

ESG Annual Report

Environmental, Social
and Governance

2020

Q Energy

qenergy.com

Table of Contents

04

About this report

06

Who are we?

07

Q-Energy at a Glance

08

Senior Management

09

A Diversified Strategy

10

Looking Back
2020 in Review
Profit Meets Purpose
Responding to Global Themes

14

ESG at Q-Energy
Five Pillars of Impact
Defining our ESG Targets
Our ESG Approach
ESG in the Investment Process

19

Environment
Carbon Neutrality
Land and Wildlife Protection
Internal Waste Management

23

Social
Q-Values
Social Initiatives
Diversity in the Office
Rural Development
Health and Safety

29

Governance
Organisational Structure
Reporting & Disclosure
EU Regulation

33

Q-Energy Case Study
Project Mula

34

Looking Forward
2021 at Q-Energy

38

Disclaimer

39

Biography



"You cannot get through a single day without having an impact on the world around you. What you do makes a difference, and you have to decide what kind of difference you want to make."

Jane Goodall, Primatologist and Anthropologist



About this Report

This report consolidates Q-Energy's business processes and Environmental, Social and Governance (ESG) efforts. It reflects on 2020 and how Q-Energy has integrated ESG into its investment processes as well as into its office culture. As Q-Energy builds on its ESG capabilities and achievements, we will produce and deliver an Annual Report to disclose performance and changes across our platform. We are excited to present this year's progress and look forward to enhancing our capabilities and improve disclosures year after year.

Listening to our investors

The ESG report provides additional information on key ESG topics and is an important part of Q-Energy's annual reporting disclosures. Q-Energy's reporting includes updates on key ESG issues, such as supporting sustainable growth, our people and culture, and our role in society. Q-Energy understands the importance of ESG disclosure not only for its investors, but also for its employees and prospective partners. The benefits of integrating ESG factors into investment decisions are increasingly clear, and feedback from investors demonstrates the growing importance of ESG inclusion. Q-Energy is committed to supporting investors to fully integrate ESG considerations into our investment decision-making with enhanced information to meet investor needs.

All data provided in this report has been established as of December 2020.



QEnergy

Who are we?

POWERING
CHANGE



Iñigo Olaguíbel Amich

Founder and Managing
Partner of Q-Energy

“At Q-Energy we believe that everything we do has an impact, and as such, ESG has become an integral part of what we do. I am proud of Q-Energy’s progress in ESG and the work we have achieved in 2020.”

Q-Energy provides full-scope investment, financing, and asset management capabilities, with extensive operational processes and best-in-class IT systems.

Over the last decade, Q-Energy has been facilitating investors’ access to real assets in the renewable energy sector to participate in and promote the transition to a low carbon economy.

Q-Energy is a company that is motivated by its mission of “Powering Change.” Through the way we run our business, we aim to provide sustainable investment opportunities for our clients, colleagues, and investors. More broadly, we aim to expand our impact on society as a whole. It is our responsibility to be open and transparent regarding our ambitions and progress in the environmental, social, and governance aspects of our business.

Statistics



AUM EUR ~1bn



2 Offices: Madrid & Berlin



503 K Homes Powered



>275 Employees

** Employee numbers including field workers.*

Q-Energy at a Glance

~ €1 bn AUM

Assets Under Management

> €8 bn

Asset footprint across Q-Energy investments

2

Offices based in two cities: Madrid and Berlin

6

Countries where we have realized investments

> 550 MW

Q-Energy's portfolio consist of approximately > 550 megawatts of renewable energy

> 275

Team includes large in-house O&M, AM, Development & Construction and Energy Management team

** Employee numbers including field workers.*

Senior Management

Founder &
Managing Partner

Iñigo
Olaguíbel Amich

CIO & Financing

Daniel
Parejo

Investment
Origination
M&A
Financing

CBDO

Oscar
Pérez

New Countries, New Business Models and
Technologies
Wind, Battery, Merchant Market
Country Head of German Office

CTO

Pablo
Giménez

AM/OM
Development
Construction
R&D
New Technology, Efficiency and Innovation
Origination

CFO

Vicente
Asuero

Accounting & Reporting
Financial Controlling and Investor Relations

COO

Rocío
López

Human Resources
IT & Processes
Digital Operations
Marketing and Operations

General Counsel

Juan Pablo
del Río

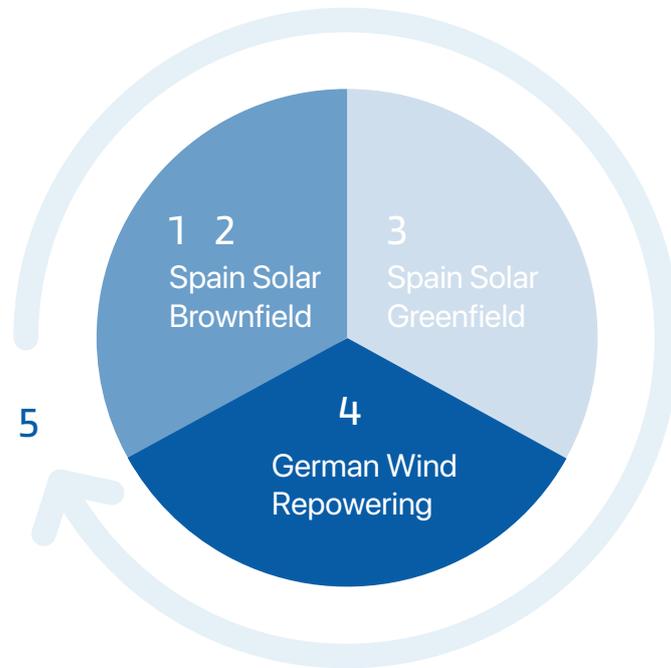
Legal
Compliance

Head of QEAM

Jose Ramón
Fernández

Asset Management
Operations & Maintenance

A Diversified Strategy



1

Spain Solar Brownfield

Leading independent solar platform in Spain with close to 400 MWp under ownership.

2

Spain Solar Brownfield

494 MWp Mula Project developed, put into operation, and managed, forming the largest development project in Europe until April 2020.

3

Spain Solar Greenfield

Development portfolio of >3 GW unsubsidized Solar PV projects to be built between 2021 and 2023.

4

German Wind Repowering

Unique and innovative business model to capture the repowering opportunities in Germany with over 180 MW fully operational assets.

5

Asset Management & Operations & Maintenance

Highly skilled team providing Asset Management and O&M services. Currently provides asset management services to >1.3 GW across Spain, Germany, and Italy, and operations and maintenance services to >650 MW in Spain.



Looking Back

2020 in Review
Profit Meets Purpose
Responding to Global Themes

2020 in Review

2020, more than any other year in recent memory, has been characterized by loss, disruption, and economic crisis. The COVID-19 pandemic has upended all facets of life, and certainly, across the 2020 Sustainable Development Goals (SDGs).

Initial commitments made by countries to the SDGs have paved the way for collaboration between businesses, academics, and governments in the fight against persistent global issues, including global warming and climate change.

UN Secretary-General, Antonio Guterres, stated that although progress has been made, the rate of climate change is still increasing substantially, leaving devastating effects on our environments and societies. It is widely agreed that one of the most urgent areas for action is global warming and climate change. With the current rate of emission of greenhouse gases, temperatures are projected to rise above 1.5°C in the next two decades¹.

Initially, 2020 was intended to fulfill SDGs numbers 12-15: Responsible Consumption and Production, Climate Action, Life Below Water, and Life on Land. However, due to COVID-19 many targets have not been reached.

By the end of last year, countries were supposed to present their Nationally Determined Contributions (NDCs) to the Paris Agreement on climate change, which would have otherwise led to significant investment into the renewables space.

Though the devastating consequences of COVID-19 have indeed affected the SDGs, it has also shown the world a common enemy, the climate crisis.

2020 could be considered a 'missed' year, however, one could also note the positive shift of mindset toward sustainability. With significant lifestyle changes, a spotlight has been shone on unsustainable habits and their effect on the environment and society. Travel, consumption, and production have come to fore as major areas for change and the most prominent energy production, being an area where Q-Energy wishes to position itself.

Q-Energy is committed to using the SDGs as guiding principles not only in our investment strategy but also in our goal of 'Powering Change' through the transition to a low carbon economy.

¹ *Climate change indicators and impacts worsened in 2020 | World Meteorological Organization (wmo.int)*



Profit Meets Purpose

To meet the demands presented by climate change and global warming, investors, governments, businesses, and individuals must allocate their capital responsibly. Impact and sustainable investments have never been so prevalent, with ESG drivers serving as a force for change.

For many companies, the integration of sustainable ESG practices is becoming a competitive advantage. In fact, a recent report by the non-profit, Carbon Disclosure Project, shows that S&P 500 companies who build sustainability into their core strategies are outperforming those that fail to report their progress. Corporations that are actively managing climate change risks secure an average of 18% higher ROI than companies who do not incorporate this².

As such, renewable energy investments have hit centre stage. Trends of decarbonization and electrification, in addition to the declining oil and gas sector, have attracted many new investors to the sector over the last year³.

For Q-Energy, the integration of ESG is already embedded into our business strategy. From sourcing to acquisition to management and final sale, our investments strive to create impact whilst also achieving high returns. As a company, we have seen constant and significant growth over the past 14 years with regards to both the procurement of assets as well as increased investor participation and capital invested.

This movement has been reflected broadly across the entire sustainable investment market. In 2019, global sustainable investments reached \$30 trillion, a 68% increase from 2014 metrics⁴. What is more,

approximately 44% of investors have said they will divest from companies that do not incorporate appropriate ESG practices into their investment decisions and operations⁴. Q-Energy is well placed to create meaningful change whilst still offering enhanced returns to its investors. More than ever before, clean power companies are seen as a financial opportunity, not just good public relations⁵.

A major shift is occurring. Investments are no longer solely focused on return but are also aware of the subsequent impact of allocating large amounts of capital to unsustainable practices. Investors now want transparency and to fully understand how their money is being invested. This market transition is being encapsulated by incoming legislative change and participation by the largest financial market leaders. In the coming years, renewable energy and other impactful business models will see greater investment by individuals and widescale governmental support, allowing for the transition to a more conscious and efficient society.

² Sustainable corporations perform better financially, report finds | Guardian sustainable business | The Guardian

³ The \$490 Billion Boom in ESG Shows No Signs of Slowing: Green Insight - Bloomberg

⁴ ESG framework | McKinsey

⁵ Solar Stocks Have Been Thriving—Here's Why That Could Continue - Bloomberg

Responding to Global Themes

In 2020, the world has come to recognize the need to work together and rebuild an economy that is more resilient and sustainable. In the wake of social, economic, and political disruption, Q-Energy has chosen to follow the slogan “Build Back Better”, and to reflect on how this theme plays a role in our strategies. Build Back Better is a phrase that first came to prominence in response to the devastating 2004 earthquake and resulting tsunami in Indonesia which left more than 170,000 dead⁶. Now, the UN and the World Economic Forum are again calling on businesses to “Build Back Better” in response to the pandemic.

Q-Energy aims to Build Back Better not only through our investments into renewables and the energy transition, but also within our own firm so we can have a positive impact on both the environment and our society. As investors look to align their investments with ESG considerations, renewable energy will become more applicable.

However, Q-Energy’s activities do not only focus on the theme of decarbonisation and global warming, but also apply to other global trends that we see as paramount in achieving our goals.

To navigate the paradigm of ESG, Q-Energy is focusing its attention on themes such as greener, more sustainable, and inclusive efforts to Build Back Better.

Investments with Environment, Social, and Governance considerations are necessary to achieve the United Nations Sustainable Development Goals, the Paris Climate Agreement, and other global targets that call on corporations to take action. We believe that Q-Energy’s position as a renewable

energy investor is directly in line with these global trends.

The following themes have consistently been a part of Q-Energy’s thinking as we contemplate the future of our asset class.

Back Build Greener

Q-Energy allocates 100% of its capital to renewable energy investments. This is directly in-line with our strategy to create a low carbon economy. To date, Q-Energy’s investments have powered over 500,000 homes across Europe.

Build Back Stronger

Q-Energy integrates ESG into its investment decisions. Q-Energy takes into account all adverse impacts and provides remedies to address them, thus ensuring a stronger and more sustainable investment outcome.

Build Back Together

Q-Energy is expanding beyond the borders of Spain and participating in a global economy. With offices in Germany and previous investments across six different countries, Q-Energy is targeting a common goal of an energy transition on a global scale.

Build Back Inclusively

Q-Energy prides itself on encouraging diversity and inclusion within its offices. Q-Energy encourages its employees to support and encourage each other to foster an environment of acceptance. Q-Energy will continue to set targets and aim big in this space.

⁶ (PDF) *Build Back Better: Lessons from Sri Lanka’s recovery from the 2004 Indian Ocean Tsunami* (researchgate.net)



ESG at Q-Energy

Five Pillars of Impact
Defining our ESG Targets
Our ESG Approach
ESG in the Investment Process

Five Pillars of Impact

Q-Energy recognises that all businesses have the ability to make an impact on the work they do and on the environment and societies in which they operate.

As such, we have identified five pillars of impact which we believe encompass the underlying ESG factors most relevant to Q-Energy. We believe that these pillars of impact will help us focus our impact in the right way and help guide our work and our employees.

Our five pillars of impact are integrated and embedded into the work we do and help steer us in the right direction. Through these pillars, we have been able to augment our impact and enhance our operations internally.

Community

To create a sense of community, office culture should reflect the interests of its employees. With all of our employees committed to a mutual goal and shared interest in the renewable energy sector, Q-Energy can benefit from a community bonded by its commitment of powering change. Q-Energy values the well-being of its employees and works to cultivate an environment built on a strong sense of community.

Growth

Q-Energy is committed to balancing growth in our sector whilst also minimising negative harm to the environment. Developing a sustainable growth strategy is essential for Q-Energy as it will allow us to achieve our goal of a renewables-based system efficiently and at the lowest cost possible. Through our expertise in the sector and operations and management capabilities,

Q-Energy can maintain healthy growth while optimizing its assets with ESG considerations.

Decarbonisation

Q-Energy's participation in the transition to a renewables-based system will contribute to the decarbonisation of the planet and slow global warming. The energy transition is generating significant investment opportunities and thus unlocking large amounts of capital focused on further decarbonisation. As such, with increased private market interest, supranational and government support can be refocused elsewhere to combat other pressing global issues.

Diversification

Q-Energy is an industry leader in renewable energy and continuously looks for diversified opportunities in its asset classes and investment locations. Having successfully managed assets across six countries, Q-Energy is focused on finding opportunities for future expansion into promising regions and technologies.

Circular Economy

A circular economy is an ecosystem where components, products, and byproducts do not lose the majority of their value. As such, Q-Energy exists within a circular economy by using natural, unlimited resources as inputs to generate and sell electricity to society, thus reducing carbon emissions and supporting the transition to a circular economy. As new technologies emerge, Q-Energy will consider how the circularity of assets can be integrated into its approach, thus deepening its commitment to this pillar.

Defining our ESG Targets

Carbon conscious and carbon neutral

Q-Energy has already begun its journey to becoming carbon neutral and aims to offset all of its carbon emissions for the year 2021. We will analyze our Scope 1, 2, and 3 emissions, not only to be able to offset them, but also to better understand how to improve our systems and reduce emissions where they can be further reduced. We will be transparent about our footprint and actively work to reduce it to meet, or go beyond, industry standards.

Diversity and Inclusion

Though Q-Energy's gender diversity quota is almost two times as high as average private equity standards, the level of Q-Energy's diversity begins to fall at more senior positions and in other diversity metrics. One of Q-Energy's goals is to increase the level of gender diversity at a senior level within the company, which will be achieved by defining key targets in 2021 for the coming years. These targets will define how we may achieve this through enhanced hiring processes and promotion practices. Q-Energy will also be working to increase its understanding of how to better control biases in the hiring processes and how to better manage other diversity metrics for our region.

Company ESG Engagement

Q-Energy will increase company engagement on ESG issues in 2021. This will better educate our employees on the importance of ESG integration not only in our investment process but across all the work that we do. In 2020, we have started to develop systems where employees can be included in ESG policy discussions through

our internal initiatives. We recognize that a diverse workforce means unique ideas on how to integrate ESG more holistically and we believe our employees can help us achieve this. Each team will soon be responsible for ESG integration into their work and actions, which will help Q-Energy transition into a more conscious, diverse, inclusive, and efficient business.

EU Regulation

The European Union is developing a set of regulatory standards that require investment firms to demonstrate the provenance of their ESG claims through robust data and analytic disclosures. Regulatory change is needed due to market fragmentation, opacity, and heterogeneity in the quality between and among the current voluntary standards and associated offerings. Depending on the size, product, and location of a company, the aforementioned regulations will apply.

In 2021, Q-Energy will be adhering to and implementing the standards set out by the Sustainable Financial Disclosure Regulation (SFDR). This disclosure will require Q-Energy to integrate ESG factors into its decision-making and investment processes. All adverse material impacts of investments will need to be disclosed and ESG integration and results published on the company's website.

In addition, the EU Taxonomy applies to any company that defines itself as "green" or "sustainable." The Taxonomy defines what activities are environmentally sustainable to help guide companies, investors, and policymakers. Q-Energy will be making its first disclosures against the Taxonomy by the end of 2021.

Q-Energy will ensure alignment with the EU and incoming ESG regulations. Q-Energy sees merit in a uniform market standard and therefore, will fulfil all requirements of the EU regulation to help create consistency across the market.

Our ESG Approach

ESG is an evaluation of the non-financial aspects of a company. For Q-Energy, ESG is about making environmental, social, and governance concerns an integral part of the investment process through due diligence and post-investment monitoring.

Q-Energy endeavours to apply ESG on two levels: internally amongst its employees and office management, and externally across its investments. We believe that this will result in the assessment of ESG considerations at all levels, therefore allowing us to responsibly allocate our capital.

The assessment and management of ESG is formally embedded within Q-Energy's investment decision-making. Q-Energy's ESG framework incorporates policies that require the identification and management of ESG issues throughout the investment lifecycle.

Given the nature of our portfolio of renewable energy assets, Q-Energy inherently integrates environmental considerations into its investment process. Our contribution to the production of clean energy facilitates the transition to a low carbon economy. Whilst this is at the heart of what we do, we understand that this is just one piece of the puzzle.

Our ambition to integrate ESG into our business is rooted in a desire to create a fair, vigilant and resilient company. The success of our business relies on the sustainability of our environment, and as such, protecting the environment is an integral part of our mission and strategy.

To this end, our ESG approach is based on ambitious yet realistic steps to ensure

our contribution to creating a low carbon economy is successful. This approach was created in tandem with the United Nations Principles on Responsible Investment (UNPRI), the Task Force for Climate Related Disclosures (TCFD) and the Sustainable Financial Disclosure Regulations (SFDR). We believe the integration of these standards and principles will allow us to reach all necessary considerations of ESG and go beyond this to create concrete change.

Q-Energy also aligns itself with the United Nations Sustainable Development Goal's (UNSDGs) and the Paris Climate Agreement, in order to show its support for multi-level action and global initiatives to enact change.

Using these frameworks, Q-Energy prioritizes ESG issues that are considered relevant and important to our business and our community. As such, we have created an investment process that integrates ESG at all levels and is tailored to the investments that we make.

Oversight of ESG

Q-Energy ensures systematic, structured, and disciplined implementation of ESG processes and procedures across its business and holds all employees responsible to understand and implement ESG principles where applicable to their role. ESG oversight will commence at Board level and flow down to each level from there, ensuring interaction with ESG in every step of the process.

ESG in the Investment Process

1

Due Diligence

Investment teams, with the support of the ESG Manager, are responsible for evaluating ESG through the use of pre-defined ESG KPIs and SFDR adverse material impact indicators. Identified adverse material impacts are then described, rated, and given a proposed remedy in the next investment stage.

2

Scoring

Q-Energy uses adverse material impact indicators and sector-specific KPIs for each investment as a component of a KPI analysis and scoring process. At the end of each due diligence document, an average ESG risk rating will be determined with an explanation of the overall opportunity with regards to ESG.

3

Approval

The ESG risk rating will be presented to the Investment Committee with a summary of key ESG matters identified. The Investment Committee will provide final feedback and approval for overall risk ratings and proposed remedies.

4

Implementation

Previously approved remedies of ESG risks will be implemented by our Asset Management and Operations and Maintenance teams, with support of our ESG Manager. Post-implementation, they will be responsible for reporting back success of implementation and any key qualitative or quantitative metrics produced.

5

Exit strategy

Finally, upon exit of an investment ESG data and metrics will be reported to key stakeholders and kept in record as examples of ESG best practice at Q-Energy, which are then discussed in Q-Energy's quarterly ESG reviews.

An aerial photograph of a dense, lush green forest. A light-colored dirt road winds through the trees, starting from the top left, curving towards the center, and then continuing downwards. The forest is thick and vibrant green, with some variations in shade suggesting different tree species or canopy density. The overall scene is serene and natural.

Environment |

Carbon Neutrality
Land and Wildlife Protection
Internal Waste Management

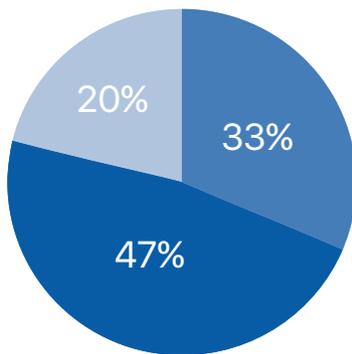
Carbon Neutrality

In order to better understand our carbon footprint, Q-Energy has contracted a third party consultant, to help us determine our Scope 1, 2 and 3 emissions.

For 2020, Q-Energy focused on the calculation of emissions and offset of our internal operations, such as business travel and office consumption. Through completing this exercise Q-Energy's offices have become carbon neutral.

Q-Energy has identified its carbon emissions per tonne, per sector of its business. Our calculations have been split into three business sectors including: building related emissions, employee related emissions and procurement related emissions. As such, Q-Energy has determined the following total carbon footprint for its internal operations:

Carbon Emissions Breakdown



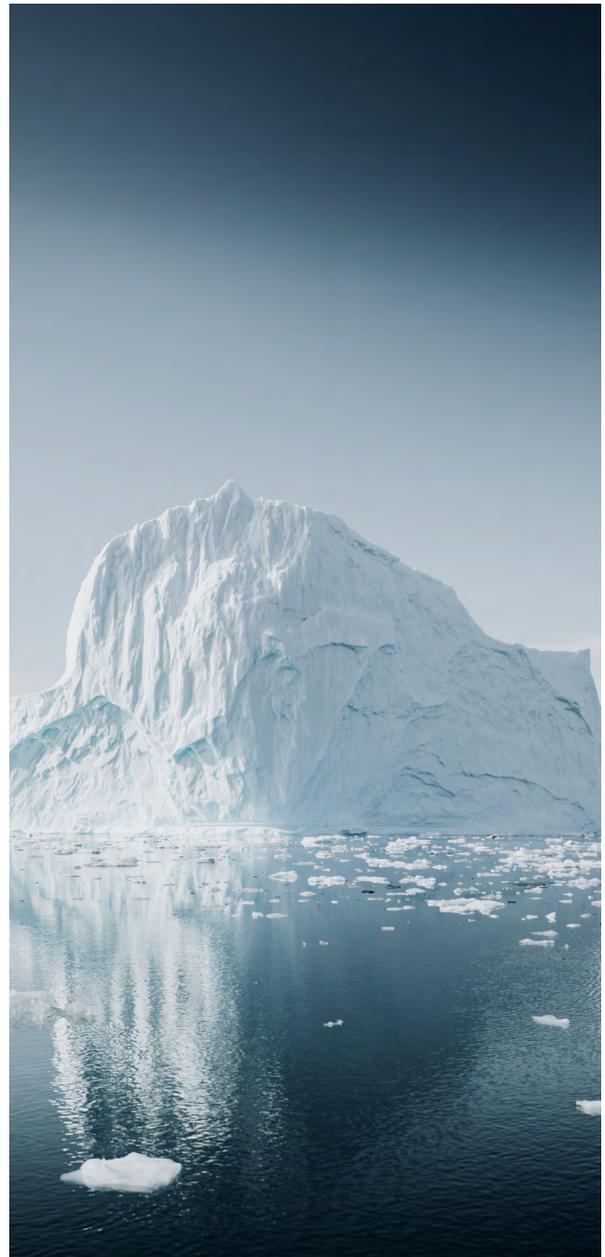
- Building Related Emissions: 158.32 tCO₂e (33%)
- Employee Related Emissions: 227.43 tCO₂e (47%)
- Procurement Related Emissions: 95.75 tCO₂e (20%)

Total Emissions: 481.50 tCO₂e

Offsetting Projects

As per carbon offsetting standards, Q-Energy has selected projects in developing nations to offset its emissions.

Q-Energy has chosen both social and environmental impact projects and split its emissions calculations equally across all the projects.



Land and Wildlife Protection

Land Measures

Q-Energy invests in assets that may have a direct effect on the environment. Whilst our assets are helping to transition into a low carbon economy, Q-Energy also ensures that other environmental concerns are addressed at all levels.

In order to ensure the preservation of the physical environment, Q-Energy maintains the land on which its assets reside, by protecting and controlling its vegetation and observing local regulations.

For instance, Q-Energy has introduced sheep and cow herds into multiple project areas in order to control vegetation and help prevent land degradation. We have implemented this change in seven different locations across Spain this past year.

Our Concentrated Solar Power (CSP) projects have an extensive water filtration system which is crucial for the operation of the plants. A dedicated chemist specialized in this area is present in each plant to perform audits on water quality on a weekly basis.

Q-Energy understands the importance of land preservation and takes measures in order to ensure that land resources are protected and maintained at a high standard.

Wildlife Measures

Q-Energy also observes wildlife regulations in the areas in which we operate. If a plant is located in a ZEPA zone (Zona de Especial Protección para las Aves) or near to a protected species, Q-Energy submits a DIA (*Declaración de Impacto Ambiental*) which

establishes protective measures in order to ensure species healthy cohabitation. This includes the implementation of nest boxes and birdlife protections near power lines, and in several locations we have contracted animal control organizations in order to monitor the compliance with DIA protective measures. This has occurred in over ten locations this past year.

Q-Energy takes these precautions seriously and believes it goes hand-in-hand with the work that we do. We want our work to continue to positively impact the environment and all those who inhabit it, therefore we will continue to diligence and implement any necessary protocols in order to ensure both land and species health.



Internal Waste Management

The management of waste in an office is an integral part of the solution to reduce CO₂ emissions and pollution of the planet. It is estimated that an average office worker generates about ~1kg worth of paper products every day and uses 10,000 sheets of paper per year⁷. Plastic bottles, bags, and packaging also largely contribute to office waste with the average person using approximately 156 plastic bottles per year⁷. Q-Energy is working to reduce these numbers within its offices and is educating its employees on the best way to handle their waste not only in the office but also in their daily lives.

Recycling

Q-Energy has installed office-grade recycling systems around its offices to ensure that any waste is being disposed of properly. Recycling bins are located in kitchens and individual desk bins have been eliminated for employees. This has encouraged employees to make the effort to recycle properly and be conscious of how they dispose of their waste. Q-Energy has educated its employees on correct recycling practices for the region and thus contributed to the reduction of paper, plastic, and food waste in our office environment.

Food Waste

Q-Energy has switched to using sustainable fruit and vegetable delivery for its offices. Roughly a third of the world's food is wasted, which equates to approximately 1.3 billion tons of food waste each year⁸. By switching to a food that has been sustainably produced and does not have to meet cosmetic standards, Q-Energy is contributing to the global reduction of food waste.

Plastic Waste

Q-Energy has eliminated the use of single-use plastic bottles amongst its employees by supplying reusable water bottles. Q-Energy has partnered with Ocean Bottle to not only eliminate plastic use, but through these bottles, to offset the equivalent of 300,000 plastic bottles, whilst supporting impoverished coastal communities. The annual consumption of plastic bottles is set to top half a trillion in 2021, which equates to roughly 20,000 bottles being bought every second⁹. Through this initiative, Q-Energy is helping to reduce plastic use and avoid consequential emissions.

Education

Company-wide education on the reduction of waste and waste management is essential. Q-Energy engages employees by sending out company-wide e-mails when waste management changes occur and continuous reminders as to how waste is successfully reduced. Q-Energy has installed helpful tutorials around the office on how to best dispose of and avoid waste, such as recycling instructions above bins and paper disposal in printing rooms.

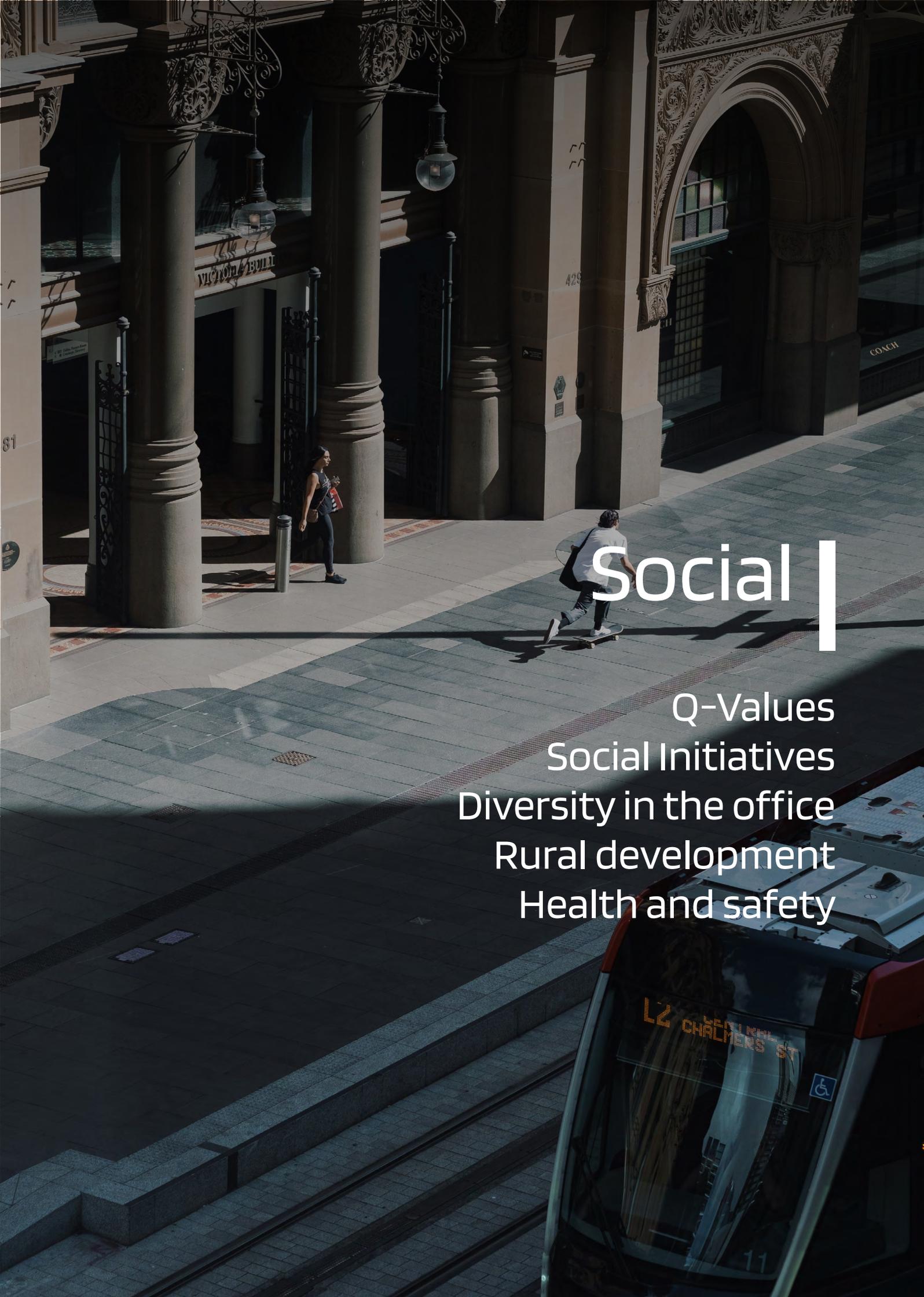
Looking Forward

Q-Energy will constantly try to improve our management of waste in our offices. We will endeavour to implement further changes where necessary and continue to educate our employees on the importance of waste disposal and management.

⁷ *The Facts: Office Workers & Their Waste Generation* (roadrunnerwm.com)

⁸ *Food Loss and Food Waste | FAO | Food and Agriculture Organization of the United Nations*

⁹ *A million bottles a minute: world's plastic binge 'as dangerous as climate change' | Plastics | The Guardian*



Social |

Q-Values
Social Initiatives
Diversity in the office
Rural development
Health and safety

Q-Values

“Our employees are our biggest asset and the reason for our success, and therefore their happiness is of the utmost importance. We want our team members to thoroughly enjoy their employment here at Q-Energy and help drive them toward new goals and aspirations. We are excited to build a sustainable and diverse future for our company, our employees, and the planet.”

- Iñigo Olaguíbel Amich, Founder and Managing Partner at Q-Energy

Since the formation of Q-Energy in 2007, our Founding and Managing Partners have instilled corporate and personal values that encourage a healthy work environment.

At Q-Energy, values are reflected in employee actions and behaviour toward others. These values are laid out in the Employee Handbook.

Q-Energy has defined the following six core principles to guide employee action:

- 1 Treat everyone — employees, customers, and business partners — with dignity, integrity, and respect
- 2 Behave honestly and fairly
- 3 Strive for mutual respect and trust in relationships
- 4 Use good judgment and high ethical standards in all business dealings

5 Ensure a safe and healthy work environment

6 Promptly address any violation of the Employee Handbook

At Q-Energy, we aspire to empower and support our team to work and act to the best of their ability. To be successful we must integrate our values across all of our teams. Our values underpin our culture allowing us to deliver the best outcomes for our employees, business partners and investors.

Our team is passionate about what we do and how we do it. Employees across all locations have been consulted about what initiatives and principles are important to them.

Q-Energy’s Employee Handbook defines our position on issues such as diversity and inclusion, pollution management, fair employment practice, anti-harassment, and much more.

We continue to improve and increase training, opportunities, awareness, and commitment to our company values, in order to keep our internal teams equipped with the knowledge and resources that foster a happy atmosphere and fair work practices.

To support our team, Q-Energy has also created a series of social initiatives that will work to support and enhance social inclusion and awareness and further ensure happiness and a sense of community at Q-Energy.

Social Initiatives

Q Knowledge

As a part of Q-Energy's goal to foster an intellectual and stimulating work environment, we have launched Q-Knowledge. Q-Knowledge is an initiative to promote office-wide education and the sharing of information. The Q-Knowledge initiative is used to share market updates and engage the company in topics such as economic and political news, sustainability trends, business developments, new technologies and other interesting topics. In doing so, we will help to keep our employees informed and educated about important topics that affect our business.

Q-Knowledge will also endeavour to organise training for employees on overall professional development and skills, and leadership growth. The goal of this initiative is for employees to be well informed and to encourage interest in relevant project areas.

Q Community

Q-Energy is committed to creating a strong community. To do so, we have launched Q-Community, an initiative aimed at organizing social events and philanthropic initiatives to bring our employees together. In 2020, Covid permitting, Q-Community attended cultural activities such as art exhibitions and musical events.

Q-Community also participated in philanthropic initiatives such as Christmas food donations for those in need. Q-Community's goal is to encourage

employees to practice and participate in socially engaging activities that give back and to help develop a friendly and happy environment for our teams.

Q Diversity

Q-Energy is proud of its gender diversity quota and has launched Q-Diversity in order to strengthen other facets of diversity and inclusion, and to encourage employee involvement and discussion within this theme.

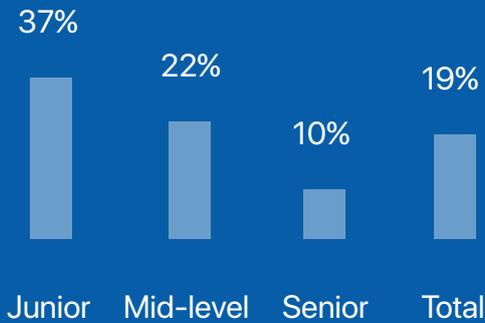
Through Q-Diversity we help to educate our employees on diversity and inclusion, develop reports and organise social events to raise awareness.

Q-Diversity fosters a forum for employees to talk about and take action on issues of diversity and inclusion with support and participation across all levels, including senior leadership.

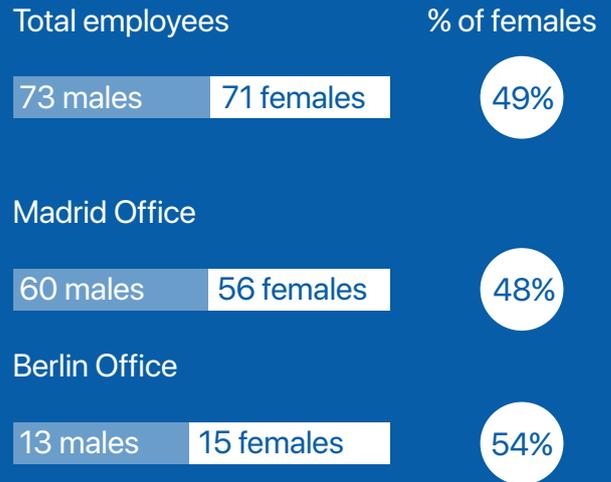
Diversity in the Office

Q-Energy prides itself on our gender diversity ratios in our offices. While only 19% of private equity employees worldwide are women, Q-Energy has reached a 49% gender split.

Female Employees at Private Equity Firms as a Proportion of Total employees by Seniority ¹⁰.



Q-Energy has an above average gender ratio for the financial sector:



* Employee numbers excluding field workers.

¹⁰ Reports/Preqin-Women-in-Private-Equity-February-2019.



Rural Development

Q-Energy strives to support local communities in the work that we do. Q-Energy's assets are located in different regions of Spain and Germany, and we recognise the importance of supporting the communities in which we operate. As such, we employ all field workers and personnel from the local areas.

Q-Energy is contributing to rural development in Spain and Germany through providing job opportunities and increasing average local salaries of those employees who operate our wind and solar assets.

Rural unemployment rates in Spain have been reported at 26.1%, and 35% of rural people live at risk of poverty or social exclusion.¹¹

Unemployment

26.1 %

Social/Poverty Risk

35 %

Q-Energy has hired more than 200 local personnel in Spain and Germany to help support their assets 'on the ground', who are all recruited from local villages.

At Q-Energy we encourage using as much local knowledge as possible. We believe that our assets thrive with the knowledge and support of locally led teams who understand the area, regulations, weather patterns and many other factors that a foreign team would not. As a result, by helping to uplift local communities, Q-Energy is benefiting from this increased level impact, thus illustrating the advantages in choosing social inclusion and development.

¹¹ *El estado de la pobreza seguimiento del indicador de riesgo de pobreza y exclusión social en España 2008-2016. European anti poverty network, 2017*



Health and Safety

Q-Energy is committed to providing a workplace that is productive, happy and safe for all its employees. Q-Energy understands the importance of health and safety both within the workplace as well as in the field. In keeping with this commitment, Q-Energy has maintained a safe working environment and developed a process to prevent any workplace injury.

Health and safety is essential to the maintenance and operation of all of our projects, whether it be CSP, Wind or PV plants. To ensure the well-being of all of our workers, we have employed a safety specialist who is responsible for developing security plans for each plant. This specialist produces yearly updates to survey all updated installations or devices that require attention and consideration.

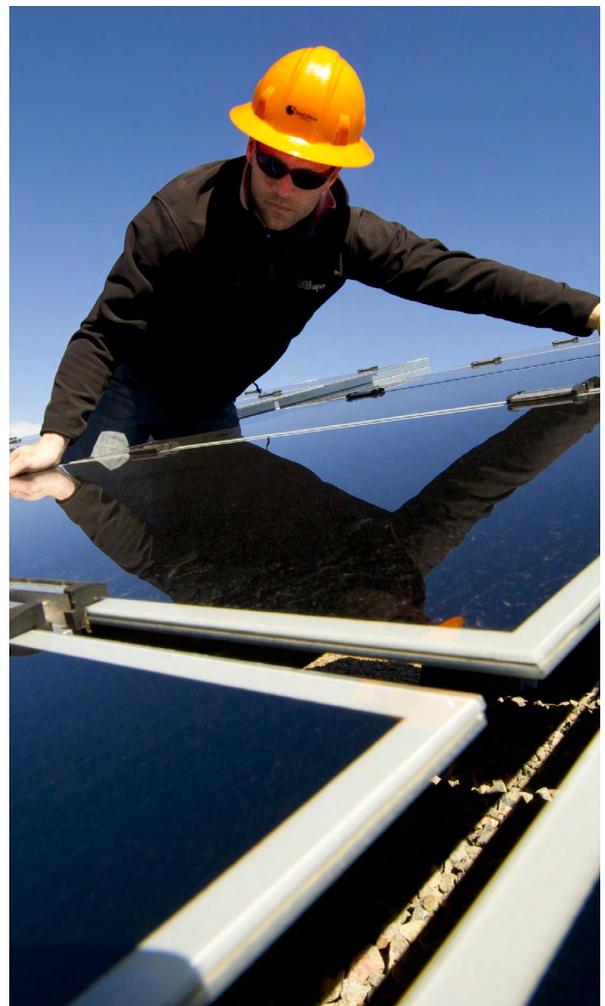
The well-being of employees not only occurs through the maintenance of the plants but through compliance with safety regulations such as ensuring all appropriate gear and equipment is made available and worn appropriately. Workers on site must undergo specific training and education regarding electric and mechanical risk for the plant they are working on.

When working with any additional third party, Q-Energy conducts an extensive due diligence process in order to ensure that the correct health and safety standards are met along with any additional necessary compliance.

When a visitor comes to one of our plants, additional training and information is provided onsite. This includes any relevant education and safety measurements such as the provision of safety gear.

Q-Energy employees must follow policies outlined in the Employee Handbook. The Handbook underscores how each employee must behave in order to ensure a safe and healthy working atmosphere, such as prohibiting any forms of harassment or bullying.

Q-Energy prioritises the implementation of health and safety across all platforms and work that we do. As a result, Q-Energy has fostered a happy and safe working environment for all its employees and has developed channels for health and safety to be taught and implemented successfully.



A modern office interior featuring glass-walled meeting rooms and a lounge area. The meeting rooms are labeled 'box 2', 'mono 3', 'mono 2', and 'mono 1'. The lounge area has a dark table and chairs. The ceiling has recessed lighting and a white acoustic panel. The floor is light-colored wood. The overall atmosphere is clean and professional.

Governance |

Policies
Organizational Structure
Reporting and Disclosure

Policies

Q-Energy implements ESG compliant policies and processes that govern the way our business is run. These contribute to the positive impact we seek to make on our communities, our society, and the world we live in.

At Q-Energy we choose to be transparent and upfront about how we operate. We create policies regarding our employees, operations, and investment management using both internal and external resources.

Q-Energy follows all necessary local and regional legislative authorities to help govern its actions appropriately. Q-Energy prioritises all local labour laws and ensures full compliance with local standards and regulations.

Q-Energy's governing entities provide guidance on internal operations as well as ensuring that the investments we make are of top quality and following high moral standards. These entities are held responsible to approve and support all policies that Q-Energy implements.

Employees must adhere to the Code of Conduct, which acts as a directive of how employees and representatives of the company should behave at work, toward others, and with any external third parties. Employees review and certify this document upon accepting employment at Q-Energy.

In 2020, Q-Energy has updated and improved the Code of Conduct to highlight more topics that we deem important to the operations and management of our employees and the work we do today.

Q-Energy will continue to build upon its policies and internal regulations to further integrate efficient, ethical, and vigilant governance practices.

Q-Energy's policy making is bolstered by its Head of Compliance and ESG Manager, with final approval and support coming from the Board of Directors.



Reporting and Disclosure

UNPRI

United Nations Principles for Responsible Investing

As signatories of the UNPRI, Q-Energy commits to incorporating ESG issues into its investment analysis and decision-making processes. Q-Energy's investment team is responsible for screening, identifying, and offering solutions for any ESG risks or opportunities found in a prospective investment.

Following the closing of an acquisition, Q-Energy strives to be active owners and incorporate ESG issues into our ownership policies and practices. Our Asset Management and Operations and Maintenance teams work to implement all ESG related changes necessary for the management of our assets. If we sub-contract any activity, we will seek appropriate disclosure on ESG related issues by any third party that we employ.

Finally, Q-Energy promotes and will continue to implement the Principles of Responsible Investment within our sector and works to constantly improve our analysis and implementation of ESG in accordance with the UNPRI principles.

TCFD

Task force for Climate-related Financial Disclosures

As a supporter of the TCFD, we commit to disclosing our governance strategy, risk management, metrics and targets that underscore our ESG policy. Q-Energy believes this will aid us with the integration of ESG further into our business and help us to identify where there is room for improvement.

Governance

ESG has been integrated into the Board's discussions and recorded in the minutes. Senior leadership approves and helps drive all ESG implementation to manage climate-related risks and opportunities.

Strategy

Q-Energy's ESG policy identifies how to address climate-related risks throughout the investment lifecycle. Q-Energy will be reporting on any discovered climate-related risks in 2021 as part of TCFD voluntary requirements. Any identified risks and opportunities have and will be analysed and remedied throughout Q-Energy's ownership of the assets. If we deem a risk to be too great, Q-Energy will alter its investment decision accordingly.

Management

Q-Energy invests 100% of its capital into renewable energy, thus supporting the transition to a low carbon economy. Q-Energy will consider how different climate-related scenarios will affect the maintenance of our assets and adjust management accordingly.

Metrics and Targets

Q-Energy has set out comprehensive goals to better manage our environmental impact. For the year 2021, Q-Energy plans to disclose its Scope 1, 2, and 3 emissions and will create a plan that is in line with the TCFD, GHG Protocol and the Paris Climate Agreement.

European Union Regulatory Standards

Q-Energy will voluntarily align itself with incoming and current EU regulation, completing all of its necessary requirements.

Q-Energy recognises the need to eliminate market fragmentation and wants to continue to meet its clients needs.

Whilst Q-Energy has already begun its analysis and fulfilment of the SFDR and EU Taxonomy, we aim to finalise our reporting on these standards in 2021.





“We have to be united
and bold, step forward
and prove that change is
possible, and that it is of
benefit for the people and
for the economy.”



Ursula von der Leyen, President of
the European Commission



Q-Energy Case Study

Project Mula

Case Study: Project Mula

In 2019, Q-Energy invested in the largest solar PV development project in Europe at that time: Project Mula. Project Mula has 494 MW of peak power and covers an area of approximately 1,000 hectares that belong to the municipality of Mula, in the province of Murcia.

Mula's commissioning date was in June of 2019 and has an annual output of 805 GWh. Q-Energy's asset management and operations teams service the project and ensure efficient and ESG compliant management of the plant, its workers, and the environment surrounding it.

Land and Wildlife Measures

Project Mula implemented several land and wildlife protection measures. Sheep were used to control land vegetation naturally and several species of flora and fauna were introduced to encourage biodiversity. This included the plantation of 16,930 flora of over 12 different species of plants, with the majority being Almendro, Quercus Coccifera, and Reama Sphaerocarcpa.

Q-Energy's asset management team continues to conduct extensive environmental follow-ups to ensure land and wildlife species are thriving. These included controls and checks of flora and fauna, land erosion, water run-off, and waste management. These reviews are completed by an external expert consultant who continues to visit the site up to 50-60 times per year to ensure proper environmental upkeep.

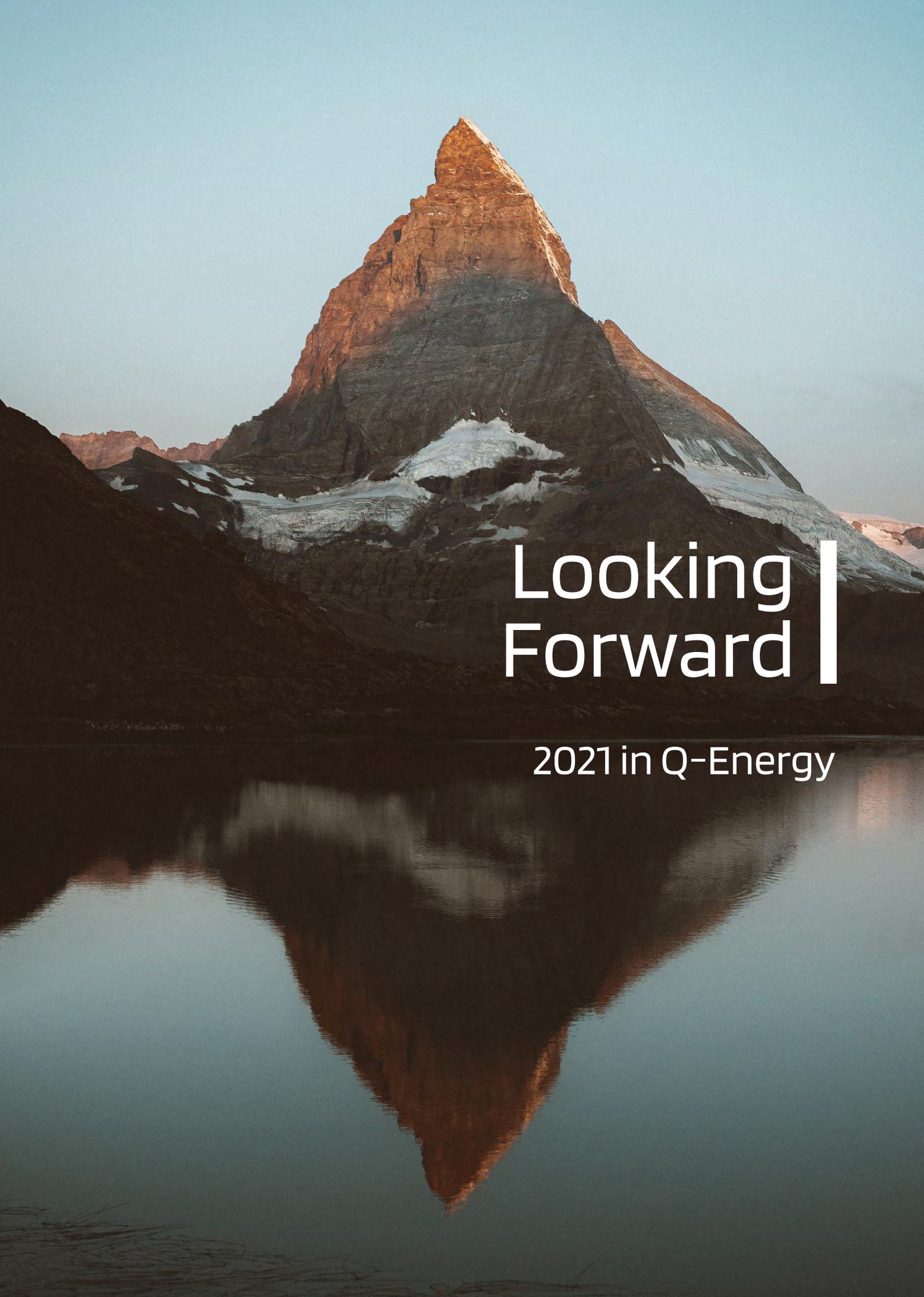


Follow-ups are also made by Q-Energy's teams. Ongoing on-site and remote supervision is carried out to improve and boost the production of our plants. Our team has placed an onsite supervisor on a full-time basis for this purpose.

In 2020, Mula has produced 788,738 MWh of renewable energy electricity thus avoiding CO₂e emissions and contributing to the movement toward a low carbon economy.

Social and Governance Measures

When acquiring Mula, our teams ensured the addition of and improvement of all health and safety measures for its workers, increased local salary rates and ensured correct licensing and permitting across all operations. Resulting in improved social and governance structures for our assets.



Looking Forward

2021 in Q-Energy

2021 at Q-Energy

As Q-Energy closes in on our first ESG reporting year, it is important to look ahead and plan the next steps of our ESG journey. Q-Energy is committed to continuing to integrate ESG into the ethos of our company and driving positive impact and change.

Minding our global impact is a challenge that has been recognized at all levels of our company. Our teams are committed to minimizing environmental impact and maximizing our contribution to creating a low carbon economy, all whilst working in a diverse and happy work environment.

However, achieving this is not a simple target. It is a journey that we are strongly committed to and endeavour to continue working on year from year.

As such, we have set out comprehensive targets and goals which we aim to tackle in 2021 and the proceeding years going forward. Our vision for a more sustainable, prosperous world means creating ambitious goals across several categories:

1. Partnerships
2. Carbon reduction
3. Waste
4. Community
5. Disclosure

For the year 2021, we are looking to create new partnerships with initiatives that will improve employee work life. This includes initiatives to inspire and encourage our female employees, show awareness for men's mental health, address unconscious racial biases, and form collaborations with organisations to better ourselves and continue our messaging on diversity and inclusion and waste management initiatives.

Furthermore, one of our focus areas is to become a carbon neutral company. Q-Energy is committed to taking action in ways that are currently available to us. This involves calculating, reducing, and offsetting our emissions to become a carbon-neutral organisation. This will require the disclosure and analysis of our Scope 1, 2, and 3 emissions in the year 2021, consequently also fulfilling our commitment to the TCFD.

We will continue to actively encourage our teams and manage our office in a way that reduces GHG emissions and waste. We will continue to implement integrated and simple systems that support more sustainable consumption patterns for our employees.

Additionally, we want to place a greater emphasis on building stronger communities within our workplace. By increasing engagement through our internal initiatives, we aim to create an environment that fosters an overall strong, happy and inclusive community.

Finally, we will continue to enhance our reporting and disclosure standards. We will follow new incoming regulations and continue to adhere to reporting obligations from the initiatives that we have joined.

We are excited for 2021 and what's to come for Q-Energy and look forward to reporting again on our progress for this coming year.

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Biography



Kendall Ugla

ESG & Investor Relations Manager

This report has been authored by Kendall Ugla with contributions made by the wider Q-Energy team.

Kendall focuses on the integration of ESG considerations across Q-Energy's business operations and assists in the firm's investor relations efforts. Prior to joining Q-Energy, Kendall worked at General Atlantic in the Capital Partnering team and assisted on ESG research and strategy development.

An aerial photograph of a dense forest, likely a mix of evergreen and deciduous trees, with a dirt road winding through the center. The lighting is soft, suggesting early morning or late afternoon, with some trees appearing in shadow and others catching the light. The overall tone is natural and serene.

Q Energy

**POWERING
CHANGE**