6	6	6
		Independent Chairperson	Yes	Yes	No
	Policies and procedures	Internal audit (systems and procedure)	No	No	No
		Information Security accreditation	ISO 27001 obtained in 2023		
		Policies implemented	Code of Conduct, Labour&Human rights, Equality&Diversity, Anti-Bribery, Anti-Money laundering, Whistleblowing system, AI Ethics		

⁽¹⁾ Methodology used to calculate GHG emissions: Scope 1: Activity & Spend-based; Scope 2: Activity-based; Scope 3: Activity & Spend-based

⁽²⁾ Gender pay gap (unadjusted) compares the difference between the average male salary and the average female salary across the entire organisation, with no consideration given to roles

⁽³⁾ Ratio: CEO salary / average salary of all other employees

Fund 2 – Electrify Video Partners KPI table

Company Name	Electrify
Company website	https://electrifyvideo/
Year of initial Capital D investment	2023
Country of domicile / headquarters	United Kingdom
Company structure	Private
Growth Stage of Company	Growth
Primary sector of operations SIC code	Information and communication
Primary industry of operations SIC code	Video distribution activities
Industry sector	Digital Media (Video)
CP economic ownership	18%
Fund economic ownership	18%

		Year	2023
		Company Annual ESG Report	To come
		Publicly available from company Website	To come
Environment	GHG Emissions ¹	Scope 1 Emissions (tCO ₂ e)	0
		Scope 2 Emissions (tCO ₂ e)	0
		Scope 3 Emissions (tCO ₂ e)	6,824
	Energy Consumption	Total energy consumption (kWh)	N/A
		Share of renewable energy consumption	N/A
	Carbon footprint actions	Carbon footprint offset	No
		Carbon footprint reduction plan	No
Social	Employment metrics	Number of FTEs at year end	34
		Net hires	18
		Employee retention rate	68%
		Absenteeism	N/A
		Employee survey (Y/N)	Yes
		Number of shareholder employees	2 (not incl. option holders)
	Diversity	CEO excess pay ratio ³	3x
		Total number of board members	4
		Number of women board members	0
		Total number of C-Suite employees	9
		Number of women C-suite employees	3
		Overall employee diversity (male/ female %)	53/47
		Gender pay gap (unadjusted) ²	N/A
	Work Related Accidents	Number of nationalities	17
		Number of work-related injuries	0
Number of work-related fatalities		0	
	Days lost due to injury (days)	0	
Governance	Board	Total number of board members	4
		Independent Chairperson	No
		Internal audit (systems and procedure)	No
	Policies and procedures	Information Security accreditation	No
		Policies implemented	The Equal Opportunities Policy, Harassment Policy and Bribery & Corruption Policy

⁽¹⁾ Methodology used to calculate GHG emissions: Scope 1: Activity & Spend-based; Scope 2: Activity-based; Scope 3: Activity & Spend-based

⁽²⁾ Gender pay gap (unadjusted) compares the difference between the average male salary and the average female salary across the entire organisation, with no consideration given to roles

⁽³⁾ Ratio: CEO salary / average salary of all other employees Note, calculation based on employee with the highest salary (not the CEO)

Fund 2 - PAI table (Annex I)

PAI Report - Indicators applicable to investments in investee companies (as per Annex I of the Delegated Regulation (EU) 2022/1288 supplementing Regulation EU 2019/2088)

Fund Name Capital D Fund 2
LEI 222100LVP1V8UANGQ319
Year 2023
Investee companies Phrased/ Electrify Video Partners

Adverse Sustainability Indicator		Metric	2023	2022	Unit	2024 plans / objectives		
Climate and Other Environment-Related Indicators (Mandatory PAIs)	1	GHG emissions ¹	Scope 1 GHG emissions	0	0	tCO ₂ e	In 2024 Phrased and Electrify will explore a potential path to Net Zero. Specific emission reduction plans are detailed in each company's annual ESG report.	
		Scope 2 GHG emissions	4	4	tCO ₂ e			
		Scope 3 GHG emissions	7,442	578	tCO ₂ e			
		Total GHG emissions	7,446	581	tCO ₂ e			
	2	Carbon footprint	Carbon Footprint	74	7	tCO ₂ e/€M		
	3	GHG intensity of investee companies	GHG intensity of investee companies	55	125	tCO ₂ e/€M		
	4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	0	%		0
			Share of nonrenewable energy consumption and production	N/A	N/A	%		Reduction if feasible with utility suppliers
	5	Share of nonrenewable energy consumption and production	Share of nonrenewable energy production	0	0	%		0
			6	Energy consumption intensity per high impact climate sector	Energy consumption intensity in Agriculture, Forestry and Fishing	0		0
	Energy consumption intensity in Mining and Quarrying	0			0	GWh/€M		0
	Energy consumption intensity in Manufacturing	0			0	GWh/€M		0
	Energy consumption intensity in Electricity, Gas, Steam and Air Conditioning Supply	0			0	GWh/€M		0
	Energy consumption intensity in Water Supply; Sewage, Waste Management and Remediation Activities	0			0	GWh/€M		0
Energy consumption intensity in Construction	0	0			GWh/€M	0		
Energy consumption intensity in Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	0	0			GWh/€M	0		
Energy consumption intensity in Transportation and Storage	0	0			GWh/€M	0		
Energy consumption intensity in Real Estate Activities	0	0			GWh/€M	0		
Biodiversity	7	Activities negatively affecting biodiversity sensitive areas			Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	0	0	GWh/€M
Water	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0	t/€M	0	
Waste	9	Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0	0	t/€M	0	
Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters (Mandatory PAIs)	10	Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	0	0	%	0	
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0	%	0	
	12	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	28	39	%	Reduction where relevant	
	13	Board gender diversity	Average ratio of female to male board members in investee companies	0	0	%	Increase if adequate candidates	
	14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	0	%	0	
Other Optional Indicators for Principal Adverse Impact	Water	8	Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	0	0	%	0
	Human Rights	14	Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0	0		0

⁽¹⁾ Methodology used to calculate GHG emissions: Scope 1: Activity & Spend-based; Scope 2: Activity-based; Scope 3: Activity & Spend-based

Fund 2 - Periodic Disclosure (Annex IV)

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Capital D Fund 2

Legal entity identifier: 222100LVPIV8UANGQ319

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
●● Yes	●●× No
<p>It made sustainable investments with an environmental objective:</p> <hr/> <p>%in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p>in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p>It made sustainable investments</p>	<p>It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of</p> <p>_% of sustainable investments</p> <ul style="list-style-type: none"> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy with a social objective <p>× It promoted E/S characteristics, but did not make any sustainable investments</p>



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

● **How did the sustainability indicators perform?**

Overall the sustainability indicators performed well:

- On Climate and other environment-related indicators: We were measuring GHG emissions for all investee companies. We used a qualified independent 3rd party to do so (Greenly) and although we do not commit to specific benchmarks, their feedback is that Phrassee's GHG emissions are 45% below the sector average and Electrify's GHG emissions 25% below the sector average;
- On Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters: good performance (limited gender pay gap, good diversity level, all best practice policies in place and implemented).

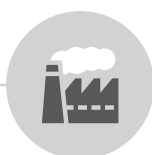
● **...and compared to previous periods?**

Phrassee continues to progress strongly e.g., GHG emissions are now 45% below sector average vs 10% below last year. For Electrify it was the first year we measured them.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the Fund do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did this financial product consider principal adverse impacts on sustainability factors?

The PAI indicators were measured and the results are included in this report.



What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is 1 January 2023 to 31 December 2023

Largest investments	Sector	% Assets	Country
<i>Phrasee</i>	<i>Marketing Tech</i>	72.5%	UK
<i>Electrify Video Partners</i>	<i>Digital Media</i>	27.5%	UK

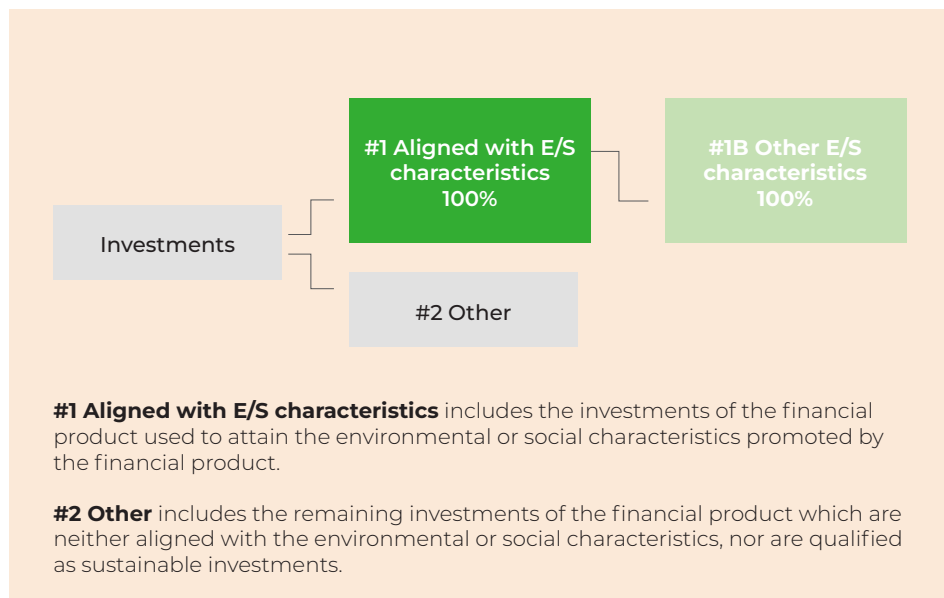
What was the proportion of sustainability-related investments?

0%



What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



- **In which economic sectors were the investments made?**
Marketing Tech, Digital Media



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Not applicable to the Fund.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

In 2023 we made it mandatory for all our portfolio companies to produce their own annual ESG report. They all completed it, including Electrify (which was only acquired in September 2023).

The main actions implemented in Phrasee were:

- Governance: strengthening of the management team with a focus on commercial and product leadership;
- Social: various initiatives to improve employee well-being and retention including the first full year of its company-sponsored ‘Culture Club’; and
- Environment: reduction in GHG emissions per employee.

For Electrify, the main actions were:

- Governance: formation of a new board;
- Social: adoption and implementation of best practice governance and policies; and
- Environment: for the first time in 2023, Electrify measured its GHG emissions and carbon footprint.

Appendix - 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 firm 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 a drinking fountain, avoidance of use of single 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.org).

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 by 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 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 Funds' 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 financial 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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