

# GOLDING



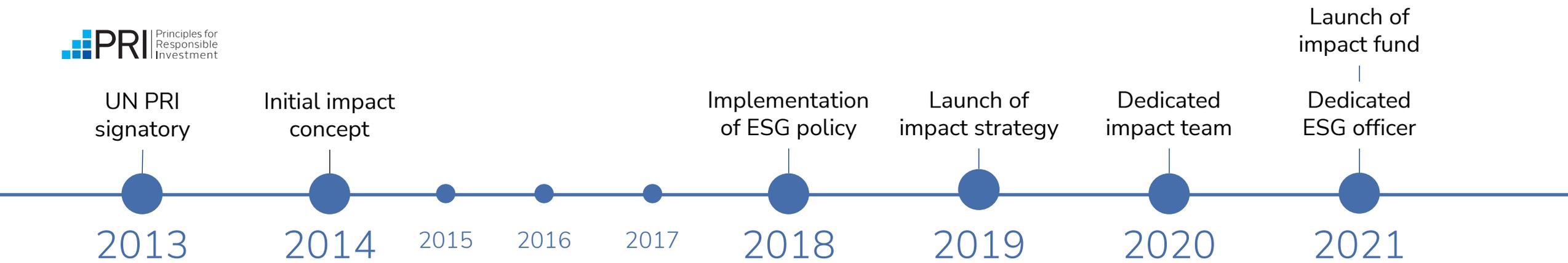
## Golding Capital Partners

Dr. Andreas Nilsson, Head of Impact

Sustainable Investor - Webinar Series

September 15, 2021

# We have long taken our responsibility seriously in promoting sustainable economic development



1) Source: Calculation according to IPEV standard as of 31/12/2020; pooled LTD IRR in investment currency, net of target fund costs, gross of Golding costs; Golding portfolio: buyout investments with vintage years since 2000.  
Projections are not a reliable indicator of future developments.

# The Golding journey towards a sustainable future goes beyond investing



Golding  
Impact 2021



Integral across all  
Golding strategies



CO<sub>2</sub> neutral  
until 2025



Initiatives to  
promote impact

# Formal ESG investment policy and detailed evaluation model

## ESG investment policy

**GOLDING**

### Responsible Investment Policy

**Our conviction**

Golding Capital Partners (Golding) is one of Europe's leading independent asset managers for alternative investments. Our job is to construct diversified portfolios of buyout, private debt and infrastructure assets in order to generate sustainable income and attractive returns. Everything that we do is aligned with the interests of our investors. By investing in and lending to companies, and by means of our investments in private and public infrastructure entities and projects we have a far-reaching influence on society, i.e. on a large number of people and their natural environment. We consider it our responsibility to capitalize on our influence and contribute towards positive business wherever we invest.

It is our understanding that we can only fulfil this responsibility, when we integrate environmental, social and governance aspects (ESG) into our decision-making processes. We are convinced that this not only helps us to do justice to our position in society, but also results in improved risk management practices and an enhanced identification of value creation potential within our investments. Below, we have listed what we consider to be the key aspects of responsible investment (ESG).

**Key aspects of responsible investment (ESG)**

Environment (E)	Social (S)	Governance (G)
<ul style="list-style-type: none"> <li>Environmental pollution / risks</li> <li>Nature management</li> <li>Greenhouse gas emissions</li> <li>Ecological footprint</li> <li>Contamination of nature</li> </ul>	<ul style="list-style-type: none"> <li>Employee well-being</li> <li>Health and safety management</li> <li>Working conditions along the value chain</li> <li>Product integrity and safety</li> <li>Social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Company values and business ethics</li> <li>Management and supervisory structure</li> <li>Compliance and risk management</li> <li>Governance in the value chain</li> <li>Stakeholder management and reporting</li> </ul>

We specifically acknowledge that climate change is one of the decisive challenges of our time and stand behind the Paris Agreement. We are dedicated to play our part in solving this challenge by mitigating the impact of our portfolio towards climate change and at the same time ensuring our portfolio's climate resiliency. In that regard, our approach is twofold: First, we refrain from making investments that clearly oppose the Paris Agreement. Second, we put particular emphasis on climate-related aspects when evaluating managers by analysing their climate-related risk and opportunity management through a proprietary assessment tool. We have been supporter of the Task Force on Climate-related Financial Disclosures (TCFD) since 2022. We thus base our analysis on the framework developed by the TCFD and encourage our investments to follow the TCFD's recommendations.

Our conviction is expressed by the fact that we have been a signatory of the United Nations Principles for Responsible Investment (UN PRI) since 2013. Those principles guide us to integrate ESG aspects into our decisions and processes:

- We will include ESG topics in investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practice.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the principles.
- We will report on our activities and progress towards implementing the principles.

As a signatory, we promote the principles and their implementation in a steady dialogue with our stakeholders. This also includes our employees. We therefore also strive to guarantee sustainability and responsibility in our internal workflows and our interactions with one another. Our social engagement is a vivid expression of our aspirations.

Golding Responsible Investment Policy / August 2022 313

## ESG scoring model for target funds

### ESG Scoring<sup>1)</sup>

Category \ Score

	Insufficient Initial (1)	Initial (2)	Initial (3)	Developing (4)	Developing (5)	Developing (6)	Leading (7)	Leading (8)	Best-in-class Best-in-class	Global infra platform
<b>ESG Values</b>	[Progress bar]									8.3
Understanding, motivation	[Progress bar]									9
Implementation	[Progress bar]									9
Leadership, external standards	[Progress bar]									10
Policy	[Progress bar]									5
<b>ESG Organization</b>	[Progress bar]									6.3
Responsibilities	[Progress bar]									6
Integration in processes	[Progress bar]									7
Expertise	[Progress bar]									6
Formalization	[Progress bar]									No info
<b>ESG Due Diligence</b>	[Progress bar]									7.2
Exclusion criteria	[Progress bar]									4
Standardization	[Progress bar]									9
Methodology (materiality)	[Progress bar]									8
Content, extent	[Progress bar]									6
Integration	[Progress bar]									9
<b>ESG Ownership</b>	[Progress bar]									9.0
Demands on investees	[Progress bar]									9
Monitoring processes	[Progress bar]									9
Cooperation	[Progress bar]									9
<b>ESG Reporting</b>	[Progress bar]									5.0
Process	[Progress bar]									6
Content	[Progress bar]									3
Integration in financial reporting	[Progress bar]									6
Incident management	[Progress bar]									No info
<b>Total (weighted by category)</b>	[Progress bar]									7.2
<b>Total (weighted by indiv. item)</b>	[Progress bar]									7.2

■ 1 Insufficient  
 ■ 2-4 Initial  
 ■ 5-7 Developing  
 ■ 8-10 Leading

## ESG benchmarking for target funds

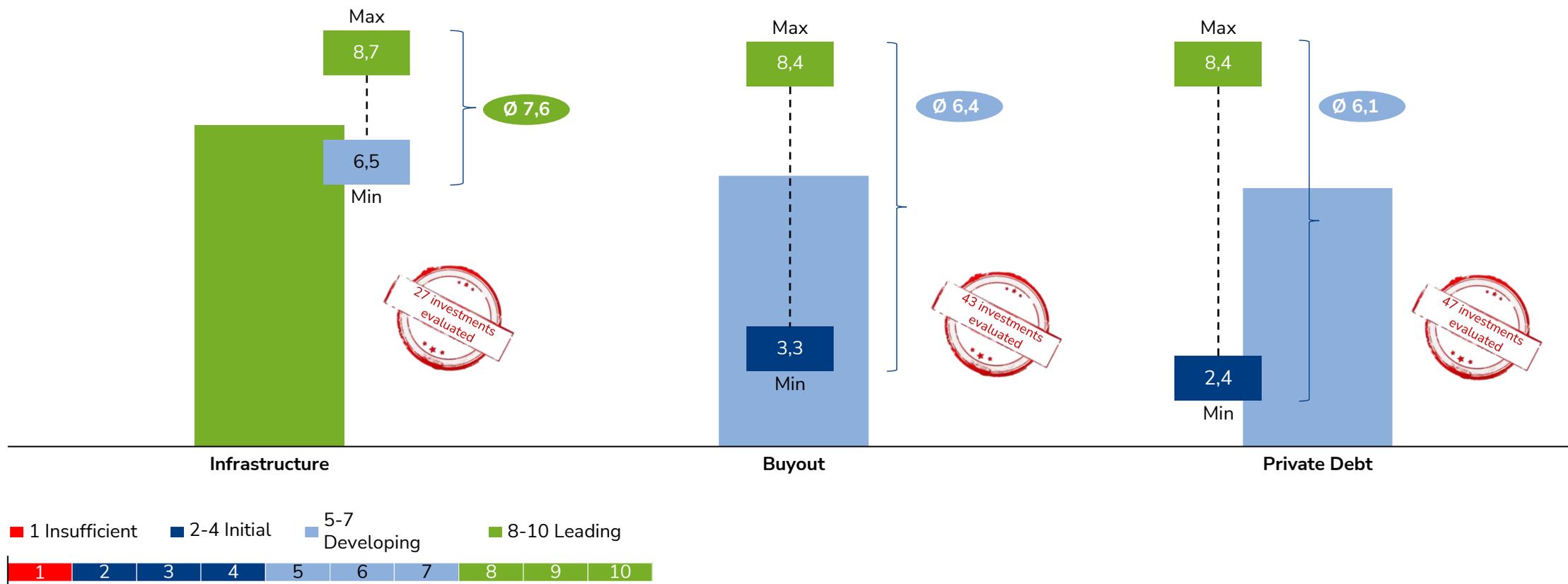
### GP benchmark

Category \ GP	Global infra platform	European infra platform	International infra platform	European infra investor	North American infra platform	International infra platform	Benchmark (excl. GP)	Benchmark (with GP)
<b>ESG Values</b>	8,3	9,5	8,0	7,3	7,0	8,5	8,1	8,1
Understanding, motivation	9	9	9	9	9	9	9	9
Implementation	9	9	8	6	6	9	8	8
Leadership, external standards	10	10	7	6	7	7	7	8
Policy	5	10	8	8	6	9	8	8
<b>ESG Organization</b>	6,3	8,5	8,3	7,3	6,0	7,5	7,5	7,3
Responsibilities	6	10	8	7	4	8	7	7
Integration in processes	7	9	9	9	9	8	9	9
Expertise	6	8	8	5	7	6	7	7
Formalization	-	7	8	8	4	8	7	7
<b>ESG Due Diligence</b>	7,2	8,6	8,0	7,0	6,0	7,0	7,2	7,2
Exclusion criteria	4	7	-	4	3	3	4	4
Standardization	9	9	8	9	6	9	8	8
Methodology (materiality)	8	8	6	7	6	8	7	7
Content, extent	6	10	9	6	6	8	8	8
Integration	9	9	9	9	9	7	9	9
<b>ESG Ownership</b>	9,0	8,7	8,0	7,0	7,0	7,7	7,7	7,9
Demands on investees	9	9	6	6	6	7	7	7
Monitoring process	9	8	9	8	7	9	8	8
Cooperation	9	9	9	7	8	7	8	8
<b>ESG Reporting</b>	5,0	6,8	7,8	4,5	6,8	6,8	6,5	6,3
Process	6	6	9	6	7	9	7	7
Content	6	8	9	6	6	8	7	7
Integration in financial reporting	3	7	7	3	6	3	5	5
Incident management	-	6	6	3	8	7	6	6
<b>Total (weighted by category)</b>	7,2	8,4	8,0	6,6	6,6	7,5	7,4	7,4
<b>Total (weighted by indiv. item)</b>	7,2	8,4	8,0	6,6	6,5	7,5	7,4	7,3

Note: Golding ESG score: - = no info; 1 = insufficient; 2-4 = initial; 5-7 = developing; 8-10 = leading (best-in-class)

# Current ESG efforts are insufficient

Overview of ESG evaluations by asset class



# Environmental and social sustainability are interrelated

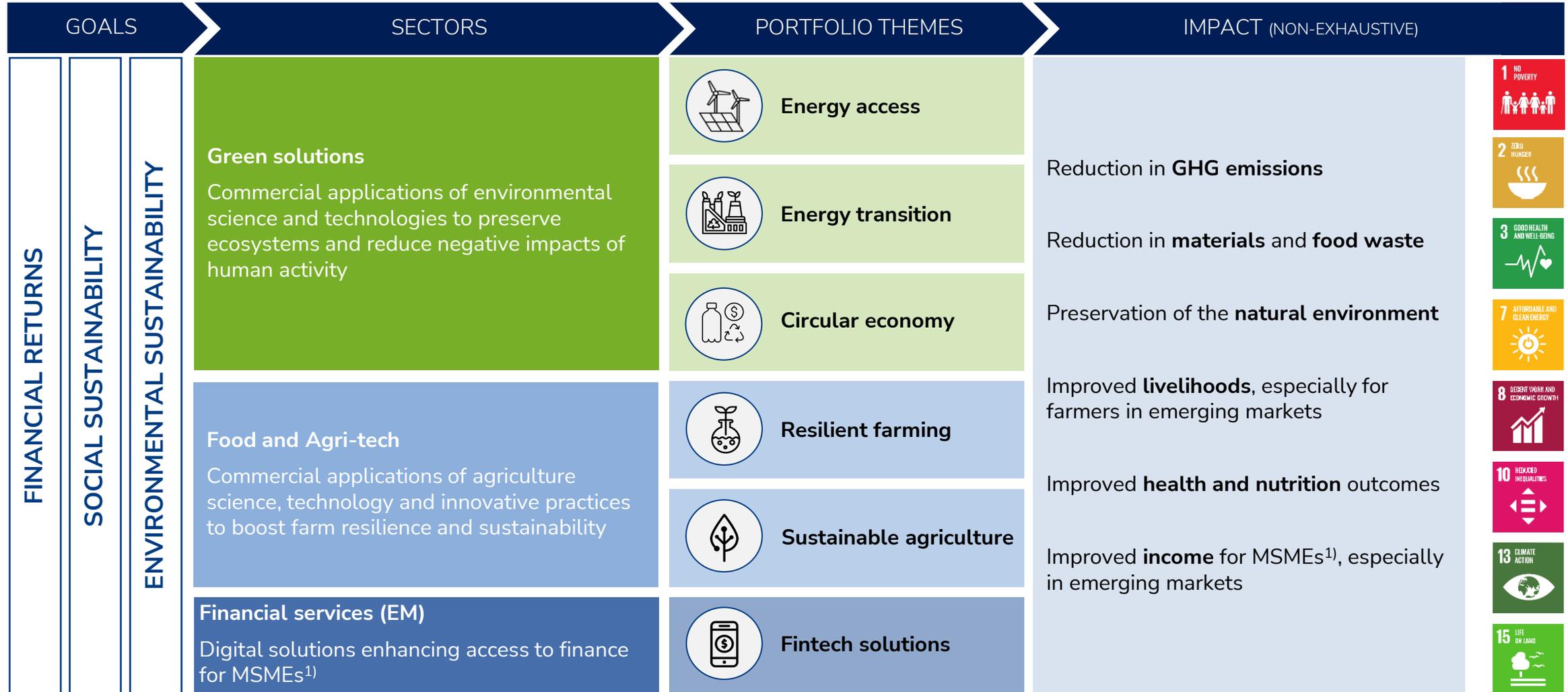


Investments to foster a sustainable catch-up in emerging markets are essential for environmental sustainability



Investments in environmental sustainability is a key enabler to reduce social inequality

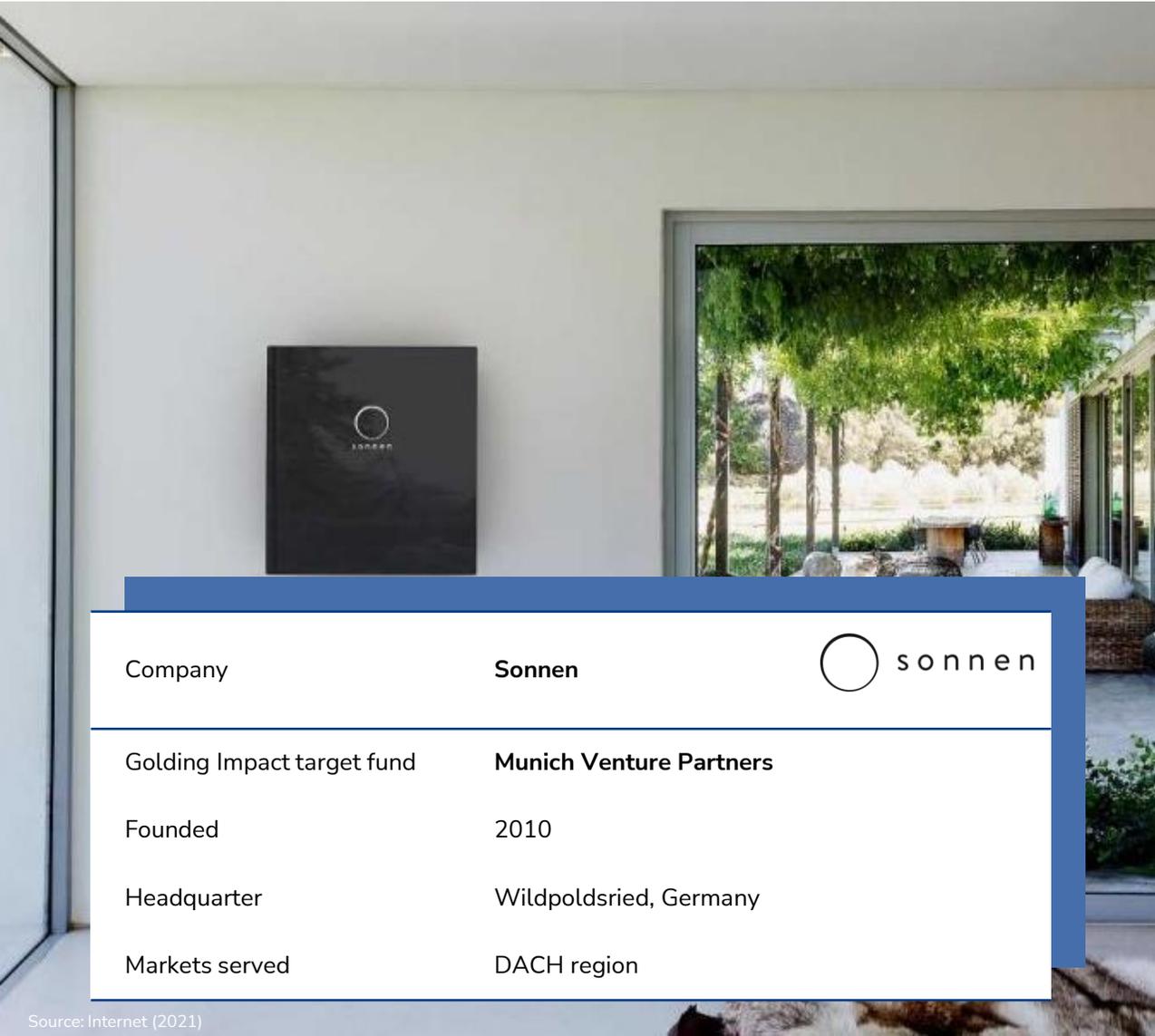
# Where are the best opportunities?



1) MSME: Micro/Small/Medium sized Enterprises

# Company case study

## Clean energy and intelligent energy storage



### Green solutions

Energy transition



### CHALLENGE

- Energy used to heat / cool / light buildings account for 18% of global CO<sub>2</sub> emissions
- Energy distribution and storage are key barriers to decentralized, clean energy supply in real estate

### SOLUTION

- Smart clean energy storage systems for homeowners
- Connecting the batteries within the Sonnen community
- Sonnen operates as virtual energy utility deploying power supply as a service model

### IMPACT PATHWAY

Indicators

# Individual households equipped with PV and energy storage systems  
Amount (GWh) of renewable energy generated

Outcome

Increased renewable energy generation

Increased efficiency in energy distribution

Increased energy storage

Impact

Reduced CO<sub>2</sub> emissions



Company

Sonnen



Golding Impact target fund

Munich Venture Partners

Founded

2010

Headquarter

Wildpoldsried, Germany

Markets served

DACH region

# Company case study

## Biological pest control

Food & Agri-Tech

Sustainable agriculture



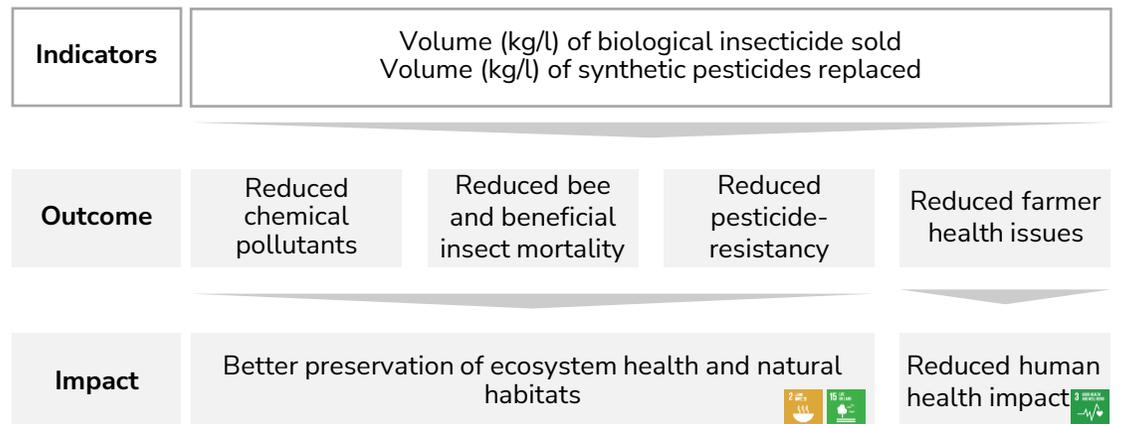
### CHALLENGE

- Conventional synthetic pesticides are unsafe and destroy biodiversity
- Existing solutions face resistance issues. It is difficult to discover and commercialize new synthetic active ingredients due to rising costs and regulatory hurdles

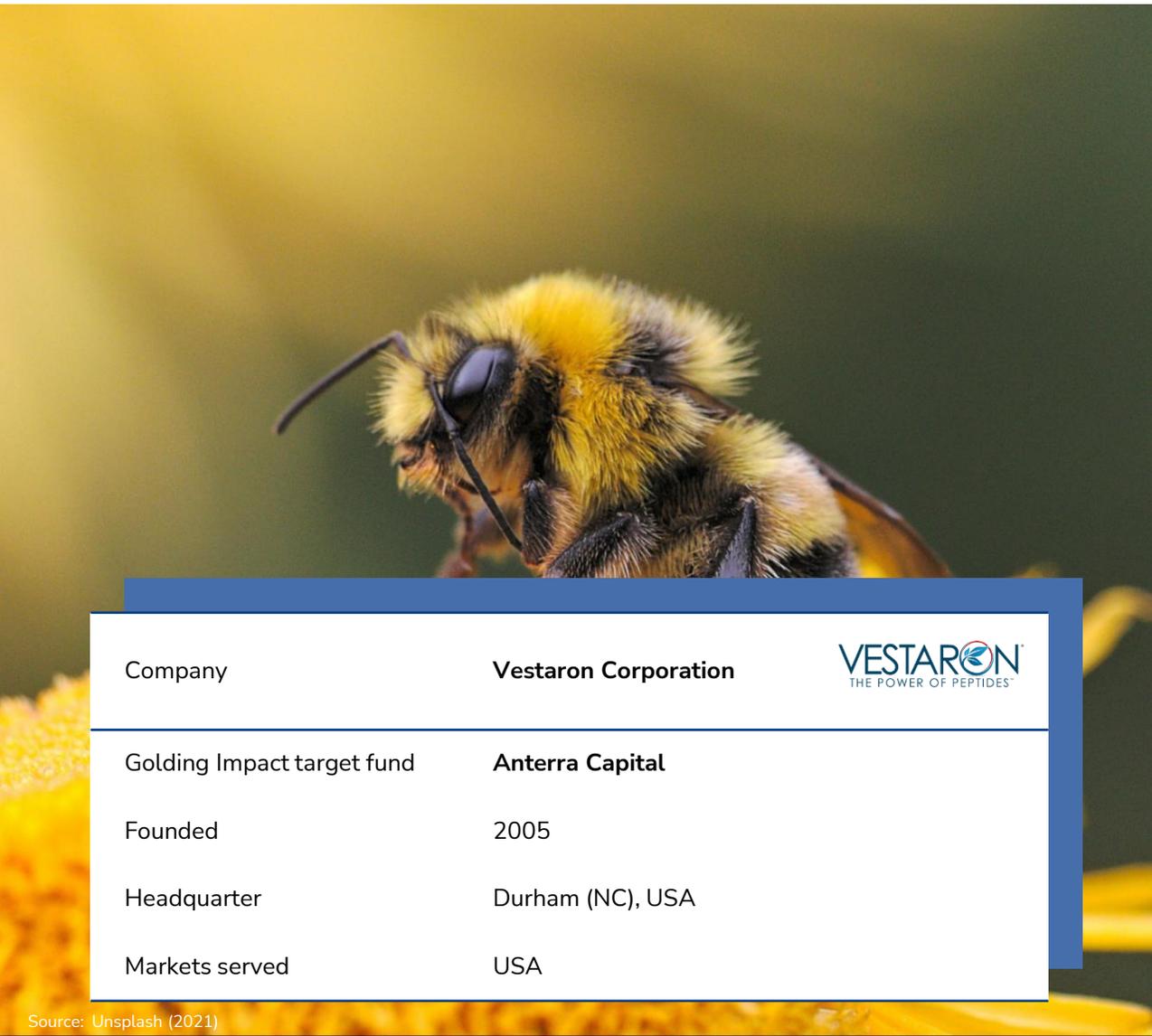
### SOLUTION

- Products replace synthetic pesticides with biological peptides
- The biopharma innovation is derived from spider venom
- Products are sprayed on crops with same or better efficacy as synthetic chemicals

### IMPACT PATHWAY



Source: Anterra Capital, Vestaron Corporation, Golding analysis



Company	Vestaron Corporation	
Golding Impact target fund	Anterra Capital	
Founded	2005	
Headquarter	Durham (NC), USA	
Markets served	USA	

# Golding Impact 2021: A global growth-stage private equity fund-of-funds

Impact investments  
addressing climate change  
and global inequality



Attractive risk-adjusted target  
returns and extensive impact  
management through globally  
diversified platform



Leading institutional  
platform with  
experienced impact  
team



# A commitment to the investment program entails significant economic and legal risks

Investors must bear in mind that a commitment to the investment program represents an entrepreneurial investment, which entails risks in addition to the chance of income.

<b>No return / income guarantee</b>	It cannot be guaranteed that any particular return or income targets are actually met.
<b>Investment risk / Blind pool risk</b>	No assurance is given that the investment program will find a sufficient quantity of suitable investment assets.
<b>Risk of insufficient diversification</b>	There is a chance that only a limited number of investments can be made. At the same time it cannot be ruled out that assets share the same risk factors.
<b>Cost risk</b>	The costs for the purchase, disposal and management of the assets in the investment program may be higher than planned.
<b>Interest rate risk</b>	To the extent that the investment program invests directly or indirectly in debt instruments it is exposed to interest rate risk.
<b>Political Risk</b>	<ul style="list-style-type: none"> <li>▪ The investment strategy of the Fund focuses on Emerging Markets with a main focus on Africa. The political stability in these markets is generally lower than in Advanced Economies.</li> <li>▪ Political instability might adversely affect the magnitude of potential investment opportunities and the returns achieved on the investments made by the Fund.</li> </ul>
<b>Compliance Risk</b>	The focus of the investment strategy on Emerging Markets might result in increased compliance risks on the level of the ultimate borrowers. A compliance incident might negatively affect the return on an investment in the Fund.

Please refer to the risk notice in the respective issue document

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## Exchange rate risk

To the extent that the investment program holds assets in a different currency from the reference or accounting currency it is exposed to an exchange rate risk.

## Fungibility of interests in the investment program

- Interests in the investment program may not be returned. They are typically also not publicly traded and so can generally only be sold during the lifetime of the investment at a substantial discount to market and/or book value.
- It is not certain that a reasonable market for interests in the investment program will develop.

## Market price and counterparty risk of interests in target funds

- A subscription to the investment program is therefore only suitable for investors that could sustain the loss, up to and including a total loss resulting from any unexpected negative performance.
- However, the planned diversification of the investment portfolio means that a total loss would only be incurred if the vast majority of directly or indirectly held assets had to be written off.

## Risk of a lack of control over target fund manager

Investors do not hold a direct interest in the target fund or co-investment and so have no or only a very limited ability to exert an influence over their managers.

## General tax risk

- The tax assessment of an investment may change, possibly also retroactively, particularly in terms of legislation, case law or administrative practice, until the assessment base and the final amount of taxable income have been determined.
- This may lead to higher taxation and levies on the investment program, the target funds or the investor.

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Please refer to the risk notice in the respective issue document

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- It is only open to well-informed investors in accordance with the Luxembourg law of July 23, 2016 relating to reserved alternative investment funds (RAIF) and who are identified as professional investors as defined in the Luxembourg law of July 12, 2013 on alternative investment fund managers (AIFM) or, insofar as distribution of shares of the investment program is permitted within the framework of the laws applicable to investors, can be classified as semi-professional investors or qualified private investors or other institutional investors. The interests may not be offered for sale or sold within the U.S. or for the account of U.S. persons or to people resident in the U.S.
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