



This report reflects the relationship between Arevon and Capital Dynamics at the time of its release in January 2021. The corporate structure of Capital Dynamics and Arevon has since changed and is no longer reflective of the language in this report.



2019 / 2020

Sustainability Report

Capital Dynamics Clean Energy Infrastructure / Arevon

*California Flats Solar Farm,
Monterey County, California*

About this Report

We are excited to share our CEI Team's first sustainability report

Intentions	To increase the transparency and accountability of sustainability within our investment and management process.
Scope	This report covers all investments made by our current investment committee, starting in 2014, and their management across the CEI platform. This platform includes the Capital Dynamics CEI team, Arevon Asset Management US, Arevon UK, and Arevon Energy Management.
Timeframe	This report reflects the state of our business line during the 2019-2020. As it is our inaugural report, it reports on two years. Future reports will be published annually.



This report has been prepared in accordance with the GRI standards: Core option.

For questions about this report, email:

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Welcome Message from New York



John Breckenridge
*Senior Managing Director
Head of Clean Energy Infrastructure
Capital Dynamics*

Sustainability. If you think about it, it represents the most important goal for the human race. Without it, our civilization has a finite and ever-shortening future. Although no one can individually change the overall course of our society, we can each dedicate ourselves to doing what is within our power to change.

The Capital Dynamics Clean Energy Infrastructure (CEI) Team is dedicated to the mission of advancing the change to clean power generation and the further utilization of that clean power as a replacement for unsustainable fuel sources. Our whole business has been built around effectively leading this transition in the US and European markets.

In order for that effort itself to be sustainable, it is essential that our business is good not only for our environment, but also for our investors. This sustainability report was prepared by Arevon, our affiliated asset management team. Having this team allows us to support Environmental, Social, and Governance (ESG) criteria through our entire supply and activity chain. At the same time, this team of more than 60 people provides more efficient and higher-quality operation of our projects – and, therefore, better returns for our investors. If we are to succeed in leaving a cleaner Earth to our children, we have to do it in a way that continues to incentivize capital to support renewables.

At CEI we have been doing that now for more than 10 years.

I am very proud of the group of professionals who make up our investment and operations organizations. Over the past 10 years we have created more than 7.4 GW of clean, renewable energy and invested more than \$14B profitably doing so. We have been recognized repeatedly as a leader in both the investment and ESG communities within this sector. I am also very excited that we have created this report and all that it represents. We understand that it is our responsibility to support its contents.

Finally, we remain grateful for the counterparties who help us succeed and the investors who make our business possible. You are all an important part of these efforts of doing the right thing for our planet and the people who live on it.

Welcome Message from Scottsdale



Justin Johnson
CEO
Arevon

Let's start with what we know. Global warming is real. It's an existential threat to humanity and our way of life. We have a colossal task ahead of us, perhaps the largest undertaking in human history: the transition to renewable energy. Thankfully, I'm surrounded by motivated and intelligent professionals working tirelessly to transition to a renewable energy future. The work we're doing is incredibly fulfilling and brings value to energy consumers, the communities we're part of, and the investors who trust us.

Arevon takes pride in the power plants we develop, construct, and operate, and we strive to look after them as we would our own homes. Arevon is dedicated to shepherding those assets through day-to-day challenges so they deliver on the long-term return expectations of our investors.

Arevon is always working to improve the performance of our plants through industry-leading availability, implementing the latest performance-improving technologies, and optimizing plants. Successful asset management also means constant attention to detail to do the little things right – things like ensuring we're taxed fairly, convincing insurance underwriters that we're a better risk than others, and maintaining partnerships in the towns and counties in which we operate. Good ownership involves doing the small things right. Ultimately, these efforts ensure that our business model is as sustainable as the energy we produce.

The scale that Capital Dynamics and Arevon have achieved is impressive. As one of the largest owner and operators of renewable energy assets in the US, we have the knowledge and experience to make more informed investments. We also have the authority and standing to push our industry to be better. Good investing starts early to ensure we're purchasing the right equipment and enforcing responsible contractor and labor policies on our development, construction, and operations partners.

In three years Arevon has unquestionably developed the organization, processes, and capabilities of a market-leading asset manager. Our task now is to apply the same rigor and organizational commitment to the development and construction of our assets. While we're still buying operating plants, a large part of our business plan moving forward involves late-stage development and construction. To that extent, Arevon has been actively adding to our development, construction, and engineering teams to apply the same standards of oversight and excellence to our early-stage investments. It says a lot about our company that we've been able to manage this organizational growth during the COVID-19 pandemic. We have a lot of work ahead of us in 2021 to fill out our organization, but we're on the path to success, and I look forward to cementing our place among the best developers in the marketplace.

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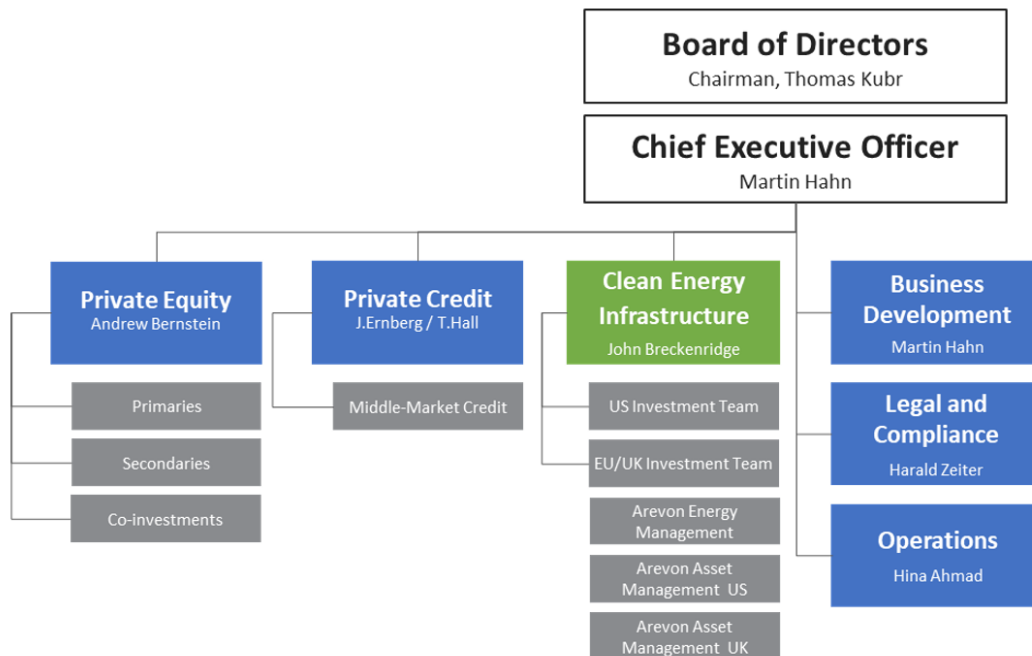
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Capital Dynamics

Capital Dynamics is an independent global asset management firm focusing on private assets including private equity, private credit, and clean energy infrastructure. The company was founded in 1999 and is headquartered in Zug, Switzerland. With 12 offices around the world and a total staff of 160 employees, including 60 investment professionals, Capital Dynamics has helped raise 48 funds and oversees more than \$17 billion in assets under management as of the end of Q3 2020.

The Clean Energy Infrastructure (CEI) Team manages all the clean energy closed-end funds and receives support from Capital Dynamics for functions such as operations, business development, and legal and compliance. The Business Development Team helps each platform with fundraising activities, client relationships, legal and compliance, marketing, and product development and strategy. The Operations Team oversees a broad range of functions from finance, information technology, office management, human resources, investor services, and operational risk.



Capital Dynamics is regulated by the SEC, FINRA, and the FCA, among others. Both Capital Dynamics and a significant proportion of investment professionals in each platform (Private Equity, Private Credit, and Clean Energy Infrastructure) invest in the general partner of each fund. This creates a critical alignment of interests between Capital Dynamics, its employees, and investors.

Responsible Investment Committee

The Capital Dynamics Responsible Investment (RI) Committee was formed in 2018. The RI Committee approves and oversees the enforcement of our Responsible Investment policy, advises Investment Committees on RI best practices, and evaluates potential RI alerts within our investment portfolios. The committee is chaired by Bryn Gostin, Managing Director, Head of Product Development and Strategy.

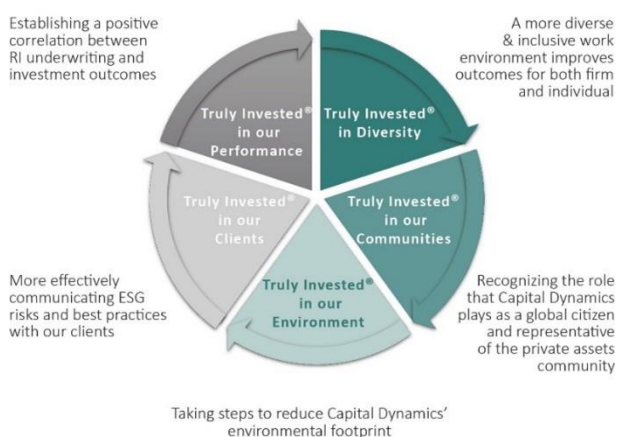
The RI Committee is composed of 15 members, including senior leadership from all investment strategies. Benoit Allehaut and Barney Coles currently serve as the representatives for the CEI Team. The committee also includes the following subcommittees that are dedicated to more focused actions:

- Truly Invested® in Our Performance
- Truly Invested® in Diversity
- Truly Invested® in Our Communities
- Truly Invested® in Our Environment
- Truly Invested® in Our Clients

Overall, 30 employees participated in the RI Committee and subcommittees as of December 31, 2020, which demonstrates a broad engagement. This ensures that everyone at Capital Dynamics – regardless of role and responsibility – adheres to the six Principles for Responsible Investment (PRI) defined by the United Nations (UN) and outlined below:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities.

In Capital Dynamics' company tagline, we describe ourselves as "Truly Invested®," which reflects not only *who we are*, *what we do*, and *how we do it*, as a business partner, but also the way we care for the communities around us.



Clean Energy Infrastructure Team

The Capital Dynamics Clean Energy Infrastructure Team was established in 2010 with a mandate to invest in proven renewable energy technologies. The CEI Team's investment experts are divided between two offices in New York City and London. The CEI US Investment Team has 13 dedicated professionals responsible for overseeing the team's North American investments. The CEI Europe/UK Investment Team consists of seven members dedicated to overseeing our European investments. The CEI Investment Team is also supported by dedicated members of the Business Development Team. To learn more about our team, visit our [website](#).

The investment team plays a critical role in structuring each investment, which includes due-diligence efforts to assess risks, including but not limited to environmental-impact assessment, layout review, land use, permitting conditions, and relationships with stakeholders.

Industry Recognition

The Capital Dynamics CEI Investment Team strongly believes in setting the standard for excellence in clean energy investing. In 2019, the magazine *Private Equity International* recognized Capital Dynamics as the **Global Energy Private Equity Firm of the Year**. *Infrastructure Investor* acknowledged the work of the CEI Europe/UK Investment Team as a **finalist** for the **European Renewable Deal of the Year**.

Capital Dynamics was recognized as well with the **2019 Financial Deal of the Year** at the Global Energy Awards organized by S&P Global Platts for the investment in the Townsite Solar Project. Capital Dynamics was a **finalist in 2020** in three categories: **Award of Excellence – Power**, **Financial Deal of the Year** (jointly with 8minute Solar Energy) for the Eland Solar and Storage Center, and the individual recognition of **Chief Trailblazer of the Year** for John Breckenridge.



John Breckenridge receives the Financial Deal of the Year award in December 2019 at the Global Energy Awards organized by S&P Global Platts

Arevon Asset Management – US

Arevon Asset Management US (Arevon US), an affiliate of Capital Dynamics, provides highly specialized asset management services for the renewable energy generation assets and related clean energy investments in the US CEI portfolio. Arevon's US team is composed of 58 professionals whose expertise ranges from renewable procurement to financial management.



Arevon's US operations and maintenance team members at the Scottsdale office

Arevon US and its affiliates currently manage 7.8 GW of gross power generation and storage across more than 200 projects in the United States, making it one of the top three global solar photovoltaics (PV) and storage owners outside of China. The asset management services cover the entire asset lifecycle, including management of the initial development stage; specialized engineering, procurement, financial, commercial, and project management services during the construction stage; and a broad range of technical, operations, performance management, analytics, commercial, financial, accounting, audit, tax, compliance, and administrative services for commercially operating assets.

Arevon US has a significant responsibility in implementing ESG compliance through procurement activities, development, construction management, operations and maintenance (O&M) oversight and execution, landowner relationships, and community relations. Arevon also oversees all ESG audits for the US portfolio.

Arevon Asset Management – UK

Arevon Asset Management UK (Arevon UK) is an exclusive affiliate of Capital Dynamics and provides a comprehensive suite of asset management services across the entire lifecycle of its European-based renewable energy assets. Arevon UK has 18 dedicated team members whose expertise includes legal, commercial, technical, and financial management.

Arevon UK manages more than 200 MW of operational onshore wind and solar assets in the UK and a further 450 MW of construction assets across Europe. The asset management services include management of the initial development stage; procurement, financial, commercial, and project management services during the construction stage; and a broad range of technical, operations, performance management, analytics, commercial, financial, accounting, audit, tax, compliance, and administrative services for commercially operating assets.

Arevon UK is responsible for implementing ESG compliance across its European platform through procurement activities, development, construction management, O&M oversight, landowner relationships, and community relations.

Arevon Energy Management

Arevon Energy Management (“AEM”) is an independent specialized company established in close consultation with the CEI Team that is focused on originating and structuring offtake agreements with end buyers of power. Their team of 10 professionals, headquartered in Scottsdale, Arizona, is exclusively dedicated to and responsible for originating and structuring the CEI Team’s US-based projects.



Their deal origination team builds direct relationships with power purchasers in the US market and designs products that can provide renewable energy alternatives to these traditionally fossil fuel-backed contracts. AEM manages key partnerships with developers in select markets, who contribute to adding execution certainty to the products CEI provides.

To provide renewable energy solutions, the AEM team has a deep expertise in battery energy storage systems (BESS) and local-scale distributed generation (DG) solar technologies.

A Note from Arevon Energy Management

For the past decade, the renewable market growth was highly anchored in unit-contingent contracts and feed-in tariff incentives. These types of agreements were essential for the solar and wind growth, giving projects long-term visibility on revenues. However, these products require the offtaker to deal with matching intermittent supply with demand.

Intermittency management can be costly, especially to municipal utilities, electric co-ops, and community aggregators that have historically purchased power in fixed volume or full requirement from entities with heavy reliance on fossil fuels. This dynamic effectively creates a barrier for a substantial part of the US power market to access high levels of renewable penetration.

AEM’s goal is to solve this equation and support a broad transition to renewable energy. We use state-of-the-art storage technology integrated with renewable resources, distributed generation, and energy trading to provide structured products to our clients.

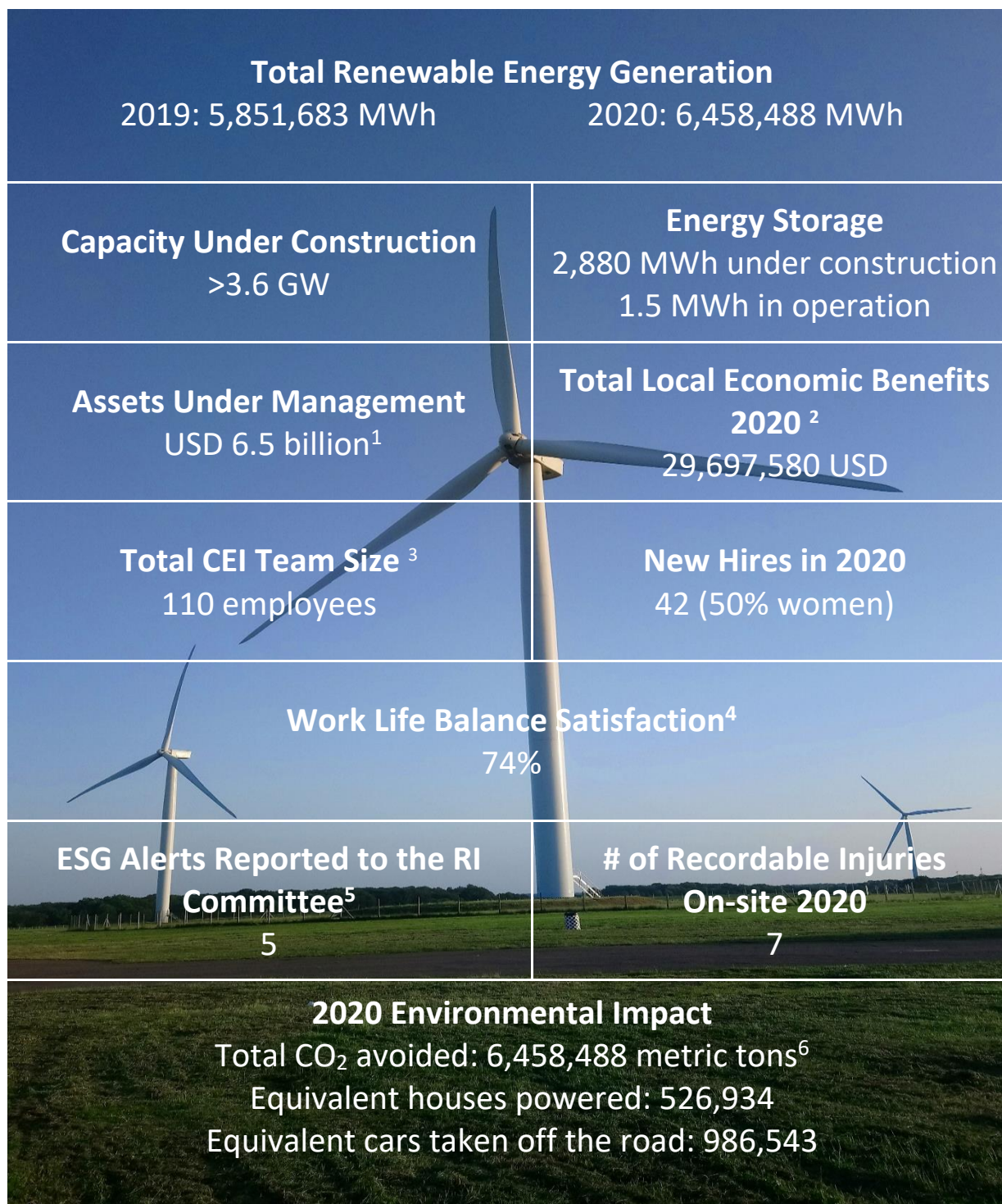
We believe that the way renewable energy will be procured in this coming decade will be fundamentally different from the way it was procured in the past one, and our goal is to help Capital Dynamics contribute to this transition.



Tiago Sabino Dias
CEO
Arevon Energy Management

Timeline of ESG-Related Actions

2008	Capital Dynamics signed on to the UN Principles for Responsible Investment (PRI)
2010	Capital Dynamics created the Clean Energy Infrastructure platform
2017	Publication of first Capital Dynamics Responsible Investment industry questionnaire First GRESB submission for Fund V
2018	Establishment of Capital Dynamics Responsible Investment Committee Publication of Capital Dynamics Responsible Contractor Policy PRI score: A for Clean Energy Infrastructure Hired Quinn & Partners to assist in ESG Audits
2019	Publication of Capital Dynamics statement on the UK Modern Slavery Act Proprietary R-Eye™ scorecard deployment across all Capital Dynamics platforms Creation of multiple Responsible Investment subcommittees: <ul style="list-style-type: none"> • Truly Invested® in Our Performance • Truly Invested® in Diversity • Truly Invested® in Our Communities • Truly Invested® in Our Environment • Truly Invested® in Our Clients Website updated with real-time “Environmental Benefits” ticker PRI score: A+ for Clean Energy Infrastructure Fund V awarded sector leader in GRESB infrastructure assessment First GRESB submission for Fund VII
2020	Capital Dynamics issued first Task Force on Climate-related Financial Disclosures (TCFD) Report Issued 2019/2020 annual report, “Responsible Investment at Capital Dynamics” Publication of Capital Dynamics CEI Responsible Contractor Policy Hiring of dedicated ESG analyst reporting to managing director First GRESB submission for Fund III Fund V awarded sector leader in GRESB infrastructure assessment Update of R-Eye™ scorecard for CEI strategy Capital Dynamics signed Institutional Investors Group on Climate Change (IIGCC), CDP, and PRI open letter to EU in support of a sustainable recovery from COVID-19 CEI Team signed SEIA’s Solar Industry Environmental and Social Responsibility Pledge
2021	First Capital Dynamics Clean Energy Infrastructure & Arevon Sustainability Report Compliance with EU’s new Sustainable Finance Disclosure Regulation (SFDR)



¹ As of December 31, 2020.

² Total dollar amount of lease payment, sales tax and property taxes.

³ Arevon Asset Management US, Arevon Asset Management UK, Arevon Energy Management, Capital Dynamics – As of December 31, 2020.

⁴ Results from CEI Team D&I Survey. Aggregated respondents for “Strongly Agree” and “Agree”.

⁵ Formal alerts made and reviewed by the Capital Dynamics Responsible Investment Committee during 2019 and 2020 combined.

⁶ CO₂ avoided and other equivalencies were calculated using the [EPA's Greenhouse Gas Equivalencies Calculator](#)

Our Investment Focus



UTILITY-SCALE WIND AND SOLAR

We have assembled one of the largest solar portfolios in the world through acquisitions and development efforts. The European team has assembled a significant portfolio of onshore wind farms in the UK and Northern Ireland and co-invested in one of the largest solar projects on the continent. We believe portfolio-scale projects and superior asset management create value.



DISTRIBUTED SOLAR GENERATION

Our partnership with Sol Systems through Sol Customer Solutions (SCS) created a unique platform to roll up and manage distributed generation assets with a dedicated and specialized team. We added additional assets from SunPower, 8point3, and Johnson Controls to the SCS platform. The portfolio stands at 117 MW and is expected to grow significantly in the coming years.



ENERGY STORAGE

The energy transition will significantly benefit from the emergence of energy storage. Our team has been one of the early technology adopters, and our portfolio has one of the largest storage fleets under construction, with 2.2 GWh. We expect to grow this portfolio with acquisitions of stand-alone projects and our development portfolio with Tenaska, which consists of nine sites throughout California.



*Moapa Southern Solar Farm
Clark County, Nevada*

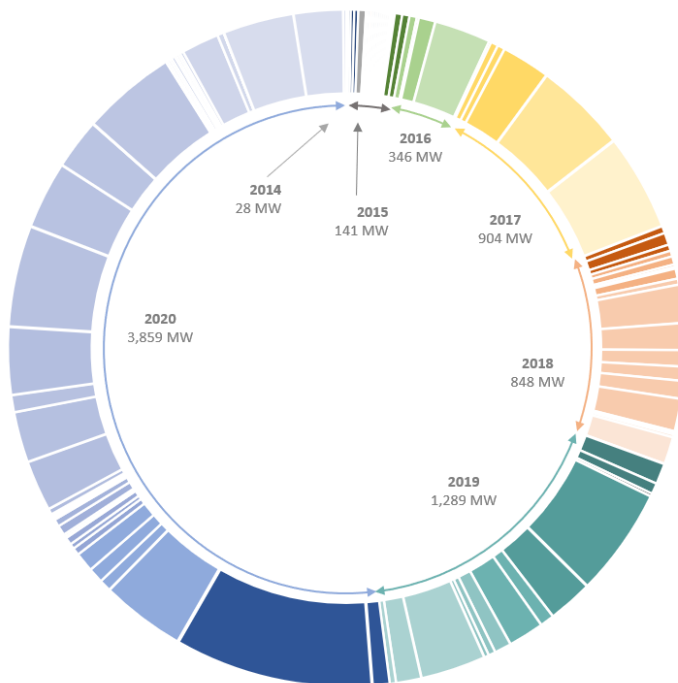


*Castlegore Wind Farm,
Northern Ireland*



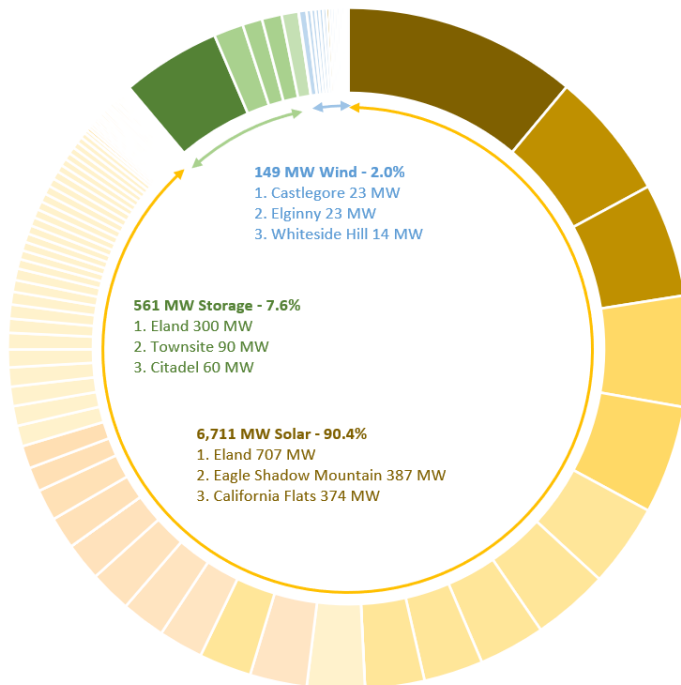
*Kamloops - Latitude Solar Farm
Tennessee*

CEI Renewable Energy Portfolio by Year 7,422 MW_{dc} Net Ownership



Source: Bloomberg New Energy Finance and Capital Dynamics

CEI Renewable Energy Portfolio by Technology 7,422 MW_{dc} Net Ownership Top 3 largest assets for each technology



Source: Bloomberg New Energy Finance and Capital Dynamics

A Growing Portfolio

The investment team has been progressively building one of the largest renewable energy portfolios in the world.

The investment focus is technologically agnostic and the primary focus is maximizing the cash yield and return on investment for investors. As assets are added to the portfolio, the goal is to keep a disciplined approach to screening and due diligence and leverage the lessons learned from the asset management team.

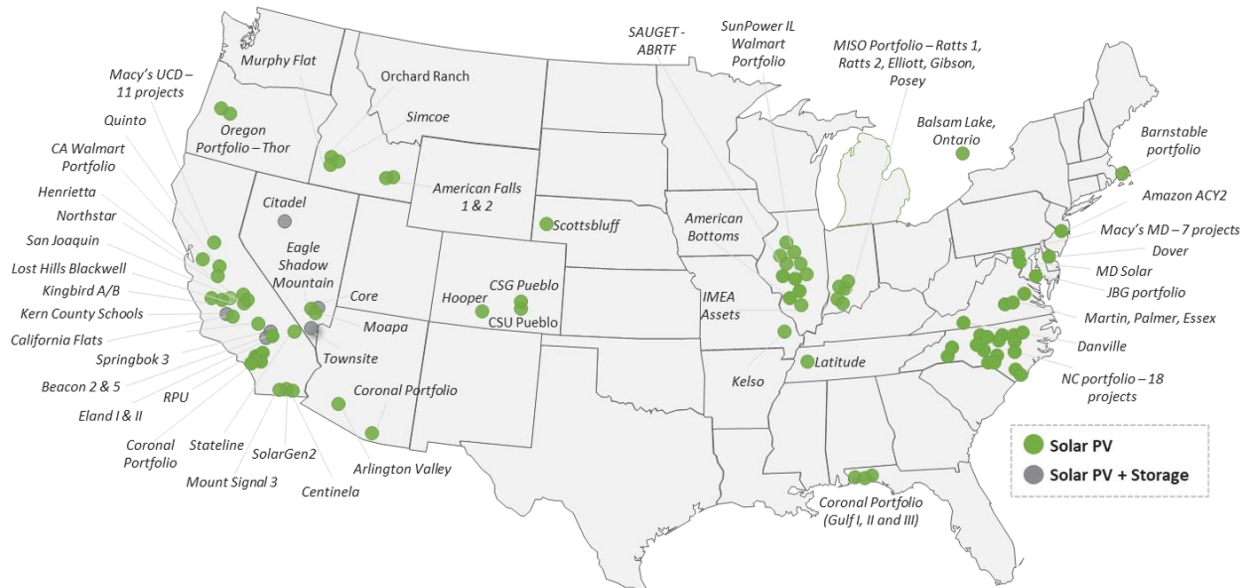
The portfolio represents a significant displacement of fossil-fuel generation and resulted in significant job creation and local economic benefits.

The scale of the portfolio enables a cost-efficient asset management overlay and helps streamline asset performance monitoring both for utility-scale and distributed generation assets.

Our North American Portfolio

North American Portfolio Key Indicators

Number of Sites	127	
Generation Capacity	Operational:	3,055.0 MW
	Under construction:	3,434.7 MW
	In development:	6,000.0 MW
Energy Storage Capacity	Operational:	1.2 MW
	Under construction:	561.2 MW
	In development:	1,950.0 MW
CO₂ Avoided in 2019	Total CO ₂ avoided (metric tons):	3,948,690 metric tons
	Equivalent houses powered:	455,653 houses
	Equivalent cars taken off the road:	853,089 cars



Portfolio as of December 31, 2020. Includes operational assets, partially commissioned assets and late-stage development assets with Power Purchase Agreements (PPAs) secured as well as selected shortlisted MISO projects



Springbok III Solar Farm,
Kern County, California

Highlight – Kamloops Portfolio

352.8 MW_{DC} Solar Portfolio	Project Status Fully Operational
Technology Type c-Si solar	Locations California, Ontario, Virginia, Florida

The Kamloops solar portfolio is a 352.8 MW_{dc} portfolio of 16 operating solar facilities located across the US and Canada.

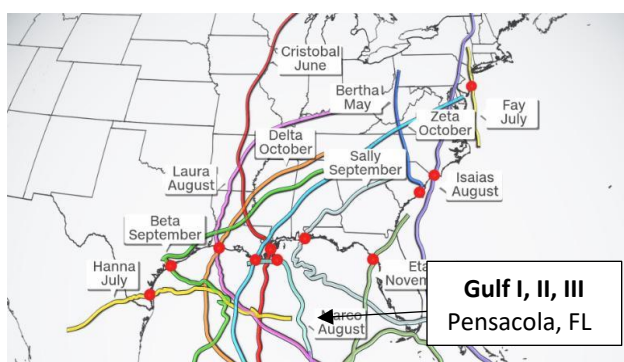
Three of the projects (Gulf I, Gulf II, and Gulf III) are sited near military bases, and there is meaningful coordination and communication with the military for any local matters relating to these projects.

In September 2020, the Gulf assets suffered a direct hit from Hurricane Sally. As a result, some erosion occurred at two of the sites (Gulf I and Essex) that required remediation and restoration. However, the equipment experienced very little damage, despite the high winds. Capital Dynamics worked closely with the seller of the portfolio to address these issues before completion of the acquisition.

This included working closely with various regulatory bodies, including the US Fish and Wildlife Service, the Florida Department of Environmental Protection, and the Virginia Department of Environmental Quality to ensure the work being done both on-site and off-site met all standards.



*Avalon, Kamloops
Arizona*



*The 12 storms that made landfall in the US during
the 2020 Atlantic Hurricanes Season
Source: CNN Weather*

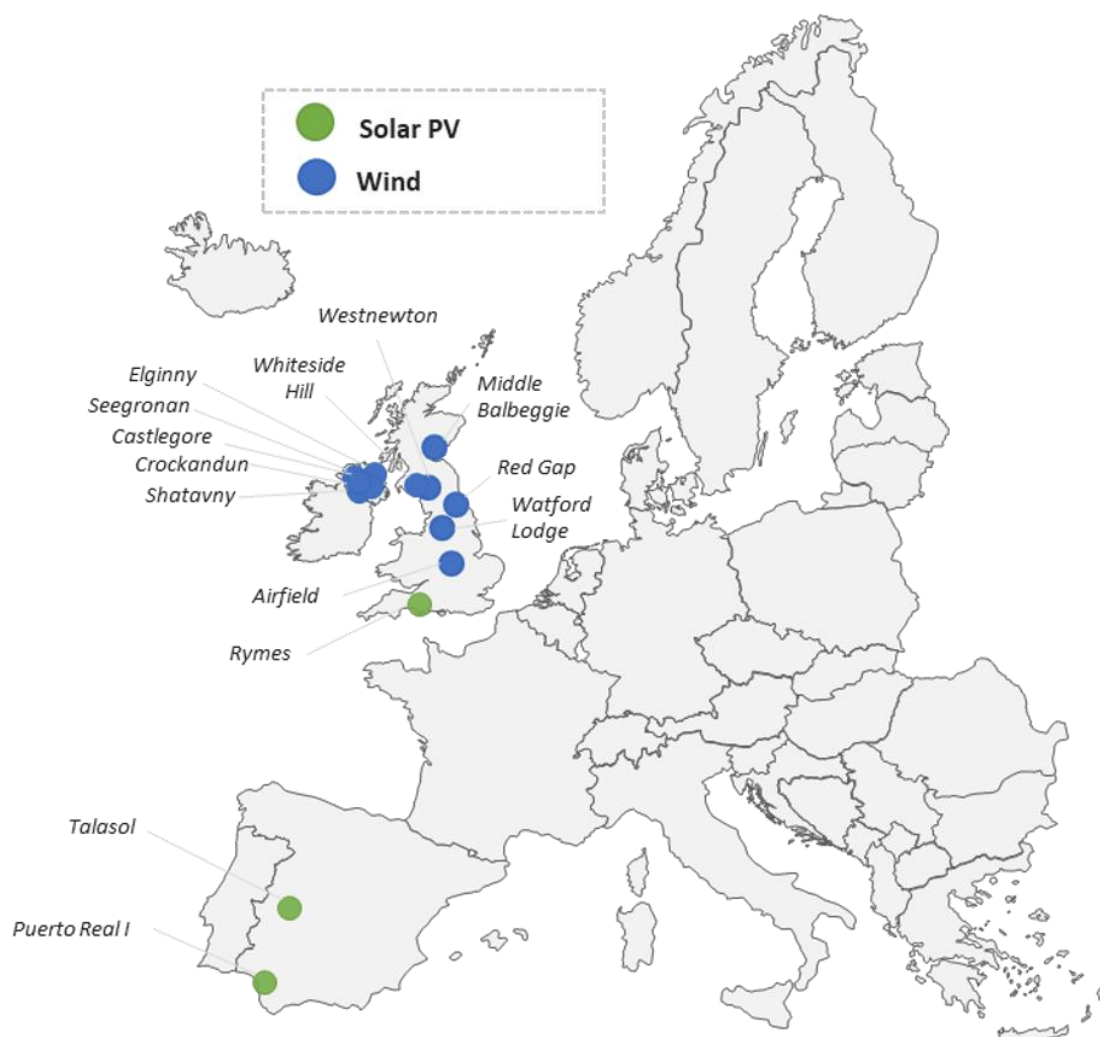


Richmon Kam
Senior Associate, CEI US

"Throughout the project we collaborated with a large group of stakeholders. Our ability to manage the resolution of environmental matters demonstrates our dedication to sustainable energy generation. We are proud to have acquired assets that provide clean and reliable energy across North America and look forward to the continued stewardship of the portfolio."

Our European Portfolio

European Portfolio Key Indicators		
Number of Sites	14	
Generation Capacity	Operational:	131.4 MW
	Under construction:	230.2 MW
Emissions Avoided in 2019	Total CO ₂ avoided:	188,684 metric tons
	Equivalent houses powered:	21,773 houses
	Equivalent cars taken off the road:	40,764 cars



Portfolio as of December 31, 2020. Includes operational assets, partially commissioned assets and late-stage development assets with PPAs secured

Letter from Simon Eaves



Simon Eaves
Managing Director
Head of CEI, Europe
Capital Dynamics

Sustainability is not a fad. The events of 2020 not only brought into sharp focus those features of our world and lives that we truly treasure, but also those that we believe to be unjust, or under threat. One glimmer of hope to emerge from the tragic events of 2020 has been the broader global awakening to these longstanding social and environmental issues that plague our world, and the sky-high enthusiasm from a broad group of people to finally tackle these enormous challenges.

Europe, through both its institutions and its people, has traditionally been at the forefront of these battles and will continue to lead the way. I am proud, as Head of Capital Dynamics' European CEI team, to lead a renewable energy investment business that has been dedicated to designing and bringing investor capital to a 700 MW pan-European decarbonisation program for over a decade.

We have always viewed delivering our clients a profitable renewable energy investment program to be only part of our responsibility. We believe it is as important to be a sustainable investor as it is to make a sustainable investment, and that achieving this status requires a ruthless commitment to continuous review, appraisal, and improvement of our internal ESG processes, and the way we operate responsibly. We are grateful for the multiple recent awards and industry recognition that our investment and operations teams have received as a testament to these ongoing efforts.

Finally, I would like to thank our investors and counterparties for their ongoing support in driving change. Sustainability is here to stay, but there is always more to do, which could never be achieved without us all working together.



*Whiteside Hill Wind Farm
Scotland*

Highlight – Red Gap Wind Farm

12.5 MW Wind Farm	Project Status Operational
Panel Type Onshore Wind	Location UK

Red Gap Wind Farm is a 12.5 MW wind farm in Hartlepool, England, which has been operational since 2017. The project supplies renewable energy through a PPA with Centrica and employs local contractors for on-site operational services.

The five-turbine wind project was able to boost production by 31% through a rotor upgrade increasing the diameter from 90 meters to 103 meters. Permitting required coordination of a range of technical investigations and works, including archaeological investigation, ecology, highways, and the diversion of rights-of-way.

Under the advice of ecologists who conducted pre-construction surveys at the site, the asset management team at Arevon UK carries out a bird-feeding program each winter between October and March at designated locations at the site. The wind farm does not occupy any critical habitat for any endangered species.

Arevon UK's asset managers have fostered a strong relationship with the local community. The project has funded more than £110k in community projects in the past two years, designating funds toward a junior football club, the HMS Trincomalee Playground at The National Museum of the Royal Navy, the Wildlife Trust, and a local special-needs support group.



*Wind turbines at Red Gap Wind Farm
Hartlepool, England*



*Killian Gavaghan, Arevon UK Asset Manager,
at the HMS Trincomalee Playground*

Highlight – Talasol

300 MW _{DC} Solar Array	Project Status: Under Construction
Panel Type Solar	Location Spain

The Talasol Solar project is a 300 MW_{DC} solar farm located in the Extremadura region of western Spain owned by a consortium of investors, of which Capital Dynamics' managed funds maintain a 24.5% equity ownership stake. Construction on the Talasol project commenced in May 2019, and commercial operation is on track to be achieved for early Q1 2021. The site has recently achieved mechanical completion and is slated to begin delivering clean energy to the grid upon completion of commissioning testing. Upon achieving Commercial Operation Date, the Talasol Solar project will be one of the largest single-site operating solar facilities on the Iberian Peninsula.

Talasol Solar is being constructed by Metka, an experienced and well-reputed contractor with extensive PV experience in Europe. Talasol is located on two parcels of undeveloped land with little ecological value, although a small portion of the site land was previously used for cattle grazing.

Once operational, the Talasol Solar project is expected to generate in excess of 560,000 MWh of electricity annually, with the reduction in greenhouse-gas emissions being the equivalent of taking more than 86,000 passenger vehicles off the road annually and the CO₂ emissions offset equivalent to powering the energy needs of more than 46,000 homes annually.

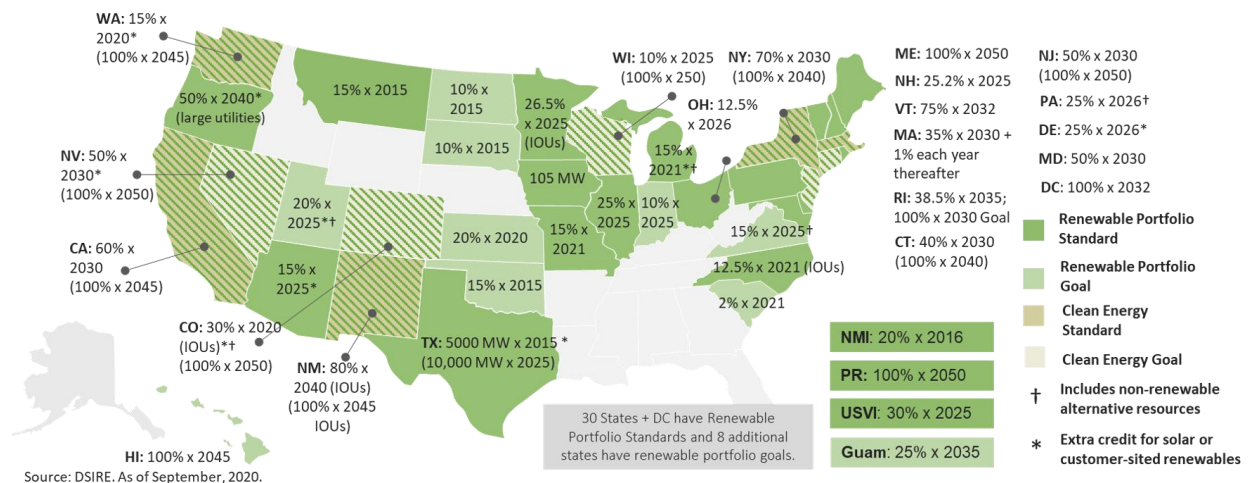


Sustainability in Clean Energy Infrastructure

We are dedicated to developing clean energy infrastructure in a sustainable manner. Our team understands that we must go above and beyond; it is not enough to simply invest in renewable energy. We must invest in, develop, and manage our sites using the best sustainable management practices available and work to push the renewable energy industry forward.

Sustainability Context

The past decade has shown a rapid increase in global climate change. The year 2020 saw an unprecedented wildfire season ravage the West Coast of the United States, while a record-breaking hurricane season tore through the Atlantic. Global leaders are taking note and calling for a mass decarbonization of our economies through multilateral efforts, including the Paris Agreement's goal to keep warming below 2° Celsius. At the regional level, 30 US states and multiple US territories have committed to increasing their renewable energy supply through Renewable Portfolio Standards.⁷ Even more have set voluntary renewable energy targets. Both the EU and UK have set a target to reach net zero emissions by 2050.^{8,9} Towns, municipalities, and co-ops are increasingly searching for alternatives to fossil-fuel energy. The transition to clean energy is well on its way. In 2019, renewable energy consumption in the US surpassed coal consumption for the first time since the 19th century.¹⁰



Renewable Portfolio Standards across the in the US, as of September, 2020. Source: DSIRE

⁷ <https://www.ncsl.org>

⁸ https://ec.europa.eu/clima/policies/strategies/2050_en

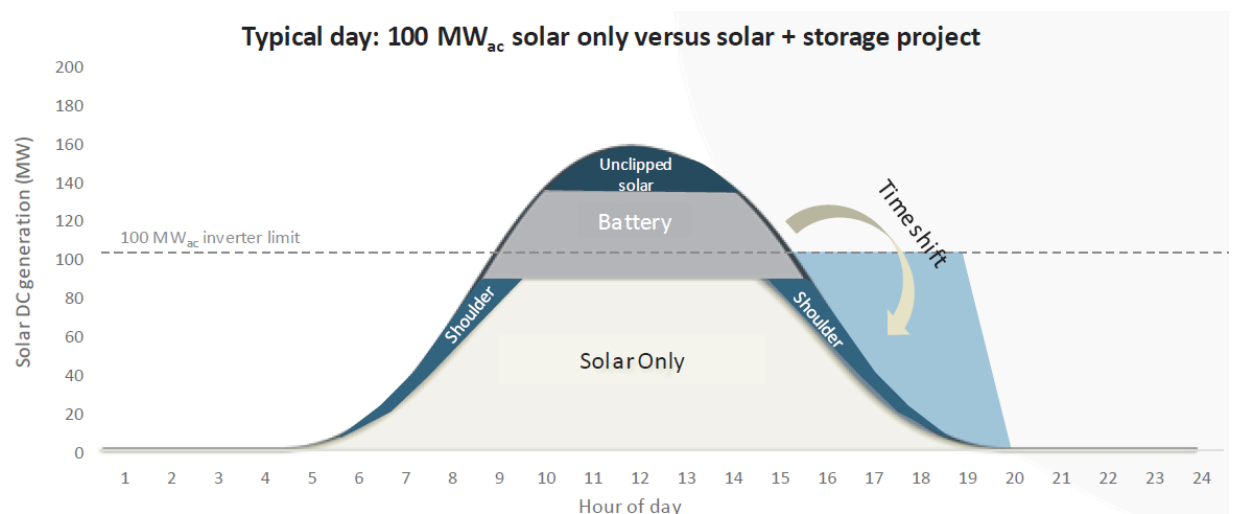
⁹ <https://www.gov.uk/government/news/new-plans-to-make-uk-world-leader-in-green-energy>

¹⁰ <https://www.eia.gov>

A Need for Battery Energy Storage

Many renewable energy sources, including wind and solar, provide an intermittent energy supply. This means when the sun stops shining and the wind stops blowing, there is a gap in energy supply while demand remains high. Solar production peaks at midday and is not available in the evening, although consumer energy consumption remains high. Battery energy storage systems are integral to a smooth transition to renewable energy because they help shift energy availability to better match supplier demand, illustrated in the graph below.

To help support this need, our US investment team began investing in battery energy storage systems starting in 2019.



Source: Capital Dynamics

California Rolling Blackouts

This past August, California experienced its first set of rolling blackouts since 2001. This was due to a combination of lax procurement of resources paired with a 1-in-35-year regional heat storm. A root cause analysis identified among the solutions that (1) generation and storage projects currently under construction meet their online dates, and (2) “expedite the regulatory and procurement process to develop additional resources.”

While the California Public Utilities Commission allowed short-term life extensions for existing gas generators, the long-term solution is to build more renewables paired with storage and more stand-alone storage to create grid resiliency.



First delivery of Tesla Megapacks in November 2020 for a 100 MW / 400 MWh stand-alone energy storage system in Ventura, California

What Is ESG?

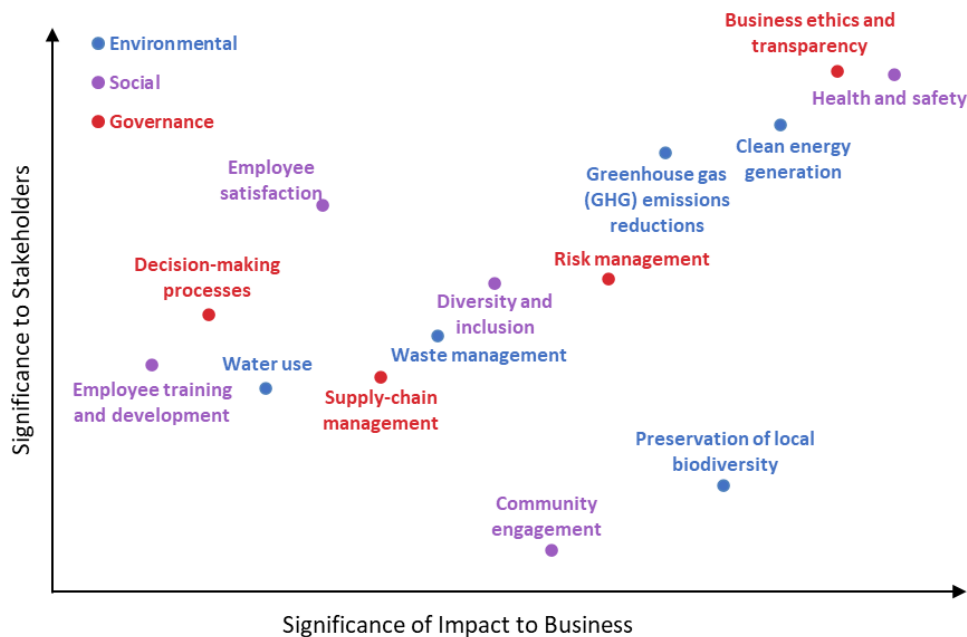
ESG, or Environmental, Social, and Governance, describes the areas of potential societal impact we consider when making investment or management decisions.

Materiality Assessment

To inform our sustainability reporting process, we completed a materiality assessment to identify the key ESG components that impact our business. Key members of senior leadership identified material ESG components and evaluated their impact on our business. A survey was distributed to Capital Dynamics CEI, Arevon US, AEM, and Arevon UK employees to identify which material features were most important to our stakeholders. The results of this process are presented here in a materiality matrix. This assessment was used help identify the key components of this report.



Greenhouse gas (GHG) emissions reductions
Preservation of local biodiversity
Clean energy generation
Waste management
Water use
Diversity and inclusion
Employee training and development
Employee satisfaction
Health and safety
Community engagement
Decision-making processes
Business ethics and transparency
Risk management
Supply-chain management



ESG Is Our Focus

We believe that this Sustainability Report is an important opportunity to audit our business and identify areas for improvement. It is critical both as an internal reflection and as a tool for the investment community we represent.

We believe it is important to have third-party entities independently assess our progress. To follow through, we were early adopters of PRI in 2008 and began using GRESB as a third-party assessment in 2017.

In 2020 we hired a dedicated ESG analyst who reports directly to a managing director to support ESG assessment submission, R-Eye™ scorecard ratings, ESG alerts, and this report.

The next sections of this report will highlight our third-party evaluations, our commitment to the UN Sustainable Development Goals, and our own proprietary ESG rating system. We then have separate sections on the Environmental, Social, and Governance impacts of our activity.



GRESB was established in 2009 by a group of large pension funds who realized the need for comparable and reliable data on the ESG performance of their investments. GRESB has grown to become the leading ESG benchmark for real estate and infrastructure investments across the world. The 2020 infrastructure benchmark includes more than 540 infrastructure funds and assets.

GRESB Key Indicators

CEI Fund V was awarded “Sector Leader” in the American PV category in both 2019 and 2020.

	2019 Score	2019 Rank ¹¹	2020 Score	2020 Rank	YoY Change	Peer Group Average
California Flats	61	7	87	2	+26	73
Moapa	76	1	88	1	+12	73
8point3 portfolio	69	2	87	3	+18	73
Mount Signal 3	69	3	84	4	+15	73
CEI Fund V	74	5-star	91	5-star	+17	68
Management Score Only (no individual assets)						GRESB Average
CEI Fund III	-	-	30/30	-	-	25
CEI Fund VII	-	-	29/30	-	-	25

¹¹ Rankings among the US Photovoltaic Power Generation – Maintenance and Operation

Principles for Responsible Investment

	2019 Score	2020 Score
Capital Dynamics – Strategy and Governance	A+	A+
Capital Dynamics – Clean Energy Infrastructure	A	A+

The Principles for Responsible Investment (PRI) network is the world's leading proponent of responsible investing. The PRI acts in the long-term interests of its signatories and of the financial markets and economies in which they operate, considering the interests of the environment and society as a whole. The PRI operates independently and is supported by the United Nations. The PRI encourages investors to use responsible investment to enhance returns and better manage risks.

Signatory of:



Capital Dynamics has been a signatory of PRI since 2008.

The PRI were launched in April 2006 at the New York Stock Exchange. Since then, the number of signatories has grown from 100 to more than 3,000. Capital Dynamics is proud to have been an early signatory, signing in 2008. In 2020, the 521 asset owners and 3,038 signatories represented an aggregate \$126.9 trillion in assets under management.

"For our firm to continue to drive positive change through the investments we make and how we manage our business, we have to constantly benchmark ourselves and identify things we are doing well and areas where we can improve in terms of sustainability.

We view our participation in PRI and GRESB as valuable annual ESG benchmarking exercises, and the feedback we receive from these frameworks is critical as sustainable investment practices, measurement, and reporting continue to evolve.

For our Clean Energy Infrastructure business, we see GRESB as the most rigorous evaluation process and the standard that offers infrastructure investors the most comparable and reliable data on the ESG performance of their investments. GRESB's fund-level and asset-level submissions require extensive documentation and validation, requiring investment managers to show tangible proof of leading practices in sustainability.

We are proud to have leading ESG scores from both PRI and GRESB for our infrastructure investments, but we know that we have to constantly assess how we can improve to help serve as a standard and drive our industry toward a more sustainable future."



Steve Kennedy
Senior Product Specialist
Capital Dynamics

Our Commitment to the Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) were adopted by all UN Member States in 2015 with the goal to end poverty, protect the planet, and ensure sustainable economic growth for all. Many of these goals are existential and can only be achieved through collective action and global collaboration. While Capital Dynamics is working to integrate all of these goals into our decision-making process whenever possible, we believe our investment activity has a meaningful impact on the following four SDGs:



- **SDG 7: Affordable and Clean Energy**

Our CEI mandate is to exclusively invest in renewable energy assets, which decrease the global reliance on coal and other thermal energy sources. We primarily invest in solar, wind and energy storage assets, increasing regional and global shares of renewable energy.

- **SDG 8: Decent Work and Economic Growth**

Renewable energy provides significant impetus for economic growth. Throughout procurement, construction, and operation, we work to provide good, clean jobs to local communities through the implementation of our Responsible Contractor Policy.

- **SDG 9: Industry, Innovation, and Infrastructure**

The CEI platform supports the procurement of innovative and sustainable technology, including bifacial solar panels and large-scale energy storage. The CEI Team is also performing diligence on electric vehicle infrastructure.

- **SDG 13: Climate Action**

According to the Intergovernmental Panel on Climate Change (IPCC), burning fossil fuels (coal, natural gas, and oil) for energy and heating is the number-one source of greenhouse gases worldwide.¹² We are working to understand the impacts that climate change will have on clean energy infrastructure through frameworks including the Task Force on Climate-related Financial Disclosures.

¹² IPCC Fifth Assessment Report

R-Eye™ Scorecard



An example for the CEI R-Eye™ scorecard

Environmental	Local Habitat/Ecosystem
	Climate Change
	Remediation and Recycling
	Land Use
Social	Community Engagement
	Health and Safety
	Local Taxes
	Local Employment
Governance	Human Impact
	Decision Making
	ESG Monitoring
	Compliance with Laws

In March 2019, the RI Committee approved the rollout of a proprietary investment scoring mechanism which is used for all investments across all Capital Dynamics platforms. The UN SDGs were considered during the creation of this mechanism, called the R-Eye™ scorecard. The R-Eye™ scorecard is expected to be used at all phases of the investment process and is used to help identify when an investment needs to be raised for review by the full RI Committee.

In September 2020, the CEI Team used the experience from the past two years to create an updated tool specifically focused on CEI investments. The subcategories of Environmental, Social, and Governance were more specifically targeted to the asset class. A questionnaire was put in place to automatically score each investment. This system allows the score to be easily updated – up or down – as soon as the status changes for any category. This will provide a more dynamic process when reviewing the portfolio for PRI and GRESB submissions.

The new CEI R-Eye™ scorecard has been approved by the RI Committee for roll out in 2021.

“At Capital Dynamics, our Responsible Investment policy is based on the principle that sound ESG plays a critical role in value creation. It is with this principle in mind that we developed the R-Eye™ scorecard, a tool to systematically assess environmental, social, and governance considerations at each stage of the investment process. Over time, the data derived from this methodology will allow us to better understand the relationship between ESG and performance outcomes, making us more informed and accountable investors.”



Bryn Gostin
Capital Dynamics
Head of Product
Development & Strategy
Chair of RI Committee

ESG: Environmental

Commitment to Responsible Management

Our team is dedicated to working toward reducing global reliance on fossil fuels through the development of utility solar, energy storage, and large-scale wind farms. We acknowledge that the development of large-scale renewable energy must include significant measures to ensure local environmental health and safety. We believe that through long-term responsible management, we can minimize the local environmental impacts of renewable energy.

Management Approach

The Clean Energy Infrastructure Team takes a holistic approach to environmental management. Renewable energy assets contribute greatly to climate change targets but can have negative local environmental impacts if not managed properly.

As a part of its due diligence process, the investment team conducts environmental assessments to determine if the project contributes to impacts on protected species or other Recognizable Environmental Conditions (RECs). The investment team completes our proprietary R-Eye™ scorecard for each project to help guide risk management. Depending on the circumstance, the investment may include budgeting considerations for monitoring and/or compensation.

The Arevon team supports development, procurement, construction, and operation of all projects. Critical decisions occur at every stage of development that can have an environmental impact on the site. For example, we avoid locations such as wetlands or sensitive habitats. At recent project we decided against using a diesel generator for backup power and instead chose a more expensive gen-tie to avoid producing additional GHG emissions.

Investment	Development	Procurement	Construction	Operations
<ul style="list-style-type: none"> • Selection • Due diligence • R-Eye™ Scorecard • Terms 	<ul style="list-style-type: none"> • Siting • Permits • Studies • Mitigation 	<ul style="list-style-type: none"> • Policies • Equipment 	<ul style="list-style-type: none"> • Monitoring • Avoidance • Mitigation • Process • Water • Waste • Traffic 	<ul style="list-style-type: none"> • Monitoring • Reporting • Water use • Waste • Vegetation management • Fire prevention • Extreme events

Highlight – Sol Customer Solutions

46.8 MW _{DC} Solar Portfolio	Project Status Partially Operational
Technology	Location
Solar	US

Capital Dynamics and Sol Systems formed a joint venture called Sol Customer Solutions (SCS) in July 2019. The venture partnership is focused on developing and aggregating distributed generation (DG) renewable energy assets for commercial, municipal, and educational customers. The SCS portfolio currently contains more than 20 sites across the United States.

When the joint venture began, Sol Systems managed more than \$650 million in solar energy assets for utilities, banks, and Fortune 500 companies. Sol Systems had financed and/or developed more than 850 MW of solar assets over an 11-year period, now more than 1 GW. Sol Systems is at the forefront of sustainability with a focus on social equity and access, community impact, environmental protection, and sustainable energy solutions.



DG solar presents a unique opportunity to expand solar access to new communities and stakeholders. The localized and individualized component of DG systems offers customers clean, reliable energy along with a lower reliance on the energy grid. DG provides consumers with a more direct and meaningful relationship with their energy supply.

Many SCS assets use customer rooftop and parking lot sites, which avoid land-use and habitat disruption. Both firms share the view that the energy transition in the US requires both large and small projects. Since the inception of SCS, Capital Dynamics and Sol Systems have closed on a master financing facility with Bank of America to streamline financing and have closed on more than 55 MW. The current late-stage development pipeline stands at 113 MW.



Yuri Horowitz
CEO, Sol Systems

“As clean energy leaders, our charge is to scale renewable infrastructure investment, transition our energy economy, and invest in our communities. If we are serious about climate, we owe it to ourselves to develop approaches that facilitate renewable energy infrastructure investment and development and prioritize the need to build pathways to renewable energy for all communities.”

Performance Metrics

2019	2020
5,851,693 MW renewable energy produced	6,458,488 MW renewable energy produced
4,137,374 tons of CO ₂ avoided	4,566,409 tons of CO ₂ avoided

Estimated Water Use

The water intensity of wind and solar energy generation is very low. Our water usage occurs mainly from three sources: office operations, on-site construction, and panel washing. Due to extenuating circumstances, including COVID-19 and multiple office relocations, we are unable to report our office water consumption for this reporting period, but we will strive to do so in the future.

In dry, dusty climates such as California, solar panels accumulate dust and must be washed for maximum efficiency. Arevon's operations team uses high-quality real-time data and on-site expertise to ensure panels are only washed when necessary to maximize production. To minimize water consumption, our team uses gray water when possible and has participated in trials of robotic water-free panel washers.

	2020
Estimated water used during operations	393,241 L
Estimated water intensity during operations	0.06 L/MWh

**Water use estimates were provided by 50% of our operating assets during this reporting period and used to estimate total waste use*



Dust and dirt on a solar array at California Flats before panel cleaning

Waste Management

Waste generation of solar and wind farms is minimal throughout the life of the projects. Waste from operational assets generally comes from damaged equipment. Arevon UK estimates that in 2020 our operational sites across Europe produced a total of 23.5 tons of waste, with 23 tons of hazardous waste and 0.5 tons of non-hazardous waste. European construction sites reported 876 tons of waste, with 3.7 tons of hazardous waste and 873 tons of non-hazardous waste.

We received waste generation data from 50% of our operation assets in the US. Arevon US found that across these sites, a total of 18.67 tons of waste was produced during 2020, with 3.27 tons¹³ of hazardous waste and 15.5 tons of non-hazardous waste.

¹³ Hazardous waste is largely due to broken PV solar modules, which are considered hazardous in some US states.

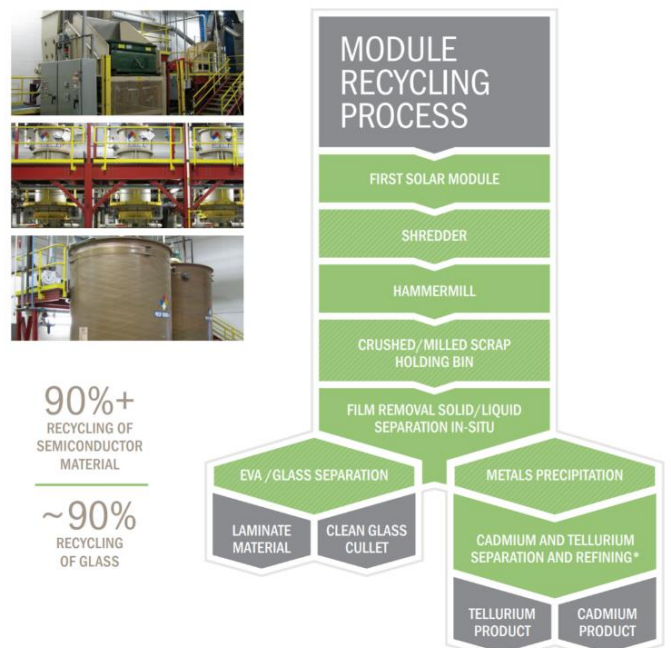
Decommissioning

Decommissioning renewable energy plants in an environmentally and socially responsible manner is an upcoming challenge for our industry. Solar panels contain toxic chemicals, which must be processed and disposed of properly. While wind turbines avoid toxic chemicals, they present a large amount of non-hazardous waste at end of life. Following Generally Accepted Accounting Principles (GAAP), our Arevon US records estimated decommissioning liability as a part of the project budget from day one. The CEI Team partners with suppliers who have a long-term vision for the industry and have established recycling and reuse programs.

First Solar® Recycling

First Solar, one of our main panel suppliers in the US, has developed a state-of-the-art recycling program. The cadmium telluride (CdTe) solar panel manufacturer pioneered the first global and comprehensive module recycling program in the PV industry in 2005. Its recycling facilities are operational at all of its manufacturing plants and have scalable capacity to accommodate increasing volume.

First Solar customers can prepay for the end-of-life recycling of their panels. First Solar's module recycling process achieves high recovery rates; more than 90% of the semiconductor material and 90% of the glass can be reused in new modules.



Source: First Solar

Wind Farm Decommissioning

UK Legislation now requires operators to comply with the principles of the waste hierarchy and with the focus increasingly on designing for reuse, the need for a circular economy is gaining traction. When a wind turbine is fully decommissioned the metal from the towers and the drive train is expected to be recycled. Unfortunately, the blades and the nacelle covers are currently expected to go to a landfill in the absence of a better alternative.

Energy sector trade body RenewableUK issued a report warning that the UK could lose more than 8GW of onshore wind generation if older windfarms are not upgraded with larger and more efficient turbines in the next 20 years. Most owners expect to repower to extend their life and delay the removal of the towers and foundations.

Biological Monitoring

Vegetation Management

Utility-scale solar requires land space, and the quality and management of that land can have a substantial environmental impact in the long-run. While vegetation management is integral for safe and efficient operation of our solar farms, our team is dedicated to finding the best management method for each project. Herds of grazing sheep are used to keep grasses and other flora under control at many sites.



*Quinto Solar Farm,
Merced County, California*

Endangered Species Monitoring

Protection of endangered and threatened species is a high priority for our team. While we avoid developing wetlands or on land with high ecological value, we take land stewardship seriously. All US projects comply with the recommended action plan set by the federal and local fish and wildlife services. This often includes contracting environmental construction compliance consultants to identify any sensitive species. In some cases, large scale changes are made, such as stopping construction and/or changing a layout, due to the presence of a protected species.

Whiteside Hill Avian Survey

Our European portfolio contains a high percentage of wind turbines. While none of our wind farms are located in critical habitat of endangered species, impact on migratory populations is considered throughout the investment process via our R-Eye™ scorecard. In 2019 a survey was done to determine if Whiteside Hill, a 28.5 MW wind farm in Scotland, had a significant effect on local Golden Plover communities. A team of field ornithologists with the Avian Ecology Ltd completed a 3 -month survey of the behavior and death rate of these birds at this site using specially trained detection dogs. They found that the wind farm had no negative impact on Golden Plover populations on or around the site.



Detection dog in front of a wind turbine at Whiteside Hill during the avian survey

Highlight – California Flats

374 MW _{DC} Solar Array	Project Status Operational
Panel Type First Solar S6	Location Monterey County, California

California Flats, located in Monterey County, California, is the 10th largest operational solar project in the US.¹⁴ The site supplies energy to Apple and Central Coast Community Energy.

The project serves as a groundbreaking model for clean energy production, innovative land management, and stewardship. Spanning 2,900 acres on Jack Ranch, California Flats was thoughtfully designed as a supplemental revenue source for the existing agricultural operations (3,000-head cattle farm). To offset the project's environmental impact and protect sensitive species' habitat, mitigation agreements held by the California Rangeland Trust (land conservation) were recorded on 7,300 acres.

The site is home to a community of endangered San Joaquin kit foxes,¹⁵ which caused the construction phase to be delayed by several months. The team worked in close collaboration with the California Department of Fish and Wildlife to relocate a section of the array to accommodate kit fox dens. In 2020, we collaborated with the Endangered Species Recovery Program to further track kit fox activity.

Capital Dynamics continues its environmental focus with vegetation management using a flock of sheep and is studying a robotic process to optimize panel cleaning while lowering water intensity. A 60 MW/240 MWh energy storage facility is expected to be completed during the summer of 2021 near the substation.



San Joaquin Kit Fox, a protected species found at California Flats Solar Farm



A herd of grazing sheep at California Flats Solar Farm at Hearst Ranch

¹⁴ Bloomberg New Energy Finance, as of October 1, 2020

¹⁵ San Joaquin kit foxes are not listed by the International Union for Conservation of Nature (IUCN) Red List, but they are considered endangered under the US Endangered Species Act.

Corporate Sustainability Initiatives

Our team is working hard to improve sustainability in all components of our business, including in our corporate offices. Our CEI Team is located across four main offices: Capital Dynamics' New York office, Capital Dynamics' London office, AEM and Arevon US's Scottsdale office, and Arevon UK's Warrington office. From small changes to our everyday routines to procedural overhauls, we are continuing to look internally to find the best opportunities for improvement.

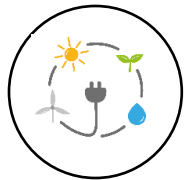


Entryway at Capital Dynamics' New York City office

Waste Management

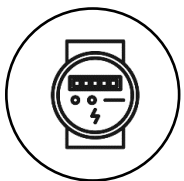
We have eliminated the use of plastic bottles and single-use utensils in all our offices – supplying reusable water bottles and reusable cups. Arevon's Scottsdale office has installed smart lighting to help manage electricity consumption more efficiently. We have emphasized the use of DocuSign and other electronic record-keeping platforms to cut down on paper use. Capital Dynamics had begun tracking paper use in 2020, but this initiative was disrupted by office closures due to COVID-19.

Emissions



Scope 1

As renewable energy producers, our Scope 1 emissions are minimal. Our projects produce renewable, zero-carbon energy, which displaces fossil fuels.



Scope 2

Capital Dynamics' London office uses an estimated 35,011.8 kWh of electricity annually. The office switched to a renewable energy power supplier during 2020. In 2019, Capital Dynamics' New York office began to offset its electricity use through the purchase of Renewable Energy Credits (RECs); it retired 260 RECs to offset 260,000 kWh of electricity used.



Business travel was greatly reduced in 2020 due to work-from-home measures. We understand that our footprint from travel during normal business operations is not negligible and are working to implement tracking and abatement for these travels. Capital Dynamics' Truly Invested® in Our Environment subcommittee is currently working to restructure our business travel policies and procedures.

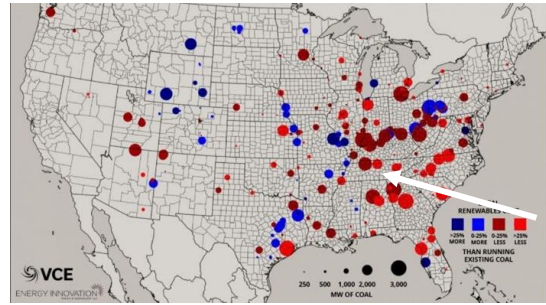
Case Study – Solar Replacing Coal in Indiana

In November 2018, Capital Dynamics signed a development partnership agreement with Tenaska to develop a portfolio of 14 projects representing 2,000 MW of solar in the Midcontinent Independent System Operator (MISO) market. The solar projects are helping to accelerate coal retirement throughout the state of Indiana.

The joint development effort was led by Tiago Sabino Dias, president and CEO at Arevon Energy Management. Tenaska is overseeing interconnection, land acquisition, permitting, and community relations.

Historically reliant on coal, Indiana’s utilities plan to shutter more than two-thirds of the state’s coal-fired generating capacity in the next two decades, including more than 7,500 MW in the next 10 years, as shown by a recent S&P Global Market Intelligence analysis.¹⁶ The map at top right shows that in many regions local renewable costs are lower than that of existing coal.

Capital Dynamics, Arevon, and Tenaska have worked with economic development representatives, cooperatives, utilities, and local and state officials to help ensure a smooth transition away from coal. Multiple public hearings have been held with local residents throughout this process.



Cost of operating existing coal-fired power plants compared with building new wind and solar within 35 miles. Source: Energy Innovation and Vibrant Clean Energy



Ratts-1 & 2 will be built next to the 2.2 GW Petersburg coal plant owned by Indianapolis Power & Light. Two units are set to retire

Indiana Portfolio	MW	Contract	Status
Ratts-1	180	PPA	Signed
Ratts-2	180	PPA	Signed
Ratts-1 Phase 2	60	PPA	Finalization
Gibson	336	PPA	Signed
Elliott	240	BTA	Signed
Posey	360	BTA	Finalization
Ratts-2 Phase 2	150	BTA	Evaluation
TOTAL	1,506		



Tiago Sabino Dias
President and CEO
Arevon Energy
Management

“The southern Indiana communities have been very supportive of new solar development to help shore up the tax-basis loss from coal plant closures and foster job creation that comes with our industry.”

¹⁶ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/ind-utilities-planning-to-shut-more-than-two-thirds-of-coal-capacity-by-2038-57756757>

ESG: Social

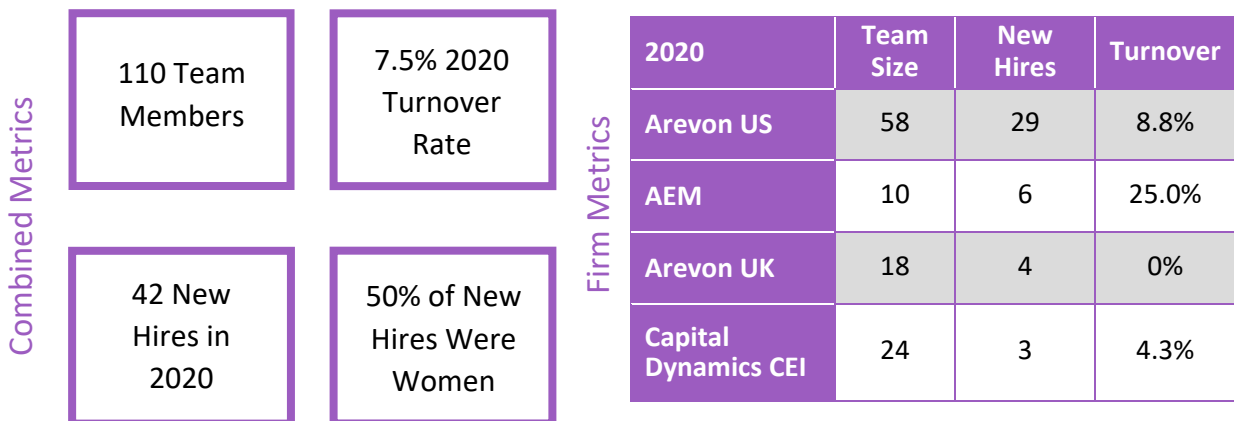
Company Culture

At Capital Dynamics and Arevon, we believe that fostering a healthy and inclusive work environment is both important and necessary. We strive to ensure that all our employees are empowered, supported, and happy. We have worked hard to establish a positive culture and understand that this is a continuing and self-reflective process.

Capital Dynamics' Truly Invested® in Diversity and Inclusion subcommittee has worked hard to identify where the firm excels and where we could continue to improve. In addition to Capital Dynamics' firm-wide efforts, the CEI Team developed an anonymous and voluntary CEI-specific Diversity and Inclusion survey which was distributed to all CEI and Arevon employees. The results of this survey are reported in multiple components of the following sections.

All our employees are covered by firm-specific equal employment opportunity policies as well as anti-harassment and discrimination policies. Each company's incident and complaint reporting procedure is outlined in their respective employee handbook.

Employee Turnover - 2020



Jon Faltis
CFO, Arevon US

"Diversity is not only fundamental to the Arevon culture and core values, it is also the strategic imperative through which we foster the innovative, collaborative, and high-energy work environment necessary for Arevon to lead the clean energy revolution. Without deep and diverse perspectives, we run the risk of failing to innovate the most effective solutions to the complex challenges we face."

Employee Training and Well-Being

We believe that it is important to ensure all employees have received adequate training to optimize work performance and ensure all employees feel welcome and accepted. During employee onboarding, all teams provide internal and/or external training modules tailored to an individual's background and responsibilities. Additional topic-specific trainings are provided on a regular basis covering a wide array of topics, including new industry trends, anti-discrimination, cybersecurity, and career growth.

Ensuring a Consistent Understanding of ESG Best Practices

For sustainability to be considered in every component of our business, our whole team must have a strong understanding of ESG considerations. Beginning in 2019, all Capital Dynamics employees participated in firm-wide and strategy-specific ESG training. In 2020 we extended the strategy-specific training to our asset management teams at AEM, Arevon US, and Arevon UK. All of our investment professionals and asset managers now complete yearly ESG training to ensure the team stays up to date on best practices in our industry.

% of Our Employees Who Completed ESG Training	2019	2020
Capital Dynamics	100%	100%
Arevon US	0%	100%
Arevon UK	0%	Key Individuals
AEM	-	100%

Learning Together

Our team employs more than 100 professionals with different backgrounds and areas of expertise. This provides a large network for collective growth and learning. During 2020, we organized a set of internal talks with topics ranging from asset management best practices to revenue streams in key energy markets. This series helped facilitate the flow of knowledge and inspiration as our team transitioned to work from home.

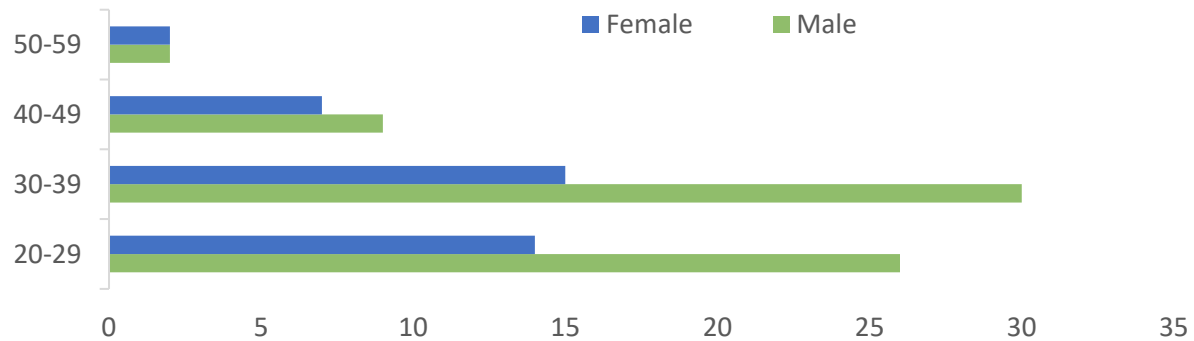


Employee Assistance Programs

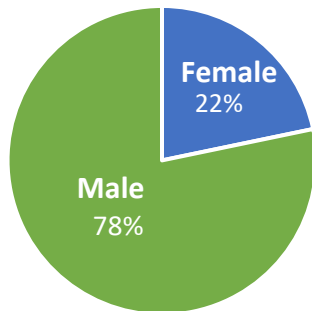
Our team members have access to Employee Assistance Programs through their regional HR provider. These programs provide mental health support, crisis support, and career and family guidance, among other services. Exact details of these programs vary across regions and employers, but each is dedicated to providing comprehensive support for our team.

Diversity and Inclusion Performance Metrics

Our Team by Age and Gender – Combined Metric¹⁷



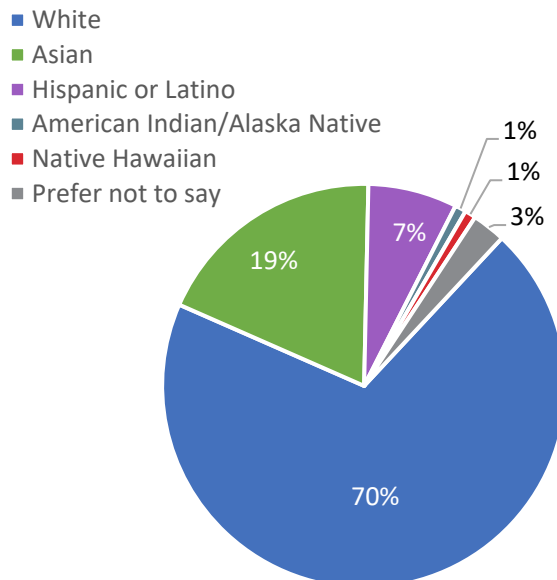
Senior Management by Gender Identity Combined Metric



Percent of Employees who Identify as Female by Team

Combined	36%
Capital Dynamics CEI	23%
Arevon US	40%
AEM	40%
Arevon UK	47%

Workforce Demographics Combined Metric



	Capital Dynamics CEI	Arevon US	AEM	Arevon UK
Caucasian	73%	63%	53%	100%
Asian	23%	19%	29%	0%
Hispanic or Latino	0%	12%	12%	0%
American Indian or Alaska Native	0%	0%	6%	0%
Pacific Islander	0%	2%	0%	0%
Black or African American	0%	0%	0%	0%
Middle Eastern	0%	0%	0%	0%
Prefer not to say	4%	4%	0%	0%

¹⁷ Combined metrics include data from Capital Dynamics CEI, Arevon US, Arevon UK and AEM.

Our Team Members



Vincent Su
Associate,
Capital Dynamics
New York, New York

Why did you choose to join the CEI Team?

Capital Dynamics gave me the opportunity to combine my experience in finance with my passion for renewable energy and the decarbonization of our economy.

What does ESG investing mean to you?

ESG investing is multifaceted. It means considering the broader social impact of our actions and the individuals who are affected.

What are your hopes for the future?

I hope our team continues to help communities transition to clean energy while providing attractive returns to our investors.



Garima Kalra
Project Manager,
Arevon US
Scottsdale, Arizona

Why did you choose to join the CEI Team?

My career has followed the immense growth of the solar industry. I see it as a flexible, creative, and exciting solution to our energy crisis. The sun will keep shining, so why not harness it?

What does sustainability in renewable energy mean to you?

Sustainability is all about being mindful of your impact, and I think that those concepts apply really well to renewable energy projects.

What are your hopes for the future?

I would love to see the team take a deeper dive into the impact that solar has on each of our day-to-day lives. I believe solar is a force for good and we need to find a way to visualize those impacts.



Lindsey Fleetwood
Senior Manager,
Financial Asset
Management
Arevon US
Scottsdale, Arizona

Why did you choose to join the CEI Team?

I love being a part of a team whose mission is so much bigger than our own individual day-to-day. It is exciting to work with and support a team that is having a positive global impact.

What does sustainability in renewable energy mean to you?

Beyond the really important environmental component of renewable energy, I believe our social impact is integral. We need to make sure everyone has a voice at the table and a place in the industry.

What are your hopes for the future?

As we continue to grow alongside the renewable energy industry, I hope we continue to look internally and make sure we are bringing everyone along with us, raising the industry standard for diversity and inclusion.



Killian Gavaghan
Asset Manager,
Arevon UK

Why did you choose to join the CEI Team?

During the early days of renewable energy, there were a lot of unknowns and 'what ifs.' I think there are still a lot of unknowns as the industry grows. Tackling these questions has always struck my interest.

What does sustainability in renewable energy mean to you?

Our society's energy demand isn't going to drop anytime soon. The goal is to meet that energy demand without negatively impacting the environment.

What are your hopes for the future?

I want to see our team continue to grow our renewable energy portfolio and increase engagement in the communities where we work through community-led initiatives and educational programs.



Hasmeen Deol
Vice President, CEI
Product Specialist,
Capital Dynamics
London, UK

Why did you choose to join the CEI Team?

I was excited to join an experienced team that specialized in building clean energy and matched my goal of wanting to make a positive impact!

What does ESG investing mean to you?

It means going beyond ticking boxes and building projects. It is providing positive outcomes throughout the lifecycle and thinking about where our materials are coming from, how our people are being treated, what will happen when we leave the project and community. It's a full circle.

What are your hopes for the future?

The CEI business is well established, so, as more players enter the clean energy market, I'd like for us to be able to clearly convey the great work we are doing and the long-term ESG goals we are meeting.



Will Schneider
Senior Associate,
AEM
Scottsdale, Arizona

Why did you choose to join the CEI Team?

Replacing fossil fuels with intermittent renewable energy requires creative and bold ideas. The CEI Team doesn't shy away from the big challenges of clean energy solutions.

What does sustainability in renewable energy mean to you?

The environmental and social impact of renewable energy is not negligible. Sustainability means working with the community and local environment to ensure that our projects benefit everything involved.

What are your hopes for the future?

I want to continue to develop unique energy solutions through distributed generation. These systems provide the adaptability needed for renewable energy to reach communities that otherwise could be left behind.

Health and Safety

At each of our project sites, safety is always our number-one priority. Our project managers work with engineering, procurement, and construction (EPC) contractors and operation and maintenance (O&M) vendors to ensure comprehensive and site-specific safety programs are put in place and well communicated. In North America, all O&M field site personnel are required to complete Occupational Safety and Health Administration (OSHA) 10-hour or 30-hour courses, while safety teams are required to obtain higher OSHA credentials. In Europe, each site and project manager attends the Institute of Occupational Safety and Health (IOSH) Managing Safely® training along with additional trainings based on specific position and responsibility. Arevon UK's highly qualified Health and Safety manager works closely with on-site personnel to ensure safety programs are enforced and tracked.



Construction crew at Eagle Shadow Mountain during the early stages of construction, Source: 8minute Solar Energy

Key Metrics

	2019	Rate ¹⁸	2020 ¹⁹	Rate
Hours worked	809,947		2,953,203	
Work-related fatalities	0	0	0	0
Work-related high-consequence injuries (fatalities excluded)	0	0	0	0
Work-related injuries (fatalities included)	3	0.74%	7	0.47%
Hours lost due to work-related injuries	216		40	

¹⁸ Based on 200,000 hours worked

¹⁹ 2020 Health and Safety data exclude the month of December due to the timing of the reporting window.

Development and Construction

Arevon US has a dedicated development and construction team which oversees the execution of US projects. For projects developed through partnerships, the team works closely with the functional leaders to review and sign off on decisions. For our own development projects, the team is actively involved in engineering design, energy assessment, permitting, real estate, and the selection and oversight of EPC contractors. Our team is attentive to compliance with environmental regulations and permits, as well as health and safety of workers.

Our European team began construction activities this past year and appointed a dedicated Operations and Construction Director, who works closely with contractors to ensure a smooth and safe construction process. The in-house team oversee the activities to guarantee compliance with all local regulation and standards. The team liaises with planning and grid authorities to ensure that the development meets the standards, grid codes and planning conditions. The team is also involved in EPC, civil, and electrical, tender and selection.



Aron Branam
VP, Development & Construction
Arevon Asset Management US

"Top-tier asset management begins much earlier than commercial operation. From the first steps of the development cycle through construction, our team is focused on creating a high-value, low-impact project. Everything from site selection to construction timing can have lasting impacts. Our team ensures reliability, profitability, and environmental impact are considered from day one."

Job Creation²⁰

The construction phase presents the largest opportunity to create good, local jobs. Construction of a solar or wind farm typically takes one to three years and we prioritize contractor with local employers for each project. As we expand our construction portfolio in 2020, we expect to continue to create more local jobs.

466

Estimated FTE jobs created through construction under our management in 2020

Responsible Contractors

Capital Dynamics adopted a Responsible Contractor Policy (RCP) in 2018. In 2020, the CEI Team updated the RCP for all its North American investments in collaboration with North America's Building Trades Unions (NABTU). In addition to a standard commitment to fair wages and benefits, compliance with laws, and competitive bidding, the revised policy includes the appointment of a labor liaison, communication with unions on upcoming projects, the facilitation of the negotiation of project labor agreements with EPC contractors, and extensive reporting. [NABTU's infrastructure scorecard](#) ranked Capital Dynamics No. 2 in November 2020.

#2

Capital Dynamics' ranking on NABTU's infrastructure scorecard, as of November 2020

²⁰ Job creation was calculated assuming a ____ hours for one FTE

Operation and Maintenance

Arevon's operation and maintenance methodology is driven by a wealth of experience and attention to detail. To maximize productivity and minimize safety and environmental concerns, our team of experts utilizes real-time data to monitor and catch any potential issues before they happen.

Working with an effective O&M partner is key to making the promise of production and profitability a reality. Arevon requires its O&M partners to focus on the fundamentals: safety, reliability, compliance, and cost to operate the plant in the way it was designed and intended to be operated. As any generator would, there is increased technical and commercial risk that needs to be managed, and we identify an operator that is technically savvy and commercially aware about this and supports Arevon in the management of these risks.

Arevon supports a safe, healthy, and profitable business environment through selective negotiation, market competition, small-business development, and control of operating costs. Arevon also supports and encourages fair compensation and fair benefits for workers employed by contractors to the extent possible. Our Responsible Contractor Policy seeks to ensure that the selection process for contractors will include, among other things, a demonstrated ability to provide reliable and high-quality services or products which may be evidenced by the contractor's compliance with applicable statutes and payment of fair compensation and benefits to employees, as well as by their relevant training, experience, reputation, dependability, and ability to provide cost-efficient services or products, thereby enhancing the value of our investments.



Anand Narayan
Vice President, Asset Management
Arevon US

"As the guardians of our generating assets, we are focused on increasing the yield of the project safely and reliably while providing our O&M partners a second set of eyes to identify issues and support them in the immediate resolution of any issues. The intention is ALWAYS to use safe and prudent industry practices to optimize the assets, with continuous improvement of process, data, and technology being at the forefront of achieving our goals."



Arevon US in their Scottsdale, Arizona office

COVID-19 Safety in Our Offices

COVID-19 has undeniably been a significant driver of change during 2020. In March, all of our team's offices transitioned to full-time work from home. Capital Dynamics instated an Emergency Management Team to coordinate our internal response. Senior management worked diligently to support employees in making a smooth transition to working from home. Additional video calls, email chains, and webinars were developed to keep our team connected and engaged.

The CEI Team continues to take the COVID-19 pandemic seriously. While some of our offices have reopened for limited use during parts of 2020, we have been diligent to follow all federal, regional, and local guidance. All Capital Dynamics and Arevon offices require preregistration with appropriate personnel. Social distancing, proper masking, and sanitation are enforced during all office visits. No employees have been required to return to the office at any point during 2020, and we have encouraged employees to use their best judgment to decide what is safe for them.

In addition to internal adjustments, Capital Dynamics is proud to have signed an open letter written by the IIGCC, the CDP, and the PRI to European Union leaders in support of a sustainable recovery plan from COVID-19. We recognize that COVID-19 has had a massive global impact and that it will take a communal effort to support ourselves and our neighbors as we continue down the path to recovery.

COVID-19 Management for Development Assets and at Construction Sites

Managing construction and maintenance of renewable energy projects during the COVID-19 pandemic provided an additional health and safety concern this year. Due to the geographic range of our projects, COVID-19 precautions were managed on a project-by-project basis. Arevon coordinated business-continuity plans for each of our projects under construction to ensure that regulations prioritized employee safety while maintaining good jobs and development. Although most on-site personnel are contracted, our project managers helped facilitate pre-visit health screening and guidance plans for ensuring the safest possible working conditions. Arevon's UK construction manager coordinated with local construction management companies to transfer oversight to a local team, in light of travel restrictions.

We acknowledge that adapting to COVID-19 has been a learning experience and we are dedicated to continually improving our processes. In September 2020, our team learned that two consultants traveling to a permitting hearing in Indiana later tested positive for COVID-19. These consultants did not wear masks during the car journey. Following this event, all consultants, subcontractors, and employees traveling to support development efforts were notified to rent individual cars and to ensure the proper use of masks at all times.

Community Engagement

Community engagement is integral to responsible development, and we keep this in mind throughout investment and management stages. In addition to Capital Dynamics' Truly Invested® in Our Communities subcommittee, the CEI Team works hard to be actively engaged with state and local community leaders, oftakers, landowners, and construction and operational service providers. As long-term investors, the well-being of the communities we work in matters to us.

The CEI Team works with landowners to address repairs to fences or roads, work on crop compensation, build vegetation screening, and adjust construction activities when necessary. At a recent public hearing, a resident asked that our team change an access road to a site in Indiana, and we took that into account in our design. When permitting projects, we regularly offer "good neighbor agreements," which are financial settlements for non-participating landowners.

US Charitable Contributions

In many of the communities where we work, we are involved with local charities or fundraising events on a project-by-project basis. Our California Flats project has helped sponsor a local Best Buddies program for the last three years. In light of the recent wildfires in California, the team contributed to the CAL FIRE Benevolent Foundation, which supports the families of firefighters and other fire-suppression personnel in times of financial need or hardship. We recently donated to a foundation to help victims of Colorado forest fires as well.

Our team is active in the western US, where we are in negotiations to offer 100% load demand with renewable energy. Several bids include university scholarships as well as community co-investment subscription participation.



Participants in the Best Buddies Event which is partially sponsored by our California Flats Solar Farm at the Hearst Ranch

UK Community Funds

Many of our UK assets include a specific designation for Community Funds, which are managed by GrantScape and Foundation Scotland. The Community Fund model allows for flexibility in how the funds are spent, which allowed many of these contributions to be allocated to local community programs supporting vulnerable groups during the COVID-19 crisis. For more information on our UK Community Funds, check out our [Community Update](#).



Tribal Relations

We have multiple assets on the Moapa Band of Paiutes' Moapa River Indian Reservation, north of Las Vegas (Moapa Southern, Eagle Shadow Mountain, and Yah-Thumb). Our team works closely with the tribal council and meets with tribal members on a regular basis. Our projects train and employ members of the Moapa Band of Paiutes. In collaboration with the council, we contributed amounts toward environmental mitigation and tribal construction oversight. In 2020 our team worked with the council to move a project to a new location (Yah-Thumb) to free up the previous lease for new housing. We also opened up a co-investment vehicle for the tribe, their first opportunity to directly invest in a solar project.



Map showing the location and proximity of four Capital Dynamics Solar Assets and the Moapa Band of Paiutes Reservation

Local Economic Benefits

We keep track of the local economic impact from our investments through a consolidation process of all the sales taxes, property taxes, landowner payments, and other direct contributions from our assets. We work with unions or economic development offices to make sure that investment dollars stay in the community. Our EPC contractors are encouraged to initiate job fairs and employ locally.

Region	Year	Property Tax	Sales Tax/VAT	Landowner Payments	TOTAL
US	2019	\$5,506,324	\$513,475	\$12,542,167	\$18,561,966
	2020*	\$6,012,198	\$345,957	\$16,859,079	\$23,234,093
Europe	2019	£603,271	£1,890,365	£922,744	£3,416,380
	2020*	£755,429	£2,884,535	£1,123,600	£4,752,564

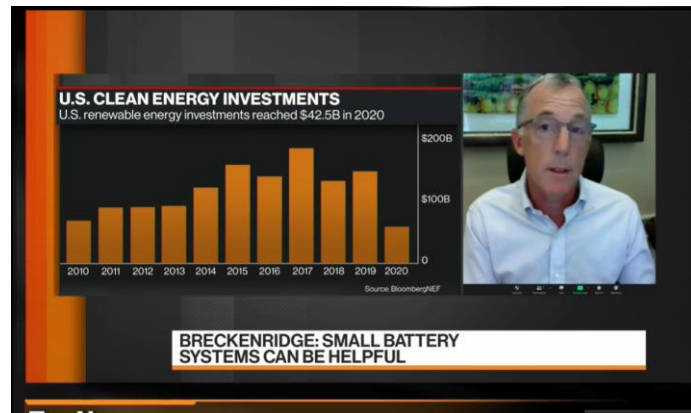
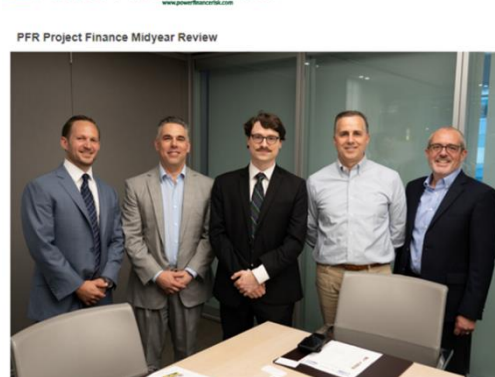
*2020 US figures are based on reported payments up to September 30th and with predicted calculation for the rest of the year. 2020 Europe figures are based on reported payments up to November 30th and with predicted calculation for the rest of the year.

Media / Conferences / White Papers

The Clean Energy Infrastructure Team works closely with the media and other specialized organizations to educate the public and the industry about the renewable energy sector. Over the last two years the senior leadership has made a concerted effort to participate in industry events, publish white papers, organize webinars, participate in podcasts, and meet with the press. Being available to educate the public is a critical part of our mission to serve the public.

In 2020 alone, we had 128 interactions with 100 different members of the media, and the senior management gave 29 interviews. Media outlets include Greentech Media, The Wall Street Journal, Bloomberg, Financial Times, Solar Media, Power Finance & Risk, New Project Media, S&P Platts, and E&E News.

Power Finance & Risk



Roundtables / Panelists / Podcasts:

- Department of Energy conference
- Norton Rose Fulbright Currents podcast
- Gowling WLG – Joint Venture podcast
- PF&R Quarterly Roundtable
- SEIA Finance & Tax Seminar
- Energy Symposium at Harvard Business School
- AltAssets Annual Renewable Energy Investor Forum
- Inspirata Subsidy-free Renewables & Offshore Wind 2020 Virtual Summit

REUTERS EVENTS™ Register for Free

FREE WEBINAR – 17th September, 10am ET / 3pm CET
Every MWh Counts: Find Hidden Losses Faster and Maximize PV Project Returns Across Your Fleet

Anand Narayanan, VP Asset Management, Arevon

Ryan Jones, Director of Performance Engineering, Arevon

Steve Hanawalt, Co-Founder and EVP, Power Factors

Abilash Krishnan, Director of Product Management, Renewables, Power Factors

Can't attend? Sign up to receive a recorded video of this webinar.

inspiratia

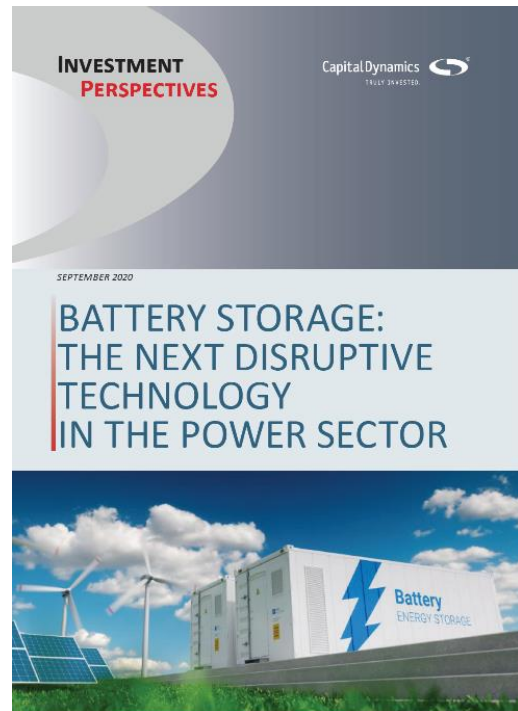
Panel 1
UK subsidy-free project development

- Michael Borne-Friedlmeier, CEO, NextEnergy Capital
- Mark Putnam, CEO, Ammon
- Barney Cates, Director, Capital Dynamics
- Gary Hills, Director Projects, ENEA, I2 Management
- Umar Al, Head of European Power Business Development & Origination, Shell Energy

Moderator: Maria Gelfand, Chairman, Inspirata

In 2020, we engaged with the public regularly on both the impact of COVID-19 on the renewable energy sector and the impact of California wildfires on renewable energy.

The CEI Team had to adapt our strategy for public engagement due to COVID-19. Arevon US organized a webinar on asset management and a corporate video. The Arevon Energy Management Team organized the webinar “REthink Your Power Supply: Navigating Your Long-Term, Outdated, Out-of-Market Legacy Power Contracts.” The investment team published several white papers (ERCOT renewable energy, US Energy Storage Outlook) that were shared with the investment community. Tim Short headlined several educational events with Australian institutional investors.



Screenshot from the “About Us” video

Link: <https://vimeo.com/473644878/5e85e17c18>

ESG: Governance

Management Approach

We believe that strong internal governance and decision-making processes are necessary for sustainable business. Our commitment to accountability is exemplified internally by the open access to senior management, acknowledgment and recognition of contributions, a culture emphasizing teamwork, and regular checks with team members to seek constructive feedback. Capital Dynamics communicates regularly on the portfolio performance both through written reports and through regular calls and presentations with investors.

A large number of investment professionals are individual investors in the general partner for the various funds that Capital Dynamics oversees. The personal capital commitment and features such as a vesting period are designed to encourage alignment with limited partners in the funds.

Capital Dynamics developed a culture focused on ESG with the creation of the Responsible Investment Committee and the R-Eye™ scorecard. Any material incident involving the portfolio is immediately communicated to senior management and across the platform.

The COVID-19 pandemic created a particularly stressful period for all team members. The collaborative and welcoming settings of our offices in London, New York, and Scottsdale were upended as they quickly shut down and everyone had to switch to remote work from home and use new videoconferencing tools. All development and construction activities requiring travel to sites or to meet clients became significantly more challenging.

The CEI platform continued to grow in 2019-2020, with new members added to the organization chart. Onboarding of new employees while the main offices were shut down was particularly stressful. Numerous team members helped with this process and created training sessions to help adapt to the circumstances.



A team collaborates at the Scottsdale, Arizona Arevon office

Governance Structure

Capital Dynamics

Capital Dynamics has various governance functions to help oversee its investment activities.

Committee	Function	CEI Team Participation
Executive Committee	Quarterly advisory committee meetings to support CEO in the implementation of short- and long-term strategic plan	John Breckenridge Simon Eaves
Product Committee	Approves fund mandates	Presenting as needed
Operations Committee	Advises COO biweekly on operations initiatives, performance, and risk	-
Valuation Committee	Quarterly: reviews valuation reports Annually: reviews valuation methodology	Through third party asset manager
Conflicts and Compliance Committee	Reviews as needed any conflicts of interest and compliance from investment activities	Presenting as needed
Risk Committee	Holds review quarterly or as needed to approve principles, policies, strategies, and processes to manage risk	-
CEI Investment Committee	Reviews and approves investments / divestments	US: John Breckenridge, Tim Short, Benoit Allehaut. UK: John Breckenridge or Simon Eaves, Dario Bertagna, Barney Coles
Responsible Investment Committee	Holds monthly meeting focused on responsible investing	Benoit Allehaut, Barney Coles, Hasmeen Deol, Steve Kennedy. Mara McDonough as observer.

All Capital Dynamics employees must comply with a set of policies, both global and local, with quarterly acknowledgments through an online portal (Compliance ELF). The compliance manual covers employee responsibilities based on Capital Dynamics' regulated status as an investment adviser. The code of ethics covers conflicts of interest and restrictions on personal investing. The employee handbook is adapted to each individual employee office location and covers employment policies, conduct, operations, compensation, leave of absence, benefits, and state-specific policies (anti-harassment, anti-bullying, maternity, etc.). Capital Dynamics has a robust IT system to prevent cybersecurity risks.

Arevon

Arevon US is contracted to operate Capital Dynamics' renewable energy portfolio in the United States with a headquarters office in Scottsdale, Arizona. The company's governance framework is overseen by the board of directors, which has delegated the responsibility for the company's key management functions to the company's officers. All authority delegated derives from the authority of the board of directors and is delegated for the effective administration of the company's operations. The company's governance framework provides a mechanism for senior management, as well as those at the operational level, to have a clear understanding and oversight of each other's expectations, objectives, performance, risk appetite, and reporting requirements. The company's governance framework is centered on the company's core mandate and key values, the internal control environment, supervision and monitoring, and the organizational decision-making structure of the company. Arevon works with Capital Dynamics to manage cybersecurity risks for investment-related information and works with outside advisers on operational cybersecurity risks. A FERC compliance manual for our US assets was put in place in Q4 2020.

Purchasing

Management Approach

Arevon's US procurement team supports CEI assets through the entire project lifecycle, including development, construction, and operations. The team is responsible for providing equipment and services necessary for building reliable power plant generation, ensuring targeted returns are achieved. Procurement drives value through rigorous supplier due diligence, technical optimization iteration, and supply-chain risk analysis required prior to commercial contract execution. Our suppliers have integrated upstream manufacturing that allows us to be agile and competitive in the energy marketplace without sacrificing important ESG targets.

In the UK, we acquire assets at later stages of development, which minimizes our control over purchasing. In instances where our team is responsible for purchasing decisions for European assets, the Capital Dynamics UK Investment Team manages procurement. The team reviews ESG qualifications on a case-by-case basis and favors well-established manufacturers and contractors.



Jared Porpiglia
Director, Procurement
Arevon US

"In order to make our vision of a world powered by clean, affordable, safe, and renewable energy a reality, ESG has to be at the forefront of everything we do. It's not just a part of us; it's who we are at our core."

Supply-Chain Management

In 2020, our US team implemented an Approved Vendor List (AVL) Committee with the goal of creating an AVL based on a diverse number of requirements, including but not limited to safety, ESG, quality, reliability, and bankability. The AVL Committee is responsible for establishing a documented procedure and process to evaluate global vendors and products for incorporation into Arevon's US supply chain.

Commitment to Ethical and Fair Labor in Our Supply Chain

Our strategic partnerships are forged with like-minded suppliers that align with our vision, mission, and core values. We have a zero-tolerance policy for unlawful labor, and all our suppliers are required to comply with [the UK Modern Slavery Act of 2015](#).

In 2020 we signed the "Solar Industry Environmental & Social Responsibility Commitment," stating our opposition to forced-labor practices and affirming our commitment to an ethical supply chain, in light of concerns regarding labor practices in the Xinjiang Uighur Autonomous Region in China and implications for the solar supply chain.

Solar Panels

Not all solar modules are made the same. We purchase solar panels from well-known and reputable manufacturers chosen through internal due diligence. Our team utilizes tools including the [Silicon Valley Toxics Coalition \(SVTC\) Scorecard](#) to help ensure that we partner with the best solar panel manufacturers. We prioritize manufacturers who have minimized use of toxins, those with transparent supply chains, and those who have developed a recycling program. In 2021, we plan to do a deeper dive into supply-chain analysis.

Major Existing Suppliers	2018-2019 SVTC Score
Jinko	100
SunPower	94
Hanwha	92
JA Solar	90
First Solar	55

Battery Energy Storage Systems (BESS)

BESS are vital for the integration of renewable energy across the globe, but they introduce unique ethical concerns. Cobalt is a key component in most industrial batteries. In recent years, poor labor practices, including child and slave labor, have been uncovered in the cobalt supply chain.

We ensure that our suppliers avoid the use of cobalt from these sources. We only work with battery suppliers that maintain a code of conduct committing to responsible sourcing of cobalt and other raw materials. We are establishing a supply relationship with Tesla, which is a member of the Fair Cobalt Alliance and only utilizes cobalt from an audited mine that is isolated from other sources of cobalt during the refining and manufacturing processes to ensure traceability. We also require third-party developers that procure on our behalf to evaluate and value ESG, with an emphasis on cobalt supply, in their vendor selection.

Highlight – Development Partnerships

The investment team has a close relationship with Tenaska, the 40th largest private company in America, according to Forbes, with \$9.9 billion in revenues and a stellar track record in the power-generation sector. Tenaska and Capital Dynamics have combined forces on eight different transactions, including greenfield joint development and personalized energy management solutions.



	Year	Strategic Partnership	Asset Acquisition	Energy Services Optimization
450 MW TX Wind + 500 MW Middletown CCGT	2014			✓
354 MW _{dc} C-Solar	2017		✓	
60 MW _{dc} / 240 MWh California Flats storage	2020			✓
232 MW _{dc} + 90 MW _{ac} / 360 MWh Townsite solar + storage	2019			✓
2.4 GW _{ac} North MISO solar portfolio	2018	✓		
1.9 GW _{ac} California storage portfolio	2020	✓		
4.6 GW _{ac} MISO + SERC solar portfolio	2020	✓		

Both Tenaska and Capital Dynamics share the same philosophy to positively engage with stakeholders. Tenaska employs community managers to liaise with authorities, landowners, and local populations. In each partnership the team focuses on land acquisition, working diligently on environmental screening and lease payments that provide important financial revenues for the owners.

Both teams diligently prepare for public hearings with visual and written materials to explain the process of permitting, installing, and operating solar or storage facilities. The teams actively engage with interested parties and stakeholders to proactively address questions and mitigate concerns to the extent possible.

This development effort in the Midcontinent Independent System Operator (MISO) and SERC Reliability Corporation (SERC) region is critical to help local utilities and cooperatives in their effort to decarbonize their energy supply. In California, the storage partnership will be essential to support the grid as the state accelerates toward 100% renewable energy. Capital Dynamics and Tenaska actively work together to offer large energy users the opportunity to replace their energy supply with 100% renewables.



Delette Marengo
Vice-President,
Government & Public
Relationships
Tenaska

“Tenaska highly values the relationships we develop with employees, business associates, and people in the communities where we work. We recognize that integrity, ethics, and trust are foundational to these relationships. Tenaska demonstrates these values through open, honest, and authentic community relations and via transparent and principled dealings with our customers, business associates, and government officials – not just because it’s important in business, but because it’s the right thing to do.”

Industry Association Memberships


We believe it is important to be an active participant in our industry to help shape the regulatory framework. We are members of and contributors to the industry associations shown here. Capital Dynamics CEI Managing Director Benoit Allehaut joined the Solar Energy Industries Association Board of Directors in 2020.

Capital Dynamics	Arevon Asset Management	Arevon Energy Management
Signatory of: Principles for Responsible Investment		Energy Storage Association
G R E S B		CALIFORNIA ENERGY STORAGE ALLIANCE
Solar Energy Industries Association®	Women of Renewable Industries and Sustainable Energy	America's Electric Cooperatives
AMERICAN COUNCIL ON RENEWABLE ENERGY	AMERICAN WIND ENERGY ASSOCIATION	Renewable Energy Buyers Alliance
LARGE-SCALE SOLAR ASSOCIATION	Open Standards for Energy Storage	
Forum per la Finanza Sostenibile	Irish Wind Energy Association	
Swiss Sustainable Finance		
British Venture Capital Association		
PENSIONS FOR PURPOSE		
Institutional Investors Group on Climate Change		
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES		

Case Study – SB 364: How to Pass a Law in 124 Days


On May 8, 2020, we were alerted to a ballot initiative sponsored by the coalition Schools and Communities First, which is led by the California Teachers Association and the Service Employees International Union (SEIU). The Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative (2020), or Proposition 15, would materially change the property tax basis for businesses. The ballot initiative removed a full property tax exclusion for solar systems, which would have had a severe financial impact on solar asset owners and investor confidence in renewable energy.

Capital Dynamics helped assemble a coalition of 20 solar companies and established a partnership with the Schools and Communities First sponsors. The resolution was a complex legislative fix, which was introduced on July 27 when Benoit Allehaut addressed the Assembly Revenue and Taxation Committee. On August 3, the California State Assembly overwhelmingly approved the law, followed by the Senate on August 24. Governor Gavin Newsom then signed the law on September 9. Proposition 15 was ultimately defeated by a short margin (52% against). SB 364 was ultimately not needed, but this exercise demonstrated the importance of lobbying the right way and for the right reasons.



Benoit Allehaut
CEI Managing Director
Capital Dynamics

“Facing a huge and inadvertent crisis, it was a seminal moment to mobilize the solar industry and solve this issue in record time. I am pleased we were able to remove the solar industry from the political fight of Proposition 15.”



CALIFORNIA STATE ASSEMBLY
Media Archives

Live Media
Assembly Chamber Video, Monday, August 3rd, 2020

▲ AGUIAR-CURRY	▲ CUNNINGHAM	▲ JONES-SAWYER	▲ QUIRK-SILVA
▲ ARAMBULA	▲ DAHLE	▲ KALRA	▲ RAMOS
▲ BAUER-KAHAN	▲ DALY	▲ KAMLAGER	▲ REYES
▲ BERMAN	▲ DIEP	▲ LACKY	▲ RIVAS, L.
▲ BIGELOW	▲ EGGMAN	▲ LEVINE	▲ RIVAS, R.
▲ BLOOM	▲ FLORA	▲ LIMON	▲ RODRIGUEZ
▲ BOERNER HORVA	▲ FONG	▲ LOW	▲ RUBIO
▲ BONTA	▲ FRAZIER	▲ MAIENSCHIN	▲ SALAS
▲ BROUGH	▲ GABRIEL	▲ MATHIS	▲ SANTIAGO
▲ BURKE	▲ GALLAGHER	▲ MAYES	▲ SMITH
▲ CALDERON	▲ GARCIA, C.	▲ MCCARTY	▲ STONE
▲ CARRILLO	▲ GARCIA, E.	▲ MEDINA	▲ TING
▲ CERVANTES	▲ GIPSON	▲ MULLIN	▲ VOEPEL
▲ CHAU	▲ GLORIA	▲ MURATSUCHI	▲ WALDRON
▲ CHEN	▲ GONZALEZ	▲ NAZARIAN	▲ WEBER
▲ CHIU	▲ GRAY	▲ O'BERNOLTE	▲ WICKS
▲ CHOI	▲ GRAYSON	▲ O'DONNELL	▲ WOOD
▲ COOLEY	▲ HOLDEN	▲ PATTERSON	▲ MR. SPEAKER
▲ COOPER	▲ IRWIN	▲ PETRIE-NORRIS	

Senate Third Reading
SB 364 Mitchell

FILE: 25
▲ AYE 56 ▼ NO 8 VOTE: 2/3

Green Financing

Benjamin Droz
CEI Vice President
Capital Dynamics

“We are proud to have established this Green Loan Framework for our upcoming line of credit under the internationally recognized Climate Bonds Standard. As part of this certification, third party verification by global consulting firm DNV GL was completed. We believe this marks an important step forward for sustainable finance in the US.”



In 2020, the Capital Dynamics established a first of its kind green loan framework in the US with the Climate Bonds Initiative. To learn more about this innovative step for our team, see our [press release](#) and [RI webpage](#).



ESG Risk Management

RepRisk

In 2020, Capital Dynamics engaged RepRisk, a pioneer and leader in ESG data. RepRisk monitors all of Capital Dynamics' investment assets and third-party service providers to identify any potential issues as quickly as possible. The service was implemented across the CEI Team in December, 2020. Around 150 counterparties are currently being monitored for the CEI Team through RepRisk, and the list will be updated regularly.

Our RepRisk implementation is overseen by Capital Dynamics' head of risk & solutions and provides another source of information to transparently communicate with clients if and when material ESG-related material issues are identified.



Responsible Investment Committee

All major incidents involving a portfolio company are reported to the Responsible Investment Committee for review. Three incidents related to CEI investments were reported to the RI Committee in 2019, and two additional incidents were reported to the RI Committee in 2020.

Email Alert System

In 2020, Arevon US created a dedicated email for major ESG alerts as part of its efforts to continuously improve ESG tracking and reporting. Any alert sent through this system forwards to key individuals in our organization, including Arevon's vice president of O&M, Arevon's ESG analyst, and Capital Dynamics' managing directors. This system further ensures that all ESG concerns are handled quickly and thoroughly. Alerts sent through this system are tracked by our ESG analyst to help identify any recurring trends that need to be addressed.



Example of an ESG notification due to a fire in capacitor bank at Moapa Southern substation

Asset Managers and Project Managers,

In an effort to track ESG metrics (Environmental, Social, and Governance), we have created a Distribution List that we would like you all to use as and when you encounter situations that are related to ESG. This will help with incident monitoring.

Good examples would be the report on the damage from the hurricane on our Gulf assets, accidents on job sites, wildfires and impacts, major equipment failures that result in fires, etc. Any incident from an environmental, health, or safety perspective is important to track.

*So when you get a notification from the contractors or service providers you are working with, please include the email address **ESG Events** <ESGEvents@arevonenergy.com> when you respond.*

Highlight – Construction Partnership: 8minute Solar Energy

Capital Dynamics and 8minute Solar Energy have a long-standing and successful relationship dating back more than three years, three funds, and five (and counting!) transactions. 8minute is the largest privately held solar developer in the United States, and its mission to drive toward record-setting outcomes benefiting its customers aligns with the CEI Team’s specialization in renewable energy and customer focus.



8minute–Capital Dynamics Partnership History	Year
328 MW _{dc} Mount Signal 3 Solar	2017
121 MW _{dc} Springbok 3 Solar	2018
387 MW _{dc} Eagle Shadow Mountain Solar	2019
700 MW _{dc} + 300 MW _{ac} / 1,200 MWh Eland solar and storage	2019

8minute is among the leading developers in the country due to their technological prowess and expertise. This allows the firm to work in competitive and environmentally sensitive areas, like Kern County, California, and successfully mitigate potential environmental impacts. On the Moapa River Indian Reservation in Nevada, 8minute led a comprehensive approach to protect the threatened Mojave Desert Tortoise endemic to the region. Following years’ long studies, an exclusion fence was applied months in advance of activity. Inside-the-fence areas were cleared for desert tortoises, and translocated tortoises will be allowed to re-inhabit the site following construction. Monitoring and education continues through construction and operations to preserve the habitat of this threatened species.

In addition, 8minute is committed to engagement with local stakeholders in producing projects that will accelerate the nation’s energy transition and benefit those who live nearest to the projects. Capital Dynamics and 8minute have partnered on the Eagle Shadow Mountain project, currently under construction on the Moapa Band of Paiutes reservation, north of Las Vegas, Nevada. This region has world-class solar resources, allowing for a very low price of solar power, benefiting all customers of NV Energy. However, the project as a whole succeeds in no small part due to 8minute’s strong partnership with the Moapa Tribe. The project purchases significant inputs from Tribal businesses, employs a substantial number of Tribal members, and will deliver economic benefits throughout its useful life.

Tom Buttgenbach, Ph.D.,
Founder & CEO
8Minute Solar Energy

“Our “smart from the start” development approach centers on early engagement to better understand local stakeholders’ concerns and collaborate on responsible solutions. For Eagle Shadow Mountain, 8minute and Capital Dynamics are working closely with the Moapa Band of Paiutes to create employment opportunities while also ensuring our work has minimal impact on culturally significant land. We’re proud of the reputation we’ve earned in the communities we serve, which includes unwavering support from regional labor unions and environmental organizations. We look forward to building on those relationships in the years to come.”

GRI Content Index

This report complies with the GRI standards on sustainability reporting: Core Option. Below is the GRI content index.

GRI ID	Description	Location	Additional Information
GRI 102: General Disclosures 2016			
Organization Profile			
102-1	Name of the organization	Cover, Page 1	This report pertains to Capital Dynamics Clean Energy Infrastructure (CEI) Team, which includes Capital Dynamics CEI professionals, Arevon Asset Management US, Arevon Energy Management, and Arevon Asset Management UK. Capital Dynamics CEI professionals include investment professionals and business development professionals who are directly assigned to CEI products. Arevon is used as an umbrella term that refers to Arevon Asset Management US, Arevon Energy Management, and Arevon Asset Management UK.
102-2	Activities, brands, products, and services	Capital Dynamics, Page 8-12 Governance: Purchasing, Page 54-55	Capital Dynamics invests in utility-scale solar, wind, and battery energy storage on behalf of institutional investors. The platform is active in project development, construction, financing, and operation of these assets.
102-3	Location of headquarters		Capital Dynamics CEI team is located in New York City, US and London, UK. Arevon US is located in Scottsdale, Arizona, US and Arevon UK is located in Warrington, UK. Arevon Energy Management is located in Scottsdale, Arizona, United States.
102-4	Location of operations		The CEI Team owns and operates active renewable energy projects in 5 countries: United States of America, Canada, the United Kingdom, Italy, and Spain.
102-5	Ownership and legal form		Capital Dynamics, Arevon Asset Management, Arevon UK and Arevon Energy Management are private companies. All of the renewable energy assets in the portfolio are owned by funds managed by Capital Dynamics. The funds have a General Partner (Capital Dynamics) and Limited Partners (institutional investors).
102-6	Markets served		Market served: see 102-4 Our power customers are investor-owned utilities, cooperatives, municipal utilities and corporations.

102-7	Scale of organization		<p>Employees: 110 as of December 2020.</p> <p>Number of sites: 141 (under construction or in operation):</p> <p>EBIDTA 2019: \$429,438,883</p> <p>EBIDTA 2020: \$417,751,809</p> <p>MWh produced 2019: 5,851,693</p> <p>MWh produced 2020: 6,458,488.</p>
102-8	Information on employees and other workers	<p>Social, Page 39</p> <p>Social: Health & Safety, Page 44</p>	<p>All 106 of our 110 employees are full-time and permanent. Arevon US had 2 part time interns at the time of this report. Arevon UK has 1 part-time employee and 1 temporary employee. On-site construction, operation, and maintenance on our assets is performed by contractors. The work performed by these contractors is reflected in our Health & Safety data.</p> <p>Total number of employees, by contract type was reported by HR or appropriate individual at each of the companies within the CEI Team. Health and Safety data, as well as hours worked by contractors, was collected directly from individual EPC and O&M contractors.</p>
102-9	Supply chain	Social: Purchasing, Page 54-55	<p>Type of suppliers: Equipment suppliers (turbines, solar panels, trackers, electrical infrastructure) have global supply chains. Construction firms and service providers are local firms.</p> <p>Our main suppliers and partners for solar projects are:</p> <p>Solar Panels: First Solar®, and JinkoSolar.</p> <p>Inverters: SMA Solar Technology, Sungrow, and Power Electronics.</p> <p>Trackers: Array Technologies Inc. and NEXTracker.</p> <p>Our suppliers for battery storage projects are Tesla and Fluence.</p> <p>Labor Intensiveness:</p> <p>Solar and electrical equipment manufacturing is highly automated. Construction services are highly labor intensive. Operation and maintenance require only a few employees per site.</p>
102-10	Significant changes to the organization and its supply chain		<p>The Arevon Asset Management team formed a dedicated procurement team in 2019, developed an Approved Vendors List Committee, and hired Qa/Qc consultants to support its operations. The CEI team began investing in BESS projects during the reporting period and has been carefully developing relationships with suppliers.</p>

102-11	Precautionary Principle or approach		We employ a thorough due diligence process before investment and regularly reevaluate our investments to ensure potential risks to the environment or local community are identified and mitigated. We have instated a yearly ESG training to ensure our entire team stays up to date on industry best practices.
102-12	External initiatives	Sustainability: ESG is Our Focus, Page 27-28 Social: Responsible Contractors, Page 45	In 2019, Capital Dynamics affirmed its commitment to the UK's Modern Slavery Act 2015 in all global operations. This commitment is further enforced by the all Arevon teams. The CEI Team adopted a stricter Responsible Contractor Policy in collaboration with NABTU for our US business in 2020. In 2020 Capital Dynamics and Arevon US signed on to the Solar Energy Industries Association's (SEIA) Solar Industry Environmental and Social Responsibility Commitment Pledge, committing to remove all forced labor from the solar supply chain.
102-13	Membership of associations	Industry Association Memberships, Page 57	Capital Dynamics and Arevon are represented on the board of the US Solar Industries Energy Association.
Strategy			
102-14	Statement from senior decision-maker	Introduction, Pages 3-, 12, 21	Statements provided by John Breckenridge, Senior Managing Director, Head of Capital Dynamics CEI and Justin Johnson, CEO, Arevon Asset Management US. Additional statements are provided by Tiago Sabino Dias, CEO, Arevon Energy Management and Simon Eaves, Managing Director, Head of Capital Dynamics CEI Europe.
Ethics			
102-16	Values, principles, standards, and norms of behavior		Employee handbook and ESG training is designed with compliance, HR and senior management. The Responsible Investment Committee oversees initiatives at Capital Dynamics related to values, principles, standards, and norms of behavior.
Governance			
102-18	Governance structure	Governance, Page 53 Responsible Investment Committee, Page 9	Capital Dynamics Responsible Investment Committee is responsible for reviewing, advising, and deciding on all Capital Dynamics ESG matters. Its subcommittees, outlined on page 9, helps advise the committee on topic specific issues.
Stakeholder Engagement			
102-40	List of stakeholder groups	Sustainability: Materiality, Page 26	The CEI Team engages with a wide array of stakeholders on a regular basis. These stakeholders include employees, investors, energy buyers, equipment suppliers, service providers, labor unions, landowners, public authorities, and NGOs.

102-41	Collective bargaining agreements		Capital Dynamics, Arevon Energy Management, Arevon Asset Management, Arevon Asset Management UK do not have collective bargaining agreements internally. The CEI Team's US business does work with union labor on a regular basis, although the number of contractors in unions is not available for this reporting period.
102-42	Identifying and selecting stakeholders	Sustainability: Materiality, Page 26	Stakeholder engagement is managed on a project-by-project basis. We often engage with landowners, local officials, utilities, suppliers, and development partners. Capital Dynamics is in regular discussion with our investors and industry partners.
102-43	Approach to stakeholder engagement	Social: Community Engagement, Page 48	Stakeholder engagement is managed on a project-by-project basis. We regularly meet with investors and distribute quarterly reports for each fund. Throughout the project life cycle we work with contractors and local community members to resolve any issues and keep the projects running smoothly. During construction, Arevon employees meet with EPC contractors at least once a week. We reached out to some of our stakeholders to ask them to provide input on our materiality assessment and we plan to increase our stakeholder engagement going forward to better understand how we can improve our ESG initiatives.
102-44	Key topics and concerns raised	Sustainability: Materiality, Page 26	<p>A D&I survey is conducted annually and results are reviewed by senior management. Feedback on employee morale is regularly discussed.</p> <p>The CEI Team is in regular communication with many of our stakeholders but did not conduct any formal surveys with customers during the reporting period.</p>
Reporting Practices			
102-45	Entities included in the consolidated financial statements		<p>Capital Dynamics provides financial statements to the limited partners in each fund as well as financing parties. Each fund consists of multiple legal entities at asset and fund level.</p> <p>The report was prepared respecting the materiality principle, prioritizing topics of significant economic, environmental and social impacts with high influence on stakeholders' assessments and decisions.</p>
102-46	Defining report content and topic boundaries	About this report, Page 2	This report covers all functions of the Capital Dynamics CEI team pertaining to ESG, starting with investments made by the Capital Dynamics CEI Investment Team in 2014, when our current investment leadership took over. This report excludes Capital Dynamics CEI II, which was invested by previous investment leadership.

102-47	List of material topics	Sustainability: Materiality, Page 26	Our material ESG topics, reported on in this report, were determined by an array of CEI Team members, including senior leadership.
102-48	Restatement of information		Not applicable – This is the CEI Team’s first sustainability report.
102-49	Changes in reporting		Not applicable – This is the CEI Team’s first sustainability report.
102-50	Reporting period		January 1 st , 2019, to December 31 st , 2020. Some data collection, including health & safety, water use, and waste management, ended on December 1 st , 2020 to allow key stakeholders time to report relevant data.
102-51	Date of most recent report		Not applicable – This is the CEI Team’s first sustainability report.
102-52	Reporting cycle		This report covers 2019-2020. Future reports will be annual and cover one calendar year.
102-53	Contact point for questions regarding the report	About this report, Page 2	Questions regarding this report can be directed to mmcdonough@arevonenergy.com or ballehaut@capdyn.com .
102-54	Claims of reporting in accordance with the GRI Standards	About this report, Page 2	This report has been prepared in accordance with the GRI standards: Core option.
102-55	GRI content index	GRI Content Index, Page 61-73	This is the GRI Content Index.
102-56	External assurance		Capital Dynamics’ compliance team reviewed the report for accuracy. No third-party entity audited the report.

Economic

GRI 201: Economic Performance 2016 Standards

201-1	Direct economic value generated and distributed	<p>Consolidated 2019 Revenues: \$535,747,910 Project Expenses: -\$83,568,059 Management Costs: -\$22,740,968 Economic Value Retained: \$429,438,883</p> <p>Consolidated 2020 Revenues: \$502,951,467 Asset Operating Costs: -\$70,467,597 Management Costs: -\$14,732,061 Economic Value Retained: \$417,751,809</p> <p>2020 Economic Value Retained reflect Q1-Q3 and excludes Q4, due to the timing of the report.</p>
201-2	Financial implications and other risks and opportunities due to climate change	The CEI Team’s portfolio is susceptible to physical risks due to climate change. Disruption and damage from hurricanes, flooding and wildfire smoke can negatively impact power generation and reduce realized revenues. Financial risks due

			to climate change will increase over time and the CEI Team plans to evaluate these on an asset-by-asset basis in the future.
GRI 204: Procurement Practices 2016 Standards			
103	Management Approach	Governance: Development and Construction, Page 45 Governance: Purchasing, Page 54-55	Procurement in North America is governed by the Responsible Contractor Policy and managed by Arevon's procurement team. The Team's involvement in procurement in Europe is limited and is managed by the Capital Dynamics CEI Investment professionals.
204-1	Proportion of spending on local suppliers		Renewable energy projects are capital intensive and thus cannot achieve a high degree of local sourcing. Services for construction and operation employ significant local labor. Local economic benefits (property tax, lease payments, etc.) are described on page 48.
GRI 205: Anti-Corruption 2016 Standards			
205-1	Operations assessed for risks related to corruption		All CEI Team employees and operations are covered by anti-corruption monitoring and standards. All payments approvals are limited to a select number of employees and require multiple signatures. In 2020, Capital Dynamics activated RepRisk as an additional layer of monitoring for these risks.
205-2	Communication and training about anti-corruption policies and procedures	Social: Employee Training and Wellbeing, Page 40	All Capital Dynamics employees receive training on anti-corruption policies and procedures during onboarding and must report quarterly any gifts received or given. The mandatory compliance portal requires quarterly acknowledgment of the employee handbook which has strict anti-corruption requirements.
205-3	Confirmed incidence of corruption and actions taken		All suppliers are bound by the standard procurement policy set by Arevon. We have not had any confirmed incidents of corruption.
GRI 206: Anti-Competitive Behavior 2016 Standards			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Governance, Page 52-54	We have not had any incidents pertaining to anti-competitive, anti-trust, or monopoly practices.

Environmental

GRI 302: Energy 2016 Standards

302-1	Energy consumption within the organization	Environmental: Corporate Sustainability Initiatives, Page 37	Corporate energy usage was reported by the building managers for Capital Dynamics' New York and London office. These numbers represent total energy usage for the whole office, which includes Capital Dynamics employees outside of the CEI business. Energy consumption numbers were not able to be obtained from either Arevon office. Energy consumption data from 2020 does not reflect normal functioning of the team, as the majority of team members did not work from the office during this calendar year due to COVID-19.
302-2	Energy consumption outside the organization		No data is collected on energy consumption needed for the manufacturing of renewable energy equipment and construction. According to Fraunhofer ISE (Sept. 16 2020 report) the energy payback of a solar farm is approximately one year. The International Journal of Sustainable Manufacturing in a 2020 study estimated that the energy payback for a 2MW wind turbine is 5 to 8 months.
302-3	Energy intensity		The renewable energy portfolio achieves a positive net energy output. We did not calculate energy intensity this year because our energy consumption data was incomplete. The assets within the report produced 5,851,693 MWh of energy during 2019 and 6,458,488 MWh of energy during 2020.
302-4	Reduction of energy consumption		As this is our first sustainability report, we do not have a baseline for energy reduction for this report. While we will continue to ask for and track energy consumption data, 2020 will not be used as a baseline for energy consumption in future reports due to reduced office use during the COVID-19 pandemic along with multiple office relocations across the CEI Team.

GRI 303: Water and Effluents 2018 Standards

303-1	Management approach: Interactions with water as a shared resource	Environmental: Performance Metrics, Page 33	The CEI Team understands that water is a limited resource, especially in drought-prone regions, such as California. We do not employ significant water resource at wind turbine sites except when pouring turbine foundations. Solar projects located in dusty climates are washed when necessary for energy production and the operations team uses grey water when possible.
303-2	Management approach: Management of water discharge-related impacts		Water discharge is minimal due to the nature of solar and wind farms. We work to ensure that when necessary, all water discharges are legal and safe.

303-5	Water consumption	Environmental: Performance Metrics, Page 33	Water consumption data was collected from O&M and EPC counterparties for each project and collated internally. We received data from approximately 50% of sites in the construction and operations phase during the reporting period and we expect to collect data from all assets in the coming year.
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GRI 304: Biodiversity 2016 Standards

103	Management approach	Environmental: Biological Monitoring, Page 35	All investments are screened for environmental compliance and any risk must be recorded in the R-Eye™ scorecard and investment approval paper. The CEI Team actively avoids investment which would impact federally protected species in the US. All investments undergo required environmental assessments - in the US a Phase I environmental site assessment in accordance with the US EPA, in the UK an Environmental Authorization.
304-1	Operational suites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		The assets in our portfolio are not physically located in protected areas or sensitive areas such as wetlands. We do not have data on adjacency to areas with high biodiversity value.
304-2	Significant impacts of activities products, and services on biodiversity		Blades from wind turbines may cause avian strikes and are reported for protected species. Vegetation management for solar assets can have fire risk during specific periods of the year. Travel to and from sites may include speed restrictions to protect sensitive species.
304-3	Habitats protected or restored		Conservation easement on 1,070 acres of the Jack Ranch for the protection of grassland species at California Flats.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		<p>The list of protected species affected by our projects was obtained by reviewing relevant environmental assessments and reporting documentation for each site. Affected species are those found within the mapping of an asset. Conservation plans are developed independently at each site.</p> <p>Mojave Desert Tortoises: Vulnerable – IUCN, Threatened - US ESA</p> <p>Mojave Ground Squirrel: Near Threatened – IUCN</p> <p>San Joaquin Kit Fox: Endangered – US ESA</p> <p>California Tiger Salamander: Vulnerable – IUCN</p> <p>California Black-Legged Frog: Vulnerable – IUCN, Threatened – US ESA</p> <p>Vernal Pool Fairy Shrimp: Vulnerable – IUCN, Vulnerable – US ESA.</p>

GRI 305: Emissions 2016 Standards

103	Management approach		Each organization manages and tracks emissions of their offices independently.
305-1	Direct (scope 1) GHG emissions	Page 36	All of the assets in this report generate renewable energy or aid in the clean energy transition, leading to extremely low scope 1 emissions.
305-2	Energy indirect (Scope 2) GHG emissions	Page 36	Scope 2 emissions were reported by building management companies or extracted from bills and compiled across offices. The Capital Dynamics New York and London office includes emissions from the whole office, including members of other Capital Dynamics branches.
305-3	Other indirect (Scope 3) GHG emissions		The CEI team does not yet have systems in place to calculate Scope 3 emissions.
305-5	Reduction in GHG emissions		As this is our first report, we cannot report reduction in emissions. Emissions during this reporting period will also not be considered as a baseline in future years due to multiple office moves.

GRI 306: Waste 2020 Standards

306-1	Management approach: Waste generation and significant waste-related impacts	Environmental: Performance Metrics, Page 33 Environmental: Decommissioning, Page 34	Waste management at our sites is monitored by third party EPC and O&M contractors. We collected all available waste management data from our contractors at the end of 2020. Going forward, we will request that this data be tracked and reported on a regular basis. Our team actively partners with suppliers who are conscious of these impacts and working to develop recycling and second life programs.
306-2	Management approach: Management of significant waste-related impacts	Environmental: Corporate Sustainability Initiatives, Page 37	Waste management at our sites is monitored by third party EPC and O&M contractors. We collected all available waste management data from our contractors at the end of 2020. Going forward, we will request that this data be tracked and reported on a regular basis. Our team actively partners with suppliers who are conscious of these impacts and working to develop recycling and second life programs.
306-3	Waste generated	Environmental: Performance Metrics, Page 33	In the North America, waste generated was reported from each EPC and O&M counterparty. We were able to collect data from 47% of US sites this year. In Europe, waste generated for operating assets was estimated based off of waste disposal charges and historical waste disposal. Waste generation data was collected from European EPC contractors for construction phase assets.

GRI 307: Environmental Compliance 2016 Standards

307-1	Non-compliance with environmental laws and regulations	We have not identified any non-compliance with environmental laws.
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GRI 308: Supplier Environmental Assessment 2016 Standards

103	Management Approach	Governance: Supply Chain Management, Page 54-55	Procurement for our European projects is usually completed before we acquire the project. In North America, suppliers are identified and vetted by Arevon US's procurement team.
308-1	New suppliers that were screened using environmental criteria	Governance: Supply Chain Management, Page 54-55	The CEI Team has always taken environmental and social criteria into account when selecting suppliers. During 2020, the Team took steps towards formalizing this process for US projects and going forward suppliers will be screened through a more formal process, including by our Approved Vendor List Checklists and Committee.
308-2	Negative environmental impacts in the supply chain and actions taken		We prioritize purchasing equipment from well-established, reputable suppliers with diverse global supply chains. There are inherent environmental impacts derived from manufacturing PV panels, but we have not been impacted. The CEI Team utilizes tools, including the SVTC scorecard to ensure we partner with industry leaders who are adopting the most environmentally conscious practices that have aggressive sustainability targets.

Social**GRI 401: Employment 2016**

103	Management approach		Employment and hiring is managed independently by each firm on the CEI Team. During this reporting period, the Team has worked to ensure all employment decisions are based on merit and has updated their hiring practices to avoid any potential biases. Senior management continues to work with employees at all levels to ensure that the Team fosters an inclusive, diverse, and safe work environment. Each company has its own employee handbook, which include code of conducts, anti-harassment and discrimination policies, parent leave guidelines and more.
401-1	New employee hires and employee turnover	Social: Employee Turnover, Page 39	The CEI Team hired a total of 42 new employees during 2020 and had a combined turnover rate of 7.5%. Of the 44 new hires, 21 were female and 21 were male. Breakout data for each firm within the CEI Team is provided below. Capital Dynamics CEI hired 3 new employees in 2020, with a turnover rate of 4.3%. Arevon US hired 29 new employees during 2020, with a turnover rate of 8.8%. Arevon UK hired 4 new

			<p>employees in 2020, with a turnover rate of 0%. AEM hired 6 new employees with a turnover rate of 25%. AEM new hires are defined as employees who were not previously employed by Arevon US prior to the establishment of AEM.</p> <p>Turnover rates were calculated using the total number of employees who left their firm during the calendar year and the average number of employees during that year. Average number of employees for a given year was calculated using the number of employees at the start and end of the year.</p>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Capital Dynamics CEI does not have temporary employees. Capital Dynamics part time employees are provided full benefits, with vacation time and sick leave pro-rated. Arevon Asset Management US does not have part time or temporary employees outside of their internship program. Interns are not provided with benefits. Arevon UK has temporary and part time employees, who receive the same benefits as all other employees.
402: Labor/Management Relations			
103	Management approach	Social: Development and Construction, Page 45	The CEI Team works hard to enforce fair and safe working conditions for all employees, contractors, and associated workers. The CEI Team does not encourage/discourage unionized labor. In the US we actively encourage our EPC contractors to execute PLAs with unionized labor groups. In 2020 we implemented a stricter Responsible Contractor Policy for our US business line.
402-1	Minimum notice periods regarding operational changes		We do not have material operational changes such as office relocation that would require advance notification. If a new or existing employee relocates, we actively engage with them on a timeline and provide relocation funding support.
GRI 403: Occupational Health and Safety 2018			
103	Management approach	Social: Health and Safety, Page 44	The CEI Team considers Health and Safety to be a top priority at all of our operating sites. The CEI Team does not encourage/discourage unionized labor. In the US we actively encourage our EPC contractors to executed PLAs with unionized labor groups when possible.
403-1	Occupational health and safety management system	Social: Health and Safety, Page 44	All of our construction and operational sites have strict occupational health and safety requirements developed based on the specific risks identified at the site and local regulations.

403-5	Worker training on occupational health and safety	Social: Health and Safety, Page 44	While our North American O&M contractors hold a number of credentials including OSHA 500, OSHA 502, OSHA 30, OSHA 10, Red Cross First Aid/CPR Instructor, and Competent Person status in a wide range of subjects, we recommend they continue re-certifying themselves on an ongoing basis. Our European health and safety manager tracks and ensures that all asset managers stay up to date on the necessary trainings and certifications to maintain safe project sites.
403-6	Promotion of worker health	Social: Health and Safety, Page 44	The health and well-being of the Team is a priority. All eligible CEI Team employees, as outlined in disclosure 401-2, are given access to medical insurance through their respective employer. These plans include options for medical insurance, dental insurance, employee assistance programs, gym reimbursements and other benefits. Our O&M Contractors have a comprehensive Injury and Illness Prevention Program (IIPP) and works with local consultants and industry experts to develop and maintain site-specific safety plans.
403-9	Work related injuries	Social Impact: Health and Safety, Page 44	There were no injuries to CEI Team members during the reporting period. The Health and Safety data reported covers the onsite personnel of our contractors and development partners. We received health and safety data from 84% of our sites.
GRI 404: Training and Education 2016			
103	Management approach		Due to the wide range of professionals across the CEI Team, training and education is managed on a firm-by-firm basis and training is specialized to a given employees position.
404-2	Programs for upgrading employee skills and transition assistance programs	Social: Employee Growth and Training, Page 40	The CEI Team provides multiple opportunities and platform for employee growth, including internal and external seminars and talks by experts in their fields.
404-3	Percentage of employees receiving regular performance and career development reviews		All Capital Dynamics and Arevon employees receive regular performance reviews.

GRI 405: Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees	Social: Our Team, Page 41	The data reported in this section were derived from an anonymous and voluntary Diversity & Inclusion survey administered to all members of the CEI Team during December 2020 and reflect a snapshot of CEI Team at that time. Combined metrics reflect the entire CEI Team. Senior management was defined internally by each firm due to differing internal structures.
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GRI 406: Non-Discrimination 2016

406-1	Incidents of discrimination and corrective actions taken		There were no incidents of discrimination and corrective actions taken during the reporting period.
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GRI 411: Rights of Indigenous Peoples 2016

411-1	Incidents of violation involving rights of indigenous peoples		There were no incidents of violations involving rights of indigenous peoples during the reporting period.
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GRI 413: Local Communities 2016

413-1	Operations with local community engagement, impact assessments, and development programs	Social: Community Engagement, Page 49-50	Community engagement programs and initiatives are developed on a project-by-project basis and we strive to make a positive impact on all the communities we work in. Many of our European assets have dedicated community funds. We prioritize local and unionized labor whenever possible through the enforcement of our Responsible Contractor Policy. Learn more about Capital Dynamics CEI in the community here .
413-2	Operations with significant actual and potential negatives impacts on local communities	Social: Community Engagement, Page 49-50	None.

GRI 418: Customer Private 2016

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		There were no substantiated complaints concerning breaches of customer privacy and losses of customer data during the reporting period.
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Looking Forward

Internal Focus

Despite the many challenges we all faced in 2020, it was a period of immense growth for the CEI Team and renewable energy industry. As we step into 2021, our team is committed to learning from our experiences and continuing to improve our business.

Our first focus is on employee well-being as we continue to recover from the COVID-19 pandemic and hopefully regain full access to a safe office environment. We have a lot of work to catch up on: training, coordination, and process improvement. As our portfolio continues to grow and our assets under construction and in operation require a hands-on approach, we will continue to adapt our organization. A key commitment for 2021 is to focus on listening and feedback. Our most important asset has always been, and always will be, our team members. We need to make sure our work environment continues to allow everyone to thrive.

A critical component of our success to date has been a culture focused on empowerment. This requires efficient processes and communication. It is critical that we support training and communication in our growing organization. Our IT structure needs improvement so information can be stored and shared efficiently. We will continue a rigorous hiring process seeking input from numerous people so we create consensus and minimize bias when adding new members. Hiring is a two-way process, and we need to make sure applicants understand our culture and work environment. We also need to make sure existing employees feel supported and have clear line of sight on promotions and personal growth.

Our business will continue to thrive if relentlessly we focus on innovation. We owe this to our employees and to our investors. As a result, we have been hiring technical and commercial specialists to support this endeavor.

Our journey as an ESG leader requires that we constantly challenge and test our processes. We can always improve our supply-chain monitoring. We can collect more and higher-quality data. This is particularly critical for complete compliance with GRI. In early 2021, we will roll out an enhanced R-Eye™ scorecard system that is more closely aligned with our investment mandate. This tool update has been prepared with the input of various team members. The preparation of this report also raised the question of whether or not we continue to voluntarily expand our ESG reporting. On the compliance side, we will need to account for the European Union's new Sustainable Finance Disclosure Regulation (SFDR), which comes into effect in March 2021. The SFDR imposes new transparency obligations and periodic reporting requirements on investment management firms at both a product and manager level.

External Focus

As we look forward to 2021, we are facing a new world with a change of administration in the US and a greater emphasis on climate change. At a state level, California is expected to implement a number of policy changes to address the impact of the 2020 wildfires. Governor Gavin Newsom indicated that he intends to accelerate the timeline of renewable energy goals and to promote energy storage for capacity and resiliency and as a replacement for natural gas.

Our platform will continue to grow the distributed generation platform, and in particular its close collaboration with Sol Systems. Distributed generation requires scale and transaction efficiency. Our financing partnership with Bank of America/Merrill Lynch should maintain a critical competitive advantage not only for our existing pipeline, but also for opportunistic acquisitions.

Our investment mandate was recently expanded and now includes energy storage and customized offtake solutions. The combination of physical assets such as wind, solar, and energy storage with energy management strategies enables us to expand our renewable energy offering. An additional area of focus is electric vehicle charging infrastructure. We see strong synergies with our energy storage activity and strong growth in infrastructure demand due to innovation in the transportation sector. We are working on a few initiatives which, if successful, could help accelerate the energy transition to traditional infrastructure segments.

We expect to make progress with the development of the assets in MISO and SERC from our latest partnership with Tenaska. These assets continue the theme of coal-to-solar conversion for utilities in the Midwest, the South, and the Southeast. We will work on PPAs, BTAs, and customized PPAs for cooperatives.

We will also continue to monitor the economic impact created by the COVID-19 pandemic and in particular the fiscal effect on tax equity. We will play an active role on the board of the Solar Energy Industries Association (SEIA) to work with authorities on solutions for the renewable energy sector, both at the state and federal level.

Our experience building our renewable energy platform is that change and growth are constant. We will continue to invest in new asset classes, form new partnerships, close new acquisitions, and develop best-in-class ESG initiatives. Our reputation and integrity in the way we conduct ourselves remains our highest priority.

Closing Words

We view sustainability as a journey, not a destination, and we look forward to continuing this journey as we turn to 2021. As the renewable energy industry continues to grow, we plan to lead the way to a more sustainable, equitable, and safe future.

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