PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

Capital Dynamics

UNEP Finance Initiative Changing finance, financing change | United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six Principles for Responsible Investment. It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🏳	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

Copyright © 2013 PRI Association. All rights reserved

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	-	n/a							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	-	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	-	n/a	✓						
OA 14	Allocation of assets to environmental and social themed areas	-	n/a	✓						
OA 15	ESG issues for internally managed assets not reported in framework	-	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	-	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Private	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	🔒	n/a							✓
SAM 05	ESG incorporation strategies	🔒	n/a	✓	✓					
SAM 06	Selection processes (listed assets)	🔒	n/a	✓					✓	
SAM 07	Appointment considerations (listed assets)	🔒	n/a				✓			
SAM 08	Monitoring processes (listed assets)	🔒	n/a	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	✓	Private				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	✓	Private	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Private		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Direct - Infrastructure				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
INF 01	Breakdown of investments by equity and debt	✓	Private							✓
INF 02	Breakdown of assets by management	✓	Private							✓
INF 03	Largest infrastructure	✓	Private							✓
INF 04	Description of approach to RI	✓	Private	✓					✓	
INF 05	Responsible investment policy for infrastructure	✓	Public	✓					✓	
INF 06	Fund placement documents and RI	✓	Public	✓			✓		✓	
INF 07	Formal commitments to RI	✓	Private				✓			
INF 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
INF 09	ESG advice and research when selecting investments	✓	Private	✓			✓			
INF 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
INF 11	Types of ESG information considered in investment selection	✓	Private	✓		✓				
INF 12	ESG issues impact in selection process	✓	Private	✓						
INF 13	ESG issues in selection, appointment and monitoring of third-party operators	🔒	n/a				✓			
INF 14	ESG issues in post-investment activities	✓	Public		✓					
INF 15	Proportion of assets with ESG performance targets	✓	Public		✓					
INF 16	Proportion of portfolio companies with ESG/sustainability policy	✓	Public		✓					
INF 17	Type and frequency of reports received from investees	✓	Private		✓	✓				
INF 18	Proportion of maintenance projects where ESG issues were considered	✓	Public		✓					
INF 19	Proportion of stakeholders that were engaged with on ESG issues	✓	Private		✓					
INF 20	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
INF 21	Examples of ESG issues that affected your infrastructure investments	✓	Private	✓		✓				
INF 22	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	
INF 23	Approach to disclosing ESG incidents	✓	Private						✓	

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Capital Dynamics

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Basic Information

OO 01	Mandatory	Gateway/Peering	General

OO 01.1 Select the services you offer.

☑ Fund management

% of assets under management (AUM) in ranges

◉ <10%
○ 10-50%
○ >50%

☑ Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

○ <10%
○ 10-50%
◉ >50%

☐ Other, specify

☑ Execution and advisory only services

OO 02	Mandatory	Peering	General

OO 02.1 Select the location of your organisation's headquarters.

Switzerland

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

○ 1
○ 2-5
○ 6-10
◉ >10

OO 03.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

170

OO 03	Mandatory	Descriptive	General

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

○ Yes

◉ No

OO 04 | **Mandatory** | **Gateway/Peering** | **General**

OO 04.1 Indicate the year end date for your reporting year.

31/12/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		19	000	000	000
Currency	USD				
Assets in USD		19	000	000	000

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

○ Approximate percentage breakdown to the nearest 5% (e.g. 45%)

◉ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 04.4 Additional information. [Optional]

Includes AUM/AUA (Assets under advisement)

OO 06 | **Mandatory** | **Descriptive** | **General**

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

◉ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Private debt	0	<10%
Private equity	<10%	>50%
Property	0	<10%
Infrastructure	<10%	<10%
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png,.bmp and .gif)

Gateway asset class implementation indicators

OO 11 | **Mandatory** | **Gateway** | **General**

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

☑ Private equity

☑ Infrastructure

☐ None of the above

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

☑ Private debt

☑ Private equity

☑ Property

☑ Infrastructure

☐ None of the above

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

OO 12	Mandatory	Gateway	General

OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

☑ Organisational Overview

☑ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Other asset classes with dedicated modules

☐ Private Equity

☑ Infrastructure

RI implementation via external managers

	Indirect - Selection, Appointment and Monitoring of External Managers

☑ Private Debt

☑ Private Equity

☑ Property

☑ Infrastructure

Closing module

☑ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Capital Dynamics

Reported Information

Public version

Overarching Approach

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General

OA 01.1 Indicate if you have a responsible investment policy.

- (●) Yes
- ( ) No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- (●) Yes
- ( ) No

OA 02	Mandatory	Core Assessed	PRI 6

OA 02.1 Indicate if your responsible investment policy is publicly available.

- (●) Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

http://www.capital-dynamics.com/company/responsible-investing.cfm

- ( ) No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- ( ) Yes
- (●) No

OA 03	Mandatory	Core Assessed	PRI 1,2

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Policy components/types	Coverage by AUM
☑ Policy setting out your overall approach ☑ Engagement/active ownership policy ☑ Specific guidelines on corporate governance ☑ Specific guidelines on environmental issues ☑ Specific guidelines on social issues ☑ Asset class-specific guidelines ☑ Screening/exclusion policy ☐ Other, specify ☐ Other, specify	◉ Applicable policies cover all AUM ○ Applicable policies cover a majority of AUM ○ Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General

OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

◉ Yes

OA 04.2 Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

In managing conflicts, Capital Dynamics applies the following principles:

- Client First: Prioritizing client interests above those of the Firm
- Fair Dealing: Dealing equitably among clients should their interests diverge, taking into account a client's investment objectives, liquidity, available capital, remaining investment period and diversification requirements
- Full disclosure: Affected parties are notified of a potential conflict of interest as soon as reasonably practicable. Information on the source of the conflict and proposed action or resolution is provided whenever possible and in time for Capital Dynamics to consult with the affected parties

Capital Dynamics receives no compensation from other investment management companies that may have an interest in influencing the Firm's decision-making process. Capital Dynamics receives compensation only from its clients and the funds it manages.

○ No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General

OA 05.1 Indicate if your organisation sets objectives for its responsible investment activities.

◉ Yes

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

OA 05.2	Indicate how frequently your organisation sets or revises objectives for responsible investment.

- (●) At least once per year
- ( ) Less than once per year

OA 05.3	Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ( ) Quarterly
- (●) Biannually
- ( ) Annually
- ( ) Every two years or less
- ( ) It is not reviewed

( ) No

Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General

OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

	Roles present in your organisation

☑ Board members or trustees

- ☑ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ Other Chief-level staff or head of department, specify

☑ Portfolio managers

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Investment analysts

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ Dedicated responsible investment staff

☑ External managers or service providers

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ Other role, specify

☐ Other role, specify

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5

OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

◉ Yes

OA 10.2	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

☐ Asian Corporate Governance Association

☐ Association for Sustainable & Responsible Investment in Asia

☐ Australian Council of Superannuation Investors

☐ CDP Climate Change

☐ CDP Forests

☐ CDP Water

☐ CFA Institute Centre for Financial Market Integrity

☐ Council of Institutional Investors (CII)

☐ Eumedion

☐ Extractive Industries Transparency Initiative (EITI)

☐ Global Investors Governance Network (GIGN)

☐ Global Real Estate Sustainability Benchmark (GRESB)

☐ Institutional Investors Group on Climate Change (IIGCC)

☐ Interfaith Center on Corporate Responsibility (ICCR)

☑ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)
☑ Basic
☐ Moderate
☐ Advanced

☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)

☐ Investor Network on Climate Risk (INCR)/CERES

☑ Local Authority Pension Fund Forum

Your organisation's role in the initiative during the reporting period (see definitions)
☑ Basic
☐ Moderate
☐ Advanced

☑ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)
☑ Basic
☐ Moderate
☐ Advanced

☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

☐ Shareholder Association for Research and Education (Share)

☐ United Nations Environmental Program Finance Initiative (UNEP FI)

☐ United Nations Global Compact

☑ Other collaborative organisation/initiative, specify

EVCA

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Your organisation's role in the initiative during the reporting year (see definitions)

☐ Basic

☑ Moderate

☐ Advanced

☑ Other collaborative organisation/initiative, specify

BVCA

Your organisation's role in the initiative during the reporting year (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

John Gripton (Global Head of Investment Management) served for 4 years (ending 2013) on the Advisory Board for Responsible Investing at the BVCA. That Board first published guidelines on responsible investing in 2011.

Additionally, John served as a judge on the BVCA panel for responsible investment in 2013.
http://www.bvca.co.uk/ResponsibleInvestment/ResponsibleInvestmentAwards.aspx

During 2013, John was involved with planning for the 2014 BVCA Trustee Training in April 2014 - and helped develop program content on responsible investing.
http://www.bvca.co.uk/Training/IntroductiontoPrivateEquityTrusteeWorkshop.aspx

☑ Other collaborative organisation/initiative, specify

BAI of Germany

Your organisation's role in the initiative during the reporting year (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

☑ Other collaborative organisation/initiative, specify

AltExchange Alliance and IPEV

Your organisation's role in the initiative during the reporting year (see definitions)

☐ Basic

☐ Moderate

☑ Advanced

○ No

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

OA 11	Mandatory	Core Assessed	PRI 4

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

◉ Yes

OA 11.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

☑ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations

☐ Provided financial support for academic or industry research on responsible investment

☑ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

☑ Spoke publicly at events and conferences to promote responsible investment

☐ Wrote and published in-house research papers on responsible investment

☑ Encouraged the adoption of the PRI

☐ Other, specify

○ No

OA 11.3 Additional information. [Optional]

Capital Dynamics published several articles on RI topics in 2013, as per the following link

http://www.capdyn.com/media-research/research.cfm?getJahr=2013 (for all three citations below)

January 2013 with David Scaysbrook "Keeping it Clean"

February 2013 with John Gripton "A Clearer Focus"

June 2013 Editor of a book on investing in Clean Energy and contributed significant content

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Capital Dynamics

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Overview

SAM 02	Mandatory	Core Assessed	PRI 4

SAM 02.1 Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

○ Yes

◉ No

SAM 03	Mandatory	Gateway	General

SAM 03.1 Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Private equity	☑	☑	☑
Private debt	☑	☑	☑
Property	☑	☑	☑
Infrastructure	☑	☑	☑

Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

Selection

SAM 10	Mandatory	Core Assessed	PRI 1-6

SAM 10.1 Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

General

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

	PE	PR	INF
Review the manager's/general partner's responsible investment policy	☑	☑	☑
Discuss the manager's governance and management of responsible investment	☑	☑	☑
Meet staff with responsible investment responsibilities to assess their skills and competence	☑	☑	☑
Discuss minimum responsible investment expectations that managers must meet	☐	☐	☐
Discuss the role managers have played in collaborative initiatives	☑	☑	☑
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	☑	☑	☑
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	☑	☑	☑
Review the manager's responsible investment disclosure, including PRI reporting	☑	☑	☑
Assign specific weighting to ESG factors in your manager evaluation	☑	☑	☑
Other general aspects in your selection process, specify	☐	☐	☐
None of the above	☐	☐	☐

Investment selection (pre-investment) of underlying holding

	PE	PR	INF
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	☑	☑	☑
Other pre-investment aspects reviewed in your selection process, specify	☑	☑	☑
None of the above	☐	☐	☐

Investment monitoring (post-investment) of underlying holding

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

	PE	PR	INF
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	☑	☑	☑
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	☑	☑	☑
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	☑	☑	☑
Other post-investment aspects reviewed in your selection process, specify	☐	☐	☐
None of the above	☐	☐	☐

If you select any 'Other' option(s), specify

Capital Dynamics makes UNPRI guidelines a standard part of investment side letters for externally managed investments

Monitoring

SAM 12 | **Mandatory** | **Core Assessed** | **PRI 1-6**

SAM 12.1 Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:

General

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

	PE	PR	INF
Include responsible investment as a standard agenda item at performance review meetings	☑	☑	☑
Highlight examples of good responsible investment practice by other managers	☑	☑	☑
Review manager's responsible investment reporting, for example PRI-generated responsible investment reports	☑	☑	☑
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	☑	☑	☑
Include responsible investment criteria as a formal component of overall manager performance evaluation	☑	☑	☑
Other general aspects of your monitoring, specify	☐	☐	☐
None of the above	☐	☐	☐

Investment selection (pre-investment) of underlying holding

	PE	PR	INF
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	☑	☑	☑
Other ways ESG issues are incorporated in the pre-investment process, specify	☐	☐	☐
None of the above	☐	☐	☐

Investment monitoring (post-investment) of underlying holding

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

	PE	PR	INF
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	☑	☑	☑
Request examples of ESG issues identified within the portfolio and action taken in response	☑	☑	☑
Request details of how ESG factors were considered when preparing to exit from investments	☐	☐	☐
Other ways ESG issues are monitored in the post-investment process, specify	☐	☐	☐
None of the above	☐	☐	☐

Communication

SAM 16 | Mandatory | Core Assessed | PRI 6

SAM 16.1 Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

◉ Yes, we disclose information publicly

provide URL

http://www.capital-dynamics.com/company/responsible-investing.cfm

SAM 16.2 Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

○ Yes

◉ No

SAM 16.3 Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Information	Public	Clients/beneficiaries
How responsible investment considerations are included in manager selection, appointment and monitoring processes	☑	☑
Details of the responsible investment activities carried out by managers on your behalf	☐	☑
E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership	☐	☑
Other, specify below	☐	☐

○ Yes, we disclose information to clients/beneficiaries only

○ We do not proactively disclose information to the public and/or clients/beneficiaries

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Capital Dynamics

Reported Information

Public version

Direct - Infrastructure

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Overview

INF 05	Mandatory	Core Assessed	PRI 1-6

INF 05.1 Indicate if your organisation has a responsible investment policy for infrastructure.

◉ Yes

INF 05.2 Provide a URL if your policy is publicly available. [Optional]

http://www.capital-dynamics.com/company/responsible-investing.cfm

○ No

INF 05.3 Additional information. [Optional]

Although there is not a separate infrastructure responsible Investment Policy, Capital Dynamics does have a responsible investing policy covering all aspects of the firm, including the activities of the Clean Energy Infrastructure ("CEI") platform

Fundraising of infrastructure funds

INF 06	Mandatory	Core Assessed	PRI 1,4,6

INF 06.1 Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

◉ Yes

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

INF 06.2	Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

☑ Policy and commitment to responsible investment

- ◉ Always
- ○ In a majority of cases
- ○ In a minority of cases

☑ Approach to ESG issues in pre-investment processes

- ◉ Always
- ○ In a majority of cases
- ○ In a minority of cases

☑ Approach to ESG issues in post-investment processes

- ◉ Always
- ○ In a majority of cases
- ○ In a minority of cases

INF 06.3	Describe how your organisation refers to responsible investment for infrastructure funds in fund placement documents (PPMs or similar). [Optional]

ESG issues are discussed in detail in the Fund's DDQ, which accompanies the PPM (excerpted below)

Capital Dynamics is a signatory of the United Nations Principles for Responsible Investment (PRI). Initiated by the United Nations and launched in April 2006, the PRI are a voluntary set of global best practices for socially responsible investing. The principles aim to provide an internationally accepted framework to help investors integrate environmental, social and governance (ESG) issues into traditional financial analysis, investment decision-making and ownership practices. Capital Dynamics acknowledges the important role and impact of financial markets in coping with current global challenges such as climate change, globalization, population growth, an aging population and scarcity of resources. Capital Dynamics shares the broadening view among investment professionals that ESG issues can positively affect the performance of investments and agrees on the importance of the guidelines.

○ No

Pre-investment (selection)

INF 08	Mandatory	Gateway	PRI 1

INF 08.1	Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.

- ◉ Yes
- ○ No

INF 10	Mandatory	Core Assessed	PRI 1,3

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

INF 10.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

ESG issues

☑ Environmental

	List up to three typical examples of environmental issues

Damage/loss of wildlife habitation

Contamination risk

Degree to which the project uses non-renewable natural resources in its production process

☑ Social

	List up to three typical examples of social issues

Job creation

Health and Safety guidelines are met

Energy security (Utilization of indigenous energy resources and reduction of energy dependency)

☑ Governance

	List up to three typical examples of governance issues

Factors related to potential reputational risk arising from unethical business practice

Risk management

Stakeholder dialogue

Post-investment (monitoring and active ownership)

Overview

INF 14	Mandatory	Gateway	PRI 2

INF 14.1	Indicate if your organisation, and/or operators, consider ESG issues in post-investment activities relating to your infrastructure assets.

◉ Yes

INF 14.2	Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.

☑ We consider ESG issues in the monitoring and operation of infrastructure

☑ We consider ESG issues in infrastructure maintenance

☑ We consider ESG issues in stakeholder engagements related to our infrastructure

☑ We consider ESG issues in other post-investment activities, specify

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

INF 14.3	Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]

In summary, our approach to asset management encompasses constant ongoing review and analysis of a host of practices, procedures and real time incidents surrounding health and safety and environmental compliance and best practices, comparison to peer performance data, industry best practice benchmarks, and then execution of improvement plans. As a recent example, we acquired a distressed business and found a lack of best practice operational procedures and protocols. Over a period of 90 days post acquisition, we developed a complete set of standards for site operations encompassing best practices in health and safety, cessation of unsafe work practices, improvement in environmental compliance by elimination of polluting activities etc. Our early achievements have drawn praise from the local equivalent of the EPA.

○ No

Infrastructure monitoring and operations

INF 15	Mandatory	Core Assessed	PRI 2

INF 15.1	Indicate the proportion of infrastructure assets where your organisation, and/or operators, included ESG performance in investment monitoring during the reporting year.

◉ >90% of infrastructure assets

○ 51-90% of infrastructure assets

○ 10-50% of infrastructure assets

○ <10% of infrastructure assets

(in terms of number of infrastructure assets)

INF 15.2	Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

☑ Environmental

	List up to three example targets per issue

Please refer to the additional information

☑ Social

	List up to three example targets per issue

Please refer to the additional information

☐ Governance

☐ We do not set and/or monitor against targets

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

INF 15.3	Additional information. [Optional]

We regard this information as commercial in confidence. However, we can confirm that we set benchmarks and monitor performance against them in the following key areas:

Health, Safety, Quality and Environmental (HSQE)-near miss incidents of worker injury or breach of policy/procedures, severity tracking/trend analysis, overall monthly and cumulative incident rates, lost time rates (RIDDOR), environmental incident events and rates compared to permit conditions, emissions to air/land, noise and odour etc.

INF 16	Mandatory	Additional Assessed	PRI 2

INF 16.1	Indicate if you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).

- ○ Yes
- ◉ No

Infrastructure maintenance

INF 18	Mandatory	Core Assessed	PRI 2

INF 18.1	Indicate the proportion of active infrastructure maintenance projects where ESG issues have been considered.

- ◉ >90% of active maintenance projects
- ○ 51-90% of active maintenance projects
- ○ 10-50% of active maintenance projects
- ○ <10% of active maintenance projects
- ○ N/A, no maintenance projects of infrastructure assets are active

(in terms of number of active maintenance projects)

INF 18.2	Describe your approach to ESG considerations for infrastructure maintenance projects. [Optional]

When projects and businesses are industrial in nature, they often involve significant elements of construction and operational risk involving health and safety hazards. There are two practical mitigation applications: the first is insistence on best practice health and safety standards in the construction, operation and maintenance of project investments, even where such standards exceed minimum regulatory requirements; the second, which works as a negative screen in effect, is an investigation of the health and safety standards and track record of contractors and suppliers to investment projects. This is a qualitative factor that can be weighed in the selection of third parties providing goods and services to projects.

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Communication

INF 22	Mandatory	Core Assessed	PRI 6

INF 22.1 Indicate if your organisation proactively discloses ESG information on your infrastructure investments.

- ○ Disclose publicly
- ◉ Disclose to clients/beneficiaries only

INF 22.3 Indicate the type of ESG information that your organisation proactively discloses to your clients/beneficiaries.

- ☑ ESG information on how you select infrastructure investments
- ☑ ESG information on how you monitor and manage infrastructure investments
- ☑ Information on your infrastructure investments' ESG performance
- ☐ Other;specify

INF 22.4 Indicate your organisation's typical frequency of disclosing ESG information to the your clients/beneficiaries.

- ◉ Quarterly or more frequently
- ○ Semi annually
- ○ Annually
- ○ Every two years or less frequently
- ○ Ad-hoc; specify

INF 22.5 Describe the ESG information and how your organisation proactively discloses it to your clients/beneficiaries. [Optional]

The Capital Dynamics responsible investment policy is publicly available on the Capital Dynamics website. The CEI ESG policy is available for clients to access via the datasite, which contains all of the CEI marketing materials.

The quarterly fund reports contain ESG reporting information, these reports are provided to clients on a quarterly basis.

- ○ No proactive disclosure to the public or to clients/beneficiaries

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment