



ESG Policy

Version	Author	Reviewed by	Approved by	Date
1-1.0	ESG Department	Geordie Wilkes	Board of Directors	22/06/2022
2-2.0	ESG Department	Geordie Wilkes	Board of Directors	27/07/2023

Index

Important information about this document.....	3
1. Objective scope of application.....	4
2. Qualitas Energy.....	4
3. Qualitas Energy Compliance System.....	4
4. Introduction.....	4
4.1 Qualitas Energy's Responsible Investment Beliefs.....	5
4.2 Our Commitments to the Sustainable Development Goals.....	5
Principal SDGs in our Investment Process.....	6
Secondary SDGs in our Investment Process.....	6
Qualitas Energy's Internal SDGs.....	7
5. Sustainability in the investment process.....	8
5.1. ESG Governance.....	8
5.2. Integrating ESG factors into the investment process.....	8
Stage 1: Sourcing and Screening.....	8
Stage 2: Due Diligence.....	9
Stage 3: Investment Decision.....	9
Stage 4: Holding Period.....	9
Stage 5: Exit and Value Creation.....	10
6. Transparency and Reporting.....	10
6.1. UN PRI Transparency Report.....	10
6.2. Annual Report to Investors.....	10
7. Policy review and approval.....	10

Important information about this document

Document Identification	ESG Policy
Application of this Document	Global
Document hereby repealed	N/A
Related documents	ESG Guide Code of Ethics and Conduct Suppliers Code of Conduct
Responsible for the application of this Document	ESG Department Compliance Department
Date of approval	27/07/2023
Procedure for approval of this Document	Minutes of the Board of Directors
Version	V. 2-2.0

1. Objective scope of application

Q-ENERGY PRIVATE EQUITY S.G.E.I.C., S.A. (hereinafter, the "**Management Company**" or "**Qualitas Energy**"), is a management company of closed-end collective investment entities, with national and international geographical scope. The main activity of the Management Company is the management of the investments of one or more private equity entities and closed-end collective investment entities, as well as the management and control of their activity and risks.

2. Qualitas Energy

The Management Company is fully integrated within the structure headed by the Qualitas Energy brand, which is in turn composed of the vehicles it manages after registration with the National Securities Market Commission (CNMV) (hereinafter, the "**Vehicles**"), by the companies in which the latter have an interest (the "**SPVs**"), by the subsidiaries of the Management Company incorporated abroad (the "**Subsidiaries**"), and by a number of other entities that provide, among others, management and advisory services in the financial market, especially in the renewable energy sector.

3. Qualitas Energy Compliance System

The Management Company has an independent and autonomous Compliance System, which essentially reflects the ethical culture that formally stems from the Board of Directors and is made up of a compendium of internal rules that have been approved to reflect Qualitas Energy's commitment to this culture and principles; and which also serve to comply with all applicable external rules, both national and international.

The basic pillars of the Management Company's Compliance System are Qualitas Energy's Code of Ethics and Conduct, which in turn has an adhesion procedure through which other entities belonging to the Qualitas Energy brand are integrated to such Compliance System, of which this ESG Policy also forms part.

4. Introduction

On September 25th, 2015, the United Nations General Assembly adopted a new global framework for sustainable development: the 2030 Agenda for Sustainable Development (hereinafter, "**2030 Agenda**").

Qualitas Energy is committed to redirecting capital flows towards the energy transition. As responsible investors, we consider it part of our fiduciary duty to our investors to integrate environmental, social and governance (ESG) risks and opportunities into the investment process.

Qualitas Energy defines responsible investment according to the United Nations Principles on Responsible Investment (UNPRI) "as a strategy and practices to

incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership”.

This ESG Policy does not include our regulatory obligations under the Sustainable Finance Disclosure Regulation (EU 2019/2088). Please see our [website](#) for our regulatory statements.

4.1 Qualitas Energy’s Responsible Investment Beliefs

Qualitas Energy believes that ESG factors have a material impact on the financial performance of renewable energy assets and contribute to the value generation process.

ESG contributes to enhancing the assets’ financial value and preserving the assets’ value from material financial ESG-related risks.

We invest in assets with complex processes (from development to operations to repowering and/or dismantlement) with long lifespans. In this process, identifying and accounting for ESG performance throughout the investment process allows us to have a competitive advantage for our core business, seeking to generate long-term financial value. In particular, throughout the investment cycle, we strongly believe that engaging in ESG matters allows us to boost productivity, reduce costs and grow revenue in our portfolio.

Throughout the investment process, we face a wide variety of sustainability-related risks that need to be managed. In this sense, risk management is intrinsically tied to short- and long-term risk mitigation. As such, ESG management is an effective tool that allows us to mitigate and manage all sustainability risks that might negatively impact the financial return of any of our investments. We also believe that adequate management of sustainability risks and sustainability factors allows us to manage our assets’ risk profile better.

4.2 Our Commitments to the Sustainable Development Goals

In line with our commitment to responsible investment, we adhere to the following international initiatives:

United Nations Principle of Responsible Investment (UN PRI): Qualitas Energy became a signatory of the UN PRI in 2020, and consistent with our fiduciary responsibilities, we are committed to applying its six principles.

Task Force on Climate-related Financial Disclosures (TCFD): Qualitas Energy became a supporter of the TCFD in 2021 and has endeavoured with its best efforts to begin implementing its recommendations by developing a TCFD Roadmap.

United Nations Sustainable Development Goals (SDGs): Qualitas Energy is committed to contributing, through its investments, to achieving the Sustainable Development Goals.

We contribute to the following SDGs through our investments:

Principal SDGs in our Investment Process

Qualitas Energy is committed to contributing through its investments to the **achievement of the Sustainable Development Goals (SDGs)**, seeking to have a positive impact on society and future generations to come. We commit to using the SDGs as guiding principles in our investment strategy. In this regard, we have identified three primary Sustainable Development Goals that are integrated throughout our investment process, and which are identified exclusively to our investment activity:



Subtheme (based on target 7.2) Contribution to increase substantially the share of renewable energy in the global energy mix by 2030.

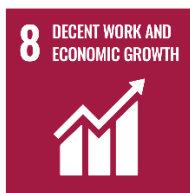
Subtheme (based on target 13.3): improve awareness-raising and human and institutional capacity on climate change mitigation, adaptation, and impact reduction.

Subtheme (based on target 9.4): Innovation centred on renewable energy trends, for example increase power plants productivity, storage, diversified technologies, and ways of consuming energy.

What does it mean to have primary SDGs for Qualitas Energy? Having three primary SDGs allows us to allocate capital for very specific targets. The selection criteria involve considering the priorities of our stakeholders, the exposure of our renewables portfolios and the areas where we can most meaningfully contribute based on our position in the market and our future expectations. With these areas of focus, we can direct capital towards them and integrate them into each step of our investment process.

Secondary SDGs in our Investment Process

We have also identified three secondary Sustainable Development Goals, integrated in the asset management phase, and aligned with our Code of Ethics and Conduct:



Subtheme (based on target 8.5): Achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.

Subtheme (based on target 15.5): Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Subtheme (based on target 16): Ensure all our investments have strong compliance practices, contributing to a substantial reduction in corruption and bribery in all their forms.

What does it mean to have secondary SDGs for Qualitas Energy? Aside from our contribution to the three primary SDGs that we consider most connected to our investment activities, we have equally selected three secondary SDGs towards which we seek that our business model and investments have a positive collateral impact. These secondary SDGs, which are more aspirational and forward-looking, allow us to acquire a more holistic vision of Qualitas Energy's investment impacts and help to guide us in shaping our future strategy in line with the global goals.

Qualitas Energy's Internal SDGs

Beyond our commitment to integrating responsible practices within our investment process, we have equally selected a set of SDGs on an internal company level.

The following SDGs are identified and defined at the Management Company for developing its internal activities beyond the investment management activities and are more inspirational and forward-looking than a formal commitment towards such SDGs.



5. Sustainability in the investment process

5.1. ESG Governance

A robust governance framework is in place to manage and monitor sustainability risks throughout the entire organization. We believe that transparency and accountability are important pillars of responsible investment, so ESG matters are incorporated into a top-down approach.

Our ESG-Governance has the following pillars:

Board of Directors: responsible for defining, approving, and ensuring compliance with the ESG strategy.

ESG Committee: responsible for setting ESG strategy and direction and implementing this Responsible Investment Policy.

Head of ESG: responsible for applying the Policy across Qualitas Energy's staff.

ESG Team: coordinates and monitors the activities at the Management Company, Fund, and Asset levels.

5.2. Integrating ESG factors into the investment process

We act as responsible investors in our day-to-day operations by integrating ESG factors into every phase of our investment lifecycle.

The following investment process is Qualitas Energy's general process, applied to all investment products. For a more detailed process specific to the type of investment product, please see <https://qualitasenergy.com/en/portfolio/>

Our responsible investment process may be defined in the following five stages:

Stage 1: Sourcing and Screening

Exclusions List:

We automatically exclude certain investments that do not fundamentally align with our commitment to responsible investment. In this regard, we exclude investments that we believe have a direct and material involvement in:

- Coal exploration, production, mining or generation;
- Sale of munitions, tobacco, gambling, animal cruelty or activities that directly violate human rights;
- Any investment that we believe has an extensive negative impact on local ecosystems or communities. This is assessed with the help of third-party experts in the context of an environmental screening or Environmental Impact Assessment (EIA) when appropriate.

Positive Screening:

Qualitas Energy **mainly invests in renewable energy infrastructure**, with an ability to explore complementary strategies that support the energy transition; hence **we have defined a set of positive screening criteria when envisaging** potential brownfield and greenfield projects.

We actively seek to direct capital to any asset that:

- Generates renewable energy from proven technologies such as solar PV, solar thermal power plants and onshore wind through repowering projects;
- Support the transition to a lower-carbon economy by providing a more reliable, accessible or affordable energy supply, and;
- Aim to provide solutions to a transition to a lower-carbon economy.

Stage 2: Due Diligence

Our potential investments are subject to external legal, financial, technical and insurance due diligence.

- The technical due diligence allows us, amongst others, to identify material ESG risks and opportunities, such as climate change risks, visual and noise pollution, or biodiversity. It indicates how the risks can be mitigated and opportunities pursued.
- The legal due diligence provides us, amongst others, with important information regarding environmental legal issues, for example, any ESG clauses included in EPC and O&M or any project-related contracts.
- The Insurance due diligence notifies us, amongst others, of important ESG clauses including but not limited to issues such as climate change risks to be included in the insurance policies, thus mitigating such risks.

Stage 3: Investment Decision

At this stage, the Investment Deal Team and the ESG Team produce an Investment Memo, which is used as input for the members of the Investment Committee to decide on the projects presented.

From an ESG perspective, the Investment Memo shall contain at least, the following:

- Summary of ESG risks and opportunities identified.
- Summary of recommendations to enhance ESG opportunities and mitigate ESG risks.
- Quantification of ESG contingencies and their resolution
- An ESG score will be approved for the investment.

Stage 4: Holding Period

During the holding period, all our assets are scored annually using our internal scoring system, and an action plan is implemented to improve the assets' ESG performance.

Qualitas Energy regularly monitors the asset's key ESG issues to ensure continued alignment with our investment thesis and compliance with our regulatory obligations.

Stage 5: Exit and Value Creation

The proper management of ESG factors increases the value of an asset. Our Investment Deal Team and ESG Team are responsible for preparing the asset for sale using, as the case might be, all relevant information, including ESG data monitored and gathered throughout the holding period to showcase ESG value creation throughout our ownership.

6. Transparency and Reporting

6.1. UN PRI Transparency Report

As signatories of the United Nation's Principles of Responsible Investment (UN PRI), we prepare, on an annual basis, the UN PRI Transparency Report, reporting on our activities and progress in applying those principles.

6.2. Annual Report to Investors

As an entity bound by the Disclosure Regulation (EU 2019/2088), Qualitas Energy produces yearly reports for investors in compliance with Directive 2011/61/EU for financial products classified as Article 9 under the Regulation.

1. Promotion of Responsible Investment at Qualitas Energy

We strive to lead by example, thus incorporating a strong ESG culture within our organization and applying responsible investment principles in our daily operations. With all of our employees committed to a mutual goal and shared interest in the renewable energy sector, Qualitas Energy benefits from a community bonded by its commitment to powering change. Qualitas Energy values the well-being of its employees and works to cultivate an environment built on a strong sense of community.

2. Additional Policies

Our Responsible Investment Policy, as being part of the Compliance System of Qualitas Energy, shall be understood and read jointly with the following policies:

- Qualitas Energy's Code of Ethics and Conduct
- ESG Guide
- Supplier Code of Conduct
- Relevant regulatory documentation of each of the funds

7. Policy review and approval

This Policy shall be approved by the Board of Directors of the Management Company, as well as any subsequent amendments that may be made.

Likewise, the Policy will be reviewed periodically by the ESG Department and the Compliance Department, and will be updated and/or modified, at least, in the following cases:

- a) When there are legal or regulatory changes that affect the provisions of this Policy.
- b) At the proposal of the ESG Department, Compliance Department or the internal audit function, when it understands that there are aspects that could be improved in order to achieve the proposed objectives or to suitably adapt to the characteristics of the services offered by Qualitas Energy at any given time.
- c) At the proposal of the supervisory bodies.