

A close-up photograph of three white wind turbine blades attached to a black hub, set against a soft, warm-toned background that transitions from light blue at the top to a hazy orange at the bottom. The blades are positioned in a 'V' shape, with one pointing upwards and two pointing downwards and outwards.

# ESG Annual Report

Environmental, Social  
and Governance

**2022**

[qualitasenergy.com](https://www.qualitasenergy.com)





Qualitas Energy is a global fund manager focused on investments in renewable energy and energy transition infrastructure assets. Originated in Spain, now with an international presence, Qualitas Energy has invested in 7 countries with seven offices across the world.

Qualitas Energy integrates investment, financing, operation, maintenance, and management services for its assets to generate long-term value in the energy transition sector.

Qualitas Energy's objective is to facilitate the transition to a low carbon economy and improve the global environment and societies for generations to come, whilst at the same time delivering consistent and outperforming returns for its investors.

**ESG**  
**Annual Report**  
**2022**

[qualitasenergy.com](https://qualitasenergy.com)

**"We are the first  
generation to feel the  
impact of climate change  
and the last generation  
that can do something  
about it."**

Former US President Barack Obama



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# About this **Report**

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The impacts of climate change are continually present, evidenced by the increasing frequency of natural disasters and adverse weather impacts in recent months. The latest data shows that air and sea temperatures continue to rise at an alarming rate and that GHG emission levels are not declining.

Qualitas Energy is dedicated to mitigating the effects of climate change. We recognise our responsibility when managing investors' capital to limit the firm's impact on environmental and social matters and support the transition to a low-carbon economy. Qualitas Energy maintains this level of duty through all operations, and specifically through our latest fund, Fund V, we seek to substantially contribute to limiting and reducing the impacts of climate change while boosting economic growth and maintaining strong returns.

At Qualitas Energy, the approach to Environmental, Social and Governance (ESG) management is at the core of our strategy and is fully integrated into all investment processes and operations. Qualitas Energy believes that ESG management is a powerful tool for reducing risk while providing new opportunities and competitive advantages to our investors and society.

As a result, ESG is a core business function and a crucial part of Qualitas Energy's strategy. Processes and policies have been integrated into the firm's operations, from pre-investment, investments execution, asset management, and exit, helping to reduce the risk profile of our assets and investments while also maintaining our returns. ESG analysis comprises of a robust framework when assessing risks and opportunities of investments, and when done correctly, serves as a comprehensive tool for evaluating and measuring our operations as well.

Qualitas Energy believes that our experience and knowledge allow us to recognise these opportunities, providing competitive advantages to our investors, other key stakeholders, and society.

## Purpose of this Report

This report builds upon Qualitas Energy's prior achievements while spotlighting new areas of focus and opportunities as we evaluate our business practices for 2022. In a continually evolving ESG landscape marked by emerging frameworks, policies, reporting requirements, and pressing issues, Qualitas Energy remains at the forefront, proactively refining our ESG strategy. Our commitment to expanding our ESG capabilities and achievements is reflected in our enhanced coverage, reporting mechanisms, data-driven insights, and collaborative efforts.

The transparent reporting of climate data and key performance indicators (KPIs) about our investments and operations serves as a litmus test, holding us accountable and allowing us to gauge our societal impact. Our Annual ESG Report is a vital platform for Qualitas Energy to communicate performance highlights, recent developments, and strategic shifts. This year's report underscores our successful integration of ESG principles into our core strategy and showcases our progress in reporting, ESG data metrics, and KPIs. We are introducing additional metrics to comprehensively assess our impact and performance across diverse activities and jurisdictions.

In addition to illuminating our processes, this report provides valuable insights into key ESG subjects, including regulatory compliance, sustainable growth, our organisational culture, and our expanding presence within the sector. Our data-centric approach empowers informed decision-making and spotlights areas warranting focused attention. The compelling advantages of incorporating ESG factors into investment decisions are increasingly evident, echoed by the growing recognition of ESG's significance among investors.

Qualitas Energy's ESG report is pivotal to our annual disclosures, epitomising our dedication to transparency and responsible business practices. We are unwavering in our commitment to assisting investors in seamlessly integrating ESG considerations into their investment decisions and facilitating the decarbonisation of their portfolios and operations. All data presented in this report is accurate as of December 31, 2022 and is for Fund IV & V, unless specified otherwise.

This report has been produced referencing the GRI, UN SDGs, GHG Protocol, Sustainable Finance Disclosure Regulation, and UN PRI.

# Letter from our CEO

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Qualitas Energy is excited to present our 3rd Annual ESG Report. We are proud of our achievements in the last few years and believe 2022 represented another significant step in our ESG journey. This year's report highlights evolutions in the ESG market, and showcases respective progress and contributions.

Since starting our business over 16 years ago, our investments have significantly contributed to society and the growth of the renewable energy sector. Qualitas Energy was built on the belief that society can do better and that a decarbonised energy industry and low-carbon global economy are possible. Our values are at the forefront of all our decisions, and ESG is a key driver. Over the years, we have worked with communities and other key stakeholders to maximise the effect of our investments in their area with as little negative impact as possible.

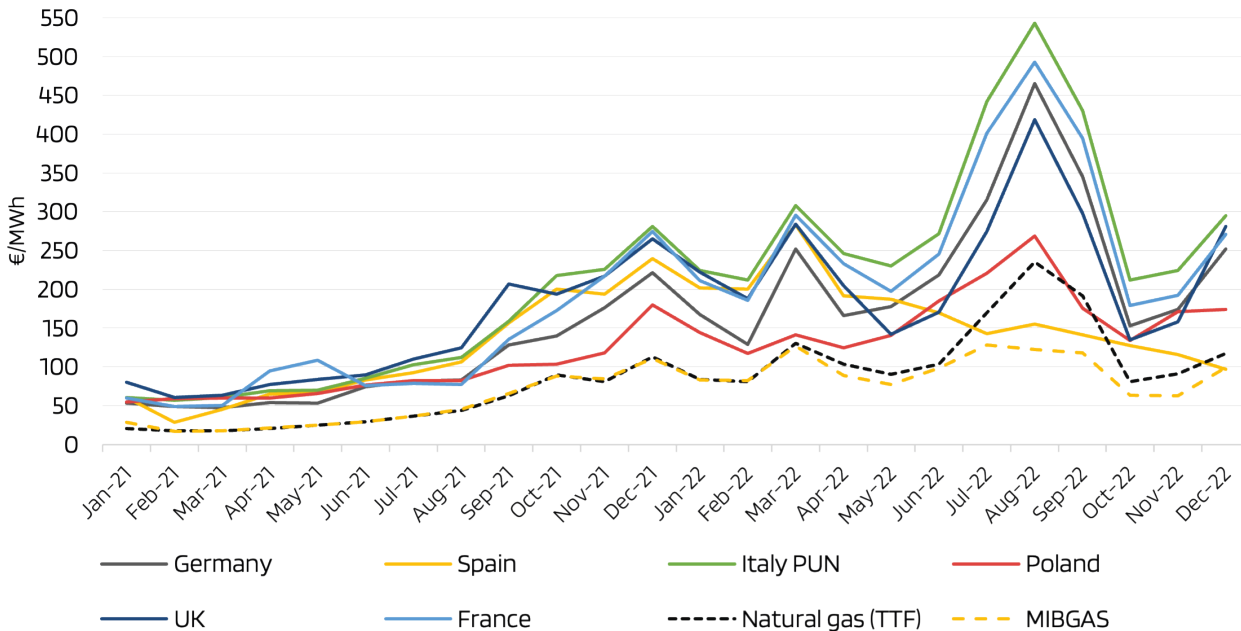
In 2022, we fully integrated the lessons from 2021 into our processes as the global momentum behind ESG grew. Improving awareness of the delicate relationship between human development and the environment can only be beneficial. The war in Ukraine in 2022 was a stark reminder of the need to transition towards a low-carbon economy, reduce the reliance on fossil fuels, improve energy security, and this caused a fundamental shift in European energy, power, and agricultural markets. The tectonic shift away from a reliance on Russian gas is not something that will not be reversed, and Europe's reaction was to accelerate the transition to renewable energy and increase energy security by raising their emission reduction target to 57% from 40% and 45% of energy from renewable sources, up from 32% (Renewable Energy Directive RED III).

Iñigo Olaguíbel,  
**Founding Partner & CEO**



# European Energy Prices in 2022

Spot electricity prices peaked in August 2022 when markets were concerned about winter supply and inventory.



These changes saw ESG become even more prominent at Qualitas Energy and prompted us to focus equally on our supply chains and stakeholder relationships with regard to Environmental, Social, and Governance. The industry has focused more on Social and Governance than in previous years, with more requests around these elements. Qualitas Energy will always be at the forefront of those changes and believe a collaborative and innovative approach is the best course of action.

Our latest fund, Q-Energy Fund V, exemplifies our commitment to ESG: it is registered as Article 9 under the Sustainable Finance Disclosure Regulation, and being in the only 3% of funds in the market to be able to do so<sup>1</sup>. As such using the EU Taxonomy classification, the financial product must substantially contribute to one or more of the environmental objectives, do no significant harm to any of these objectives, comply with the minimum safeguards set out in the regulation, and comply with the technical screening criteria.

Qualitas Energy believes our approach is market-leading and highlights our dedication to doing things correctly and positively impacting society today and in the future.

Our work in ESG is more than investment-focused. Qualitas Energy understands that we must act responsibly in our day-to-day office activities as well. We encourage our employees to bring forward ideas for improving our processes, helping form a collaborative environment that creates optimal results. Collaboration empowers curiosity and innovation as different opinions are heard, and all communities are involved. Qualitas Energy seeks to create an equal and progressive environment where workers feel valued and buy into the firm's long-term vision.


As the ESG sector evolves, so will our approach and processes. We want to thank all our investors and partners for their feedback and questions, which has helped us strengthen our ESG strategy even further this past year. A central focus area is building on the data gathered for this year's report as we reduce our impact and improve how we measure vital KPIs. These help Qualitas Energy remain data-driven and allow us to power change for future generations.

Our ESG contributions are a critical part of our investments. While we will look forward are proud of our ESG process, we will look forward to continue to develop our approach as the sector evolves and new regulations and standards are introduced.

*Luís Olayo*

<sup>1</sup> Private Equity Insights September 2022





"Qualitas Energy's commitment to ESG is exemplified by our latest fund, Fund V, classified as Article 9, under the SFDR. I am proud of this achievement and the work we continue to do for the environment and society."

Iñigo Olaguíbel,  
**Founding Partner & CEO**

**POWERING  
CHANGE**







# About Qualitas Energy

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## Overview

**EUR 2.5+ bn**

Assets Under Management

---

**7**

Offices

---

**>470**

Team Members

---

**Over 16**

Years of sector experience

---

**7**

Countries with realised investments

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## Total Capacity in Operation

**Total** **884 MW**

Wind	382 MW
Solar PV	254 MW
Solar CSP	242 MW
Energy Storage	6 MW

## Total Capacity in Development

**Total** **2,027 MW**

Solar PV	1,376 MW
Wind	414 MW
Biogas	180 MW
Energy Storage	57 MW

## Who are we?

Qualitas Energy provides full-scope investment, financing, and asset management capabilities with extensive operational processes and sophisticated IT. Over the last decade and a half, Qualitas Energy has facilitated investors' access to assets in the renewable energy sector to participate in and promote the transition to a low-carbon economy.

Qualitas Energy is a company motivated by its mission of "Powering Change", through the way we run our business, providing sustainable investment opportunities for investors. More broadly, we are always aiming to expand our impact on society. Qualitas Energy knows our responsibility is to be open and transparent regarding our ambitions and progress in our business's environmental, social, and governance aspects.

## Mission and vision

Qualitas Energy is a leading fund manager focused on renewable energy, energy transition and sustainable infrastructure. Sustainability is in our DNA, and the global economy's decarbonisation is at the core of Qualitas Energy's work and efforts.

Qualitas Energy's mission is to drive the change towards a decarbonised economy by focusing its investments on energy transition and sustainability related assets. Our commitment to sustainability defines our investment strategy and is the ultimate goal of all our actions.

Qualitas Energy commits to its employees, partners, investors, and society in general to leave a better world for future generations. Qualitas Energy's goal is to manage the assets in its portfolio efficiently, offering its investors attractive returns while contributing to creating a better world for future generations.

# Qualitas Energy Funds IV & V ESG Calculations

Qualitas Energy Fund IV and V Emissions Calculations

Indicator	Metric	Q-Energy Fund IV	Q-Energy Fund V
GHG Emissions	Scope 1	7,090 tCO <sub>2</sub> -eq	0.0 tCO <sub>2</sub> -eq
	Scope 2	1,556 tCO <sub>2</sub> -eq	1.7 tCO <sub>2</sub> -eq
	Scope 3	148,596 tCO <sub>2</sub> -eq	615.9 tCO <sub>2</sub> -eq
	Total	157,242 tCO <sub>2</sub> -eq	617.6 tCO <sub>2</sub> -eq
Carbon Footprint	Carbon Footprint	14 E-05 tCO <sub>2</sub> -eq/€m invested	8.2 E-06 tCO <sub>2</sub> -eq/€m invested
GHG Intensity Investee Companies	GHG Intensity of Investee Companies	3.2 E-04 tCO <sub>2</sub> -eq/€m rev	0.0 tCO <sub>2</sub> -eq/€m rev
Exposure to companies active in the fossil fuel sector Ie	Share of investments in companies active in the fossil fuel sector	0.0 %	0.0 %

Avoided CO<sub>2</sub> emissions

**756,503 tCO<sub>2</sub>e**

Net Avoided CO<sub>2</sub> Emissions (Fund IV & V)<sup>2</sup>

**471,707 tCO<sub>2</sub>e**

Homes Supplied with Clean Energy (Fund IV & V)

**527,102**

Renewable Energy Produced

**>1,237.5 GWh**

<sup>2</sup>Net Avoided CO<sub>2</sub> Emissions For Fund IV & V (Avoided emissions – portfolio emissions)



## Funds IV-V Portfolio Scope

Total Portfolio Scope 1 & 2 Emissions

**8,648 tCO<sub>2</sub>**

Total Portfolio Scope 1, 2 & 3 Emissions

**157,860 tCO<sub>2</sub>**

## Fund IV Portfolio Weighted Average Scope

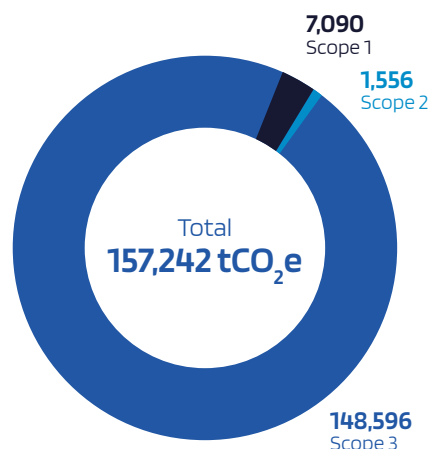
Portfolio Weighted Average Scope 1 and 2  
emissions revenue intensity

**2.0 E-05 tCO<sub>2</sub>/mRev**

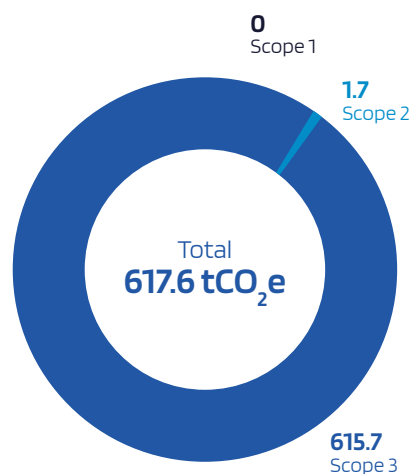
Portfolio Weighted Average Scope 1,2 and 3  
emissions revenue intensity (tCO<sub>2</sub>/€mRev)

**0.9 tCO<sub>2</sub>/mRev**

## Fund IV Emissions 2022



## Fund V Emissions 2022



# Looking Back

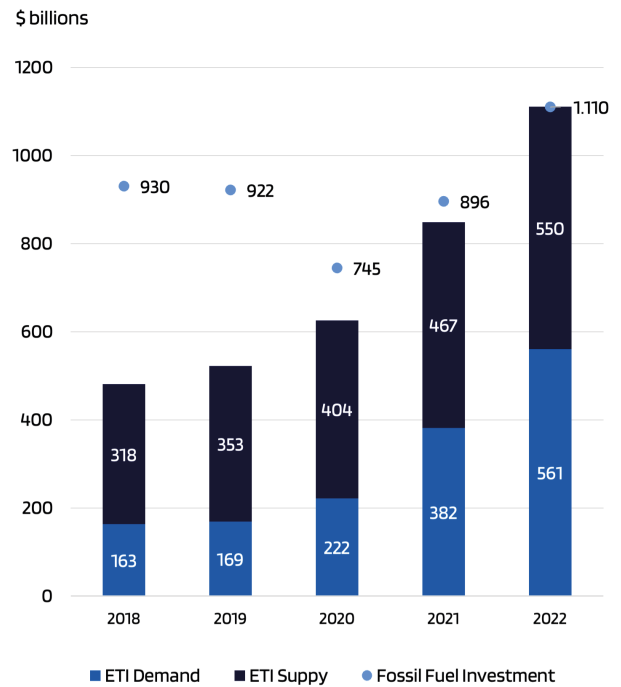
In the wake of the COVID-19 pandemic's economic recovery and supply chain disruptions, the world faced another seismic shock with the war in Ukraine. This geopolitical upheaval sent shockwaves through commodity markets, particularly impacting power, energy, and agricultural sectors. The uncertainty surrounding European energy supplies led to heightened market volatility, pushing prices to new highs. The reduction in gas flows to Europe resulted in declining inventories, propelling wholesale gas, power, and carbon markets to unprecedented levels. However, the simultaneous factors of demand mitigation and increased imports of LNG helped mitigate supply risks. Consequently, electricity, power, and gas prices receded from their peak in September 2022, with storage capacity reaching a healthy 95%.

This prompted the European Union to accelerate its transition towards a low-carbon economy by bolstering renewable energy targets and emission reduction goals. In response to the conflict, European nations prioritised energy security, striving to assert control over their energy markets. According to Bloomberg New Energy Finance (BNEF), global investment in renewable energy reached a significant milestone of \$495 billion, marking a 17% increase from the previous year. The investment in the low-carbon energy transition surged to an all-time high of \$1.1 trillion. China was first at \$546 billion, followed by the European Union at \$180 billion and the United States in third place at \$141 billion.

The energy crisis drove an unprecedented influx of capital into clean technologies, potentially poised to surpass fossil fuel investments in 2023. However, unfortunately, we have still seen year-on-year increases in investment in fossil fuels since 2020. In this light, we were proud to introduce our next venture, Q-Energy Fund V, focusing exclusively on the production of clean energy - in 2022, which garnered significant interest from investors seeking exposure to the energy transition while also maintaining robust returns.

Qualitas Energy is proud that Fund V falls within the 3% of private equity funds classified as Article 9, signifying our commitment to integrating ESG factors into our investment processes and across our operations, asset management, and exit strategies<sup>3</sup>. We are determined to contribute to environmental objectives, reflecting our unwavering belief in the urgency of addressing climate change.

## Global Energy Transition Investment vs Fossil Fuels



\* ETI stands for Energy Transition Investment.  
Source: BNEF

2022 did, however, witness a notable surge in net-zero pledges from companies, underlining the growing prominence of ESG considerations. ESG principles have evolved into a global critical framework, enabling organisations to identify risks and seize opportunities. Among the 4,000+ entities tracked by the NetZeroTracker, 1,475 have now committed to net-zero targets, an increase of 764 from 2020. Additionally, 929 publicly listed companies from the Forbes Global 2000 have embraced this transformative commitment as well.

Governments worldwide have also taken proactive steps, such as the Inflation Reduction Act (IRA) in the US, which injects nearly \$400 billion towards clean energy, focusing on carbon emissions reduction and substantial funding for various sectors, including energy, manufacturing, environment, transportation, agriculture, and water. It offers compelling incentives for private investments from individuals, corporations, and local governments, enhancing the execution of projects funded under the Bipartisan Infrastructure Law.

<sup>3</sup>Private Equity Insights September 2022

## Inflation Reduction Act Investment By Sector

Total: \$393.7bn

250.6  
Energy

47.7  
Manufacturing

46.4  
Environment

23.4  
Transportation &  
Electric Vehicles

20.9  
Agriculture

4.7  
Water

### How does this impact Qualitas Energy?

While the IRA regulation is in the US, just one of many examples of governments providing support to the energy transition. In doing so, it has also prompted the European Commission to reassess their policies, and establish the Net Zero Industry Act which will be another framework of measures to strengthen Europe's net-zero technology manufacturing ecosystem, helping to put Europe on the path to domestically manufacture at least 40% of its clean energy technology by 2030.

\*Source: McKinsey & Company.

The US Securities and Exchange Commission (SEC) has also introduced proposals for climate-related disclosures, encompassing greenhouse gas emissions, climate risk assessments, and transition strategies. These proposals draw inspiration from the TCFD framework and align with European Union regulations such as SFDR, EU Taxonomy, and the Climate Delegated Act.

Qualitas Energy aligns with the global shift from fossil fuels to low-carbon energy and the imperative of reducing global emissions. As such we remain dedicated to selecting investments that drive change, enable the energy transition, and contribute to the environmental objectives outlined in the EU Taxonomy.

# Qualitas Energy's ESG approach

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ESG requires organisations to assess the risks and opportunities inherent in their investments and business operations. In recent years, the ESG landscape has evolved significantly, with growing recognition of the financial implications of poor ESG management. This is particularly evident in public markets, where subpar ESG practices can lead to a decline in share prices.

At Qualitas Energy, ESG is integral to our entire investment lifecycle, from pre-investment evaluation to asset management and exit strategies. Our dedicated ESG team oversees this journey in conjunction with Investment and Operation & Maintenance teammates, continually refining our processes, policies, and operations to align with industry standards and the relevant Article 9 and EU Taxonomy classifications. Our comprehensive framework is designed to identify and manage ESG risks and opportunities. We maintain a commitment to keeping our policies and practices up to date.

Our ESG due diligence process is pivotal in highlighting potential risks and opportunities of our investments. It involves screening investments against the EU Taxonomy Technical Screening Criteria to determine eligibility and alignment. This rigorous assessment and management of ESG factors demonstrate our commitment to investors and partners, align with regulatory requirements, and at the same time benefits our employees.

Qualitas Energy's investments focus on renewable energy assets, actively contributing to the transition towards a low-carbon economy. By nature, our investments deliver substantial environmental benefits compared to fossil fuel alternatives. Over the past 16 years, we have consistently demonstrated our dedication to prioritising environmental considerations throughout our operations and investments. Our progress is reflected in the data seen in this report, such as renewable energy capacity added to the grid, renewable energy production, emissions reduction, and the number of homes supplied with clean electricity. We are proud to report low Scopes 1 and 2 emissions, a low carbon footprint, and minimal carbon revenue intensity, all of which underscore our commitment to a sustainable future.

Our data-driven approach to ESG is essential to our business success. We recognise that our continued prosperity is intrinsically linked to the sustainability of our climate and human development within the Earth's planetary boundaries. As part of our forward-looking strategy, we are also exploring incorporating the Planetary Boundaries framework, which quantifies nine critical Earth system boundaries essential for maintaining a stable climate, into our ESG strategy.

Social and Governance factors are equally paramount in our ESG approach. We actively focus on creating KPIs and processes that seamlessly integrate our ESG framework into our business models at entity and product levels. Our ambitious goals for Fund V, classified as Article 9, exemplify our dedication to ESG. We adhere to the minimum safeguards outlined in regulations, reinforcing our commitment to human rights and social standards. This commitment extends internally and externally, setting the standards we expect from our partners and suppliers.

Internally, our commitment extends to the United Nations Sustainable Development Goals (UN SDGs). We have crafted our approach in alignment with the United Nations Principles on Responsible Investment (UN PRI) and the Task Force for Climate-Related Disclosure (TCFD). This amalgamation of frameworks enables Qualitas Energy to lead by example and ensure the prioritisation of ESG consideration.

As we invest in diverse technologies globally, we also remain committed to fine-tuning our ESG framework to suit regional nuances, while continuing to maintain the same robust principles.



# ESG Governance

Qualitas Energy has fully integrated ESG into the investment process. This has meant launching new processes, in addition to comprehensive ESG due diligence, and committing to various metrics to show the impact our financial products are making. Our Head of ESG reports directly to senior management, which allows for the correct governance, and all policies and procedures are approved by the Board of Directors. As such, the Board of Directors have complete oversight of all ESG matters.

Our policies and processes cover the whole asset lifecycle, ensuring all risks and opportunities are identified. Indeed, the ESG team work closely with our Legal and Compliance teams to ensure policies and procedures are aligned with regulations and local laws.

## Qualitas Energy's Commitment to ESG Initiatives



Signatory Since 2020



TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

Signatory since 2021



Fund V, Article 9 Classification





# ESG in the Investment Process

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## 1. Screening

Qualitas Energy has created a negative and positive exclusion list. The negative exclusion list is as follows, and can also be found in our ESG Policy on our website:

- 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.

These criteria define what investments each financial product will consider as well as assessing key ESG KPIs. This tool will produce an overall ESG score which will illustrate the strength of ESG implementation pre-investment from Qualitas Energy.

## 2. Due Diligence

The ESG and investment teams work together to evaluate the ESG risks and opportunities of the investment. Fund V achieves this through a pre-defined ESG Due Diligence Tool, evaluating the investments' adherence to Article 9, the EU Taxonomy, and other critical ESG KPIs. An ESG score will be created, illustrating the strength of the investment but also ESG opportunities and areas to focus on if the investment is incorporated into our portfolio.

## 4. Holding Period

The ESG, our Asset Management and Operation and Maintenance teams will implement the Action Plan created and tailored for each investment. These teams will work together to report on the implementation progress at all stages and key quantitative KPIs produced. The ESG and Asset Management and Operation and Maintenance teams re-calculate the ESG score annually; this identifies any progress and opportunities for improvement.

## 3. Investment Decision

The ESG score is presented in the investment committee memo, summarising key ESG findings. The ESG Due Diligence for Fund V includes whether or not the investment is eligible under the EU Taxonomy or can comply with Article 9, the DNSH criteria, minimum safeguards, and good governance. The Investment Committee will provide final feedback and approval for the overall score and proposed action plans.

## 5. Exit

Upon exit, the ESG data collated during the holding period will be reported to key stakeholders and kept on record as examples of ESG best practices at Qualitas Energy. We will also strive to complete any post-exit reports for our asset base when it is possible.

The management company, Q-Energy Private Equity SGEIC, S.A., has established ESG KPIs; however, it does not consider Principal Adverse Impacts (PAIs) at the entity level as outlined in Article 4 of Regulation (EU) 2018/2088 (the Regulation).

Regarding the consideration of adverse impacts at fund-level, Qualitas Energy would like to clarify the contents of past ESG reports. In our 2021 report, we did not explicitly state that the Q-IV platform considers the adverse impacts of its investment decisions. We would like to affirm that the Q-IV platform does indeed consider these adverse impacts on the sustainability factors in its investment analysis. The Q-V platform considers PAIs at the product level in line with Article 7 of the Regulation, following the requirements of Art. 9 SFDR, integrating this assessment into the investment process and product reporting.

# Commitment to SDGs

Qualitas Energy has incorporated the Sustainable Development Goals (SDGs) into our investment process and internal operations. The three primary SDGs have been chosen as critical drivers for the positive impact Qualitas Energy wants to make.

These are some of the pledges Qualitas Energy has made to achieve its goal of "Powering Change", incorporating these KPIs into our investment strategy in conjunction with our commitment to Article 9, preventing greenwashing, and helping facilitate the transition to a low-carbon economy.



**Target 7.2**  
Contribution to increase substantially the share of renewable energy in the global energy mix by 2030.

Renewable energy Produced **>1,237.5 Gwh 2022**  
Homes supplied **527,102 in 2022**



**Target 9.4**  
Innovation centred on renewable energy trends, for example, increased power plant productivity, storage, diversified technologies, and ways of consuming energy.

**Renewable MW Added to Grid 884MW**

Solar PV	254MW
Solar CSP	242MW
Wind	382MW
Energy Storage	6MW

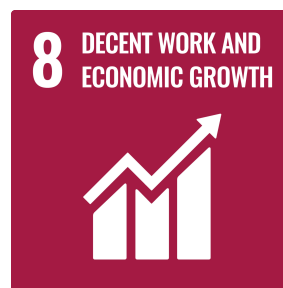
**Renewable Energy Capacity Under Development 2,027MW**

Solar PV	1,376MW
Wind	414MW
Biogas	180MW
Energy Storage	57MW



**Target 13.3**  
Improve awareness of human and institutional capacity on climate change mitigation, adaptation, and impact reduction.

CO<sub>2</sub> Emissions avoided **756,503 tCO<sub>2</sub>e.**



Promote sustained, inclusive, sustainable economic growth, full and productive employment, and decent work.

Q-Energy I	€214m
Q-Energy II	€268m
Q-Energy III	€416m
Q-Energy IV	€1.1bn
Q-Energy V	€1.1bn (First Close)

History +11bn invested since 2006 in equity and debt through more than 290 transactions.



In addition to the primary SDGs integrated into the ESG and investment strategy, Qualitas Energy has chosen three secondary SDGs incorporated into our asset management operations and aligned with the employee Code of Conduct.

Qualitas Energy uses these SDGs to help define objectives and progress, and we will look to quantify these metrics to showcase this progress internally and externally. These measurements allow us to track these data points and report to key stakeholders quarterly or annually. Internally, we have SDGs which we embody in our day-to-day operations.



## Five pillars of Impact

Qualitas Energy acknowledges the impact our operations have on the environment and society. While our investments primarily focus on renewable energy, we recognise that most of our impact lies in Scope Three emissions, encompassing upstream and downstream activities. To effectively address these challenges, Qualitas Energy has identified five core pillars that guide our strategic focus. While the Planetary Boundaries framework serves as our guiding star, these five pillars also provide a tangible framework for enhancing our operations and approach:

### Our People

Our employees are the cornerstone of our business, and it is paramount that they feel valued and empowered. At Qualitas Energy, we strive to foster a workplace community where our employees are not just hired but celebrated for their curiosity and contributions. Our shared objective is to drive the company forward while expanding our renewable energy investment capacity. This shared purpose nurtures a dynamic and progressive environment. We are committed to ongoing initiatives that strengthen our sense of community, ensuring that our workplace reflects the evolving nature of society.

### Decarbonisation

As the spectre of climate change looms more prominent in our collective consciousness, our investments in renewable energy become ever more critical. We are unwavering in our commitment to the development, construction, and operation of projects through our acquisitions. In alignment with the rising tide from Bloomberg New Energy Finance (BNEF), we observe a rising tide of investment in the sector, we are proud to be participating in the new capital inflows poised to reshape the renewable energy landscape.

As ESG considerations increasingly shape capital markets, private investments will be pivotal in driving the transition. Our Article 9 commitment provides a clear investment objective, and we are eager to explore opportunities across diverse platforms and jurisdictions as we close the funding round. Emerging global regulations, such as REPowerEU and the Inflation Reduction Act, further accelerate the adoption of renewable energy, positioning Qualitas Energy to seize these opportunities.

## Growth

Qualitas Energy is a trailblazer in the renewable energy sector, continuously seeking innovative opportunities to push the industry's boundaries. Our recent investment in Acorn, a renewable natural gas platform in the UK, exemplifies our commitment to diversifying our technology portfolio. This venture presents an exciting avenue for Qualitas Energy and underscores our growth ambitions. Having effectively managed assets across eight countries, we remain vigilant in assessing the market for opportunities in new jurisdictions and technologies that align with our risk profile and strategy.

### Our Impact

Qualitas Energy is resolute in expanding its impact through increased renewable energy production and market share. Simultaneously, we are dedicated to decoupling the negative effects of our operations and management processes from investment growth. While we also depend on our partners and suppliers to reduce their emissions, we firmly believe in the power of fostering collaboration across the entire value chain to achieve global decarbonisation objectives. This collaborative approach extends to the social impact of our investments, encompassing raw material procurement, technology manufacturing, and the well-being of local communities surrounding our assets. Our deep-rooted sector expertise uniquely positions us to drive growth per our ESG strategy and objectives. We advocate for sharing knowledge, understanding, and expertise as the most effective means of development.

### Circular Economy

Given the finite nature of resources, today's consumption patterns are unsustainable. Qualitas Energy is committed to resource reuse wherever feasible. The recycling of wind turbine rotor blades and PV modules represents an ongoing challenge for our industry. While strides are being made toward creating 100% recyclable blades, commercial options remain limited. Qualitas Energy seeks to collaborate with industry leaders, partners, and stakeholders to enhance the circularity of the sector. We are actively working to improve the circularity of our assets, aligning with the "Do No Significant Harm" principle of the EU Taxonomy.





Qualitas energy

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## POWERING CHANGE

Nuestra misión

Impulsar el cambio hacia una economía descarbonizada y lo realizamos canalizando nuestras inversiones hacia activos relacionados con la transición energética y la sostenibilidad.



# ESG at a Company Level

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Since the formation of Qualitas Energy, our Founding and Managing Partners have instilled corporate and personal values that encourage a healthy work environment. At Qualitas Energy, these values are reflected in employee actions and behaviour toward others. Qualitas Energy has incorporated the following six core principles since its inception to guide employee action.

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 are consulted about what initiatives and principles are essential to them, and we will continue to engage our teams to ensure the complete alignment of these values as the company continues to grow.





## Q-Values

- 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.



# Fully Integrated Team

Qualitas Energy Jurisdictions for 2022

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**Madrid (Headquarters)**  
Spain

Solar, Wind & Batteries

**Iñigo Olaguíbel**  
CEO

**Manuel Espinosa**  
Country Head Spain

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**Berlin  
Hamburg  
Wiesbaden**  
Germany

Wind

**Borja Caruana**  
Country Head Germany

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**London**  
United Kingdom

Batteries and Renewable Natural Gas

**Alejandro Ciruelos**  
Country Head UK

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**Milan**  
Italy

Solar & Wind

**Manuel Espinosa**  
Country Head Italy

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**Warsaw**  
Poland

Solar

**Krzysztof Zieniewicz**  
Country Head Poland

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# Qualitas Energy Corporate Emissions

Our ESG Team have calculated the emissions associated with our operations, including Scopes 1,2 and 3. We believe transparency is the best course of action, and so we also use this reporting as a feedback tool on where we can improve. The emissions calculation includes the activities associated with the Management Company, as well as the Service Company. Doing so provides a clear view of the overall carbon emissions for both companies. This year, we have brought this calculation process in-house so we can own this process, and the ESG team can work with other departments to achieve carbon neutrality. The ESG team uses product-specific data where possible, but next year's key objective is to improve emission calculation accuracy by using purchase-based emission data less, therefore allowing us to provide an even more precise calculation of our overall carbon footprint.

### **The GHG Protocol**

Defines scope emissions as follows:

## Scope 1

Direct GHG emissions that occur from sources owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc; emissions from chemical production in owned or controlled process equipment. An example for Qualitas Energy is the fuel used for our site visits.

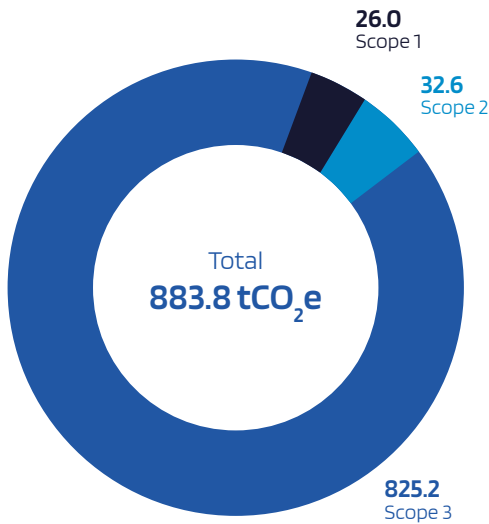
## Scope 2

GHG emissions produced from the generation of purchased electricity the company consumes. Defined as purchased or otherwise brought into the company's organisational boundary. For example, the electricity we purchase for our offices.

## Scope 3

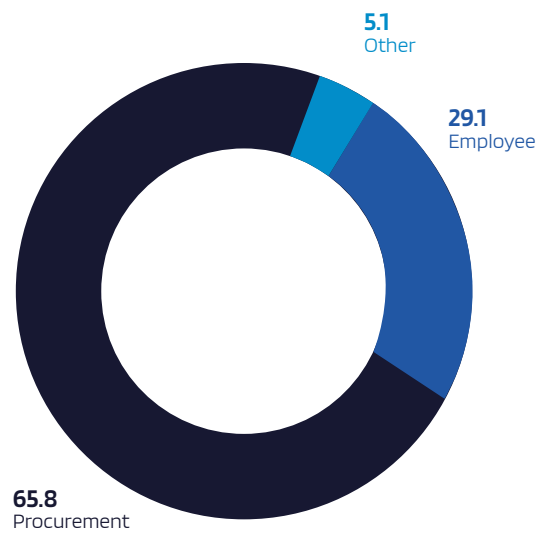
GHG emissions that arise from the company's activities but occur from sources not owned or controlled by the company. Some examples of Scope 3 activities are extraction and production of purchased materials, transportation of purchased fuels, and use of sold products and services. An example for Qualitas Energy at the Management Company level is our business travel, or the solar panels we purchase.

## 2021 Emissions by Scope



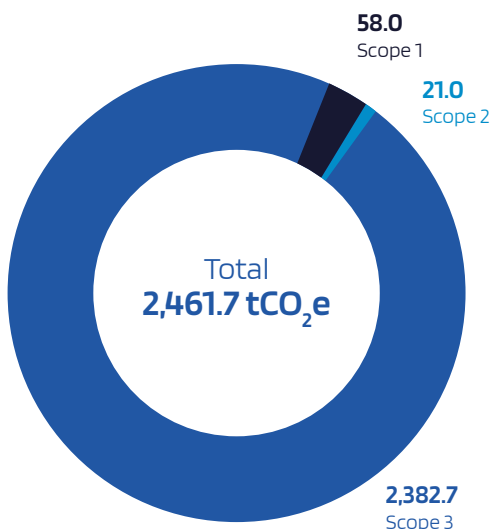
Data for 2022 shows a sharp increase in emissions of Scope 3, with the majority of our emissions coming from purchased goods and services and capital goods. 2021 was a low base, with travel still limited by COVID-19. Business travel has also increased as we look to expand into new regions and visit potential investors across the globe, and our workforce has also increased.

## 2021 Emissions by sector (%)



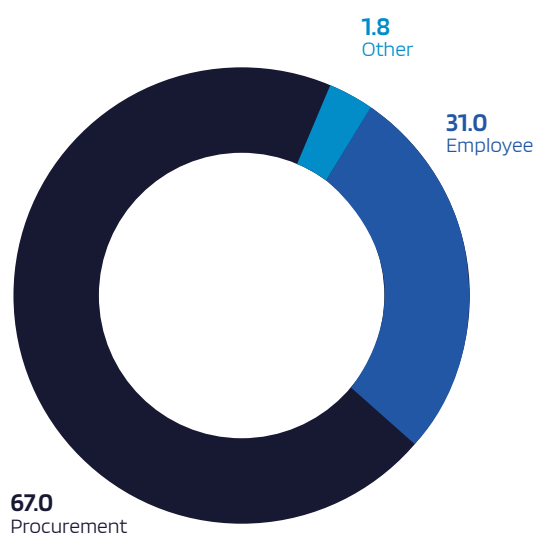
We are confident that our investment in ESG technology and team will allow us to develop a market-leading strategy to reduce our emissions.

## 2022 Emissions by Scope



However, Qualitas Energy will use this data to understand where we can improve and align with our climate goals. One of the key aspects of 2023 is to understand our impact better and improve the accuracy of reporting through product-specific calculations instead of using purchase-cost emissions data.

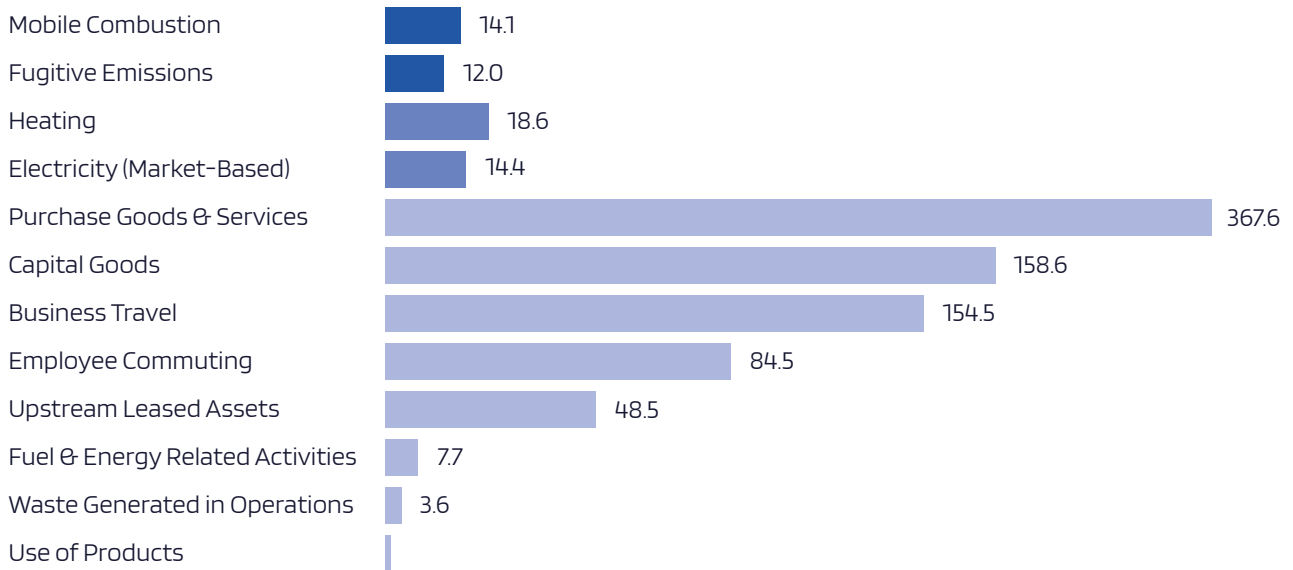
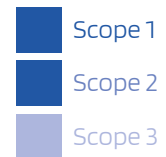
## 2022 Emissions by sector (%)



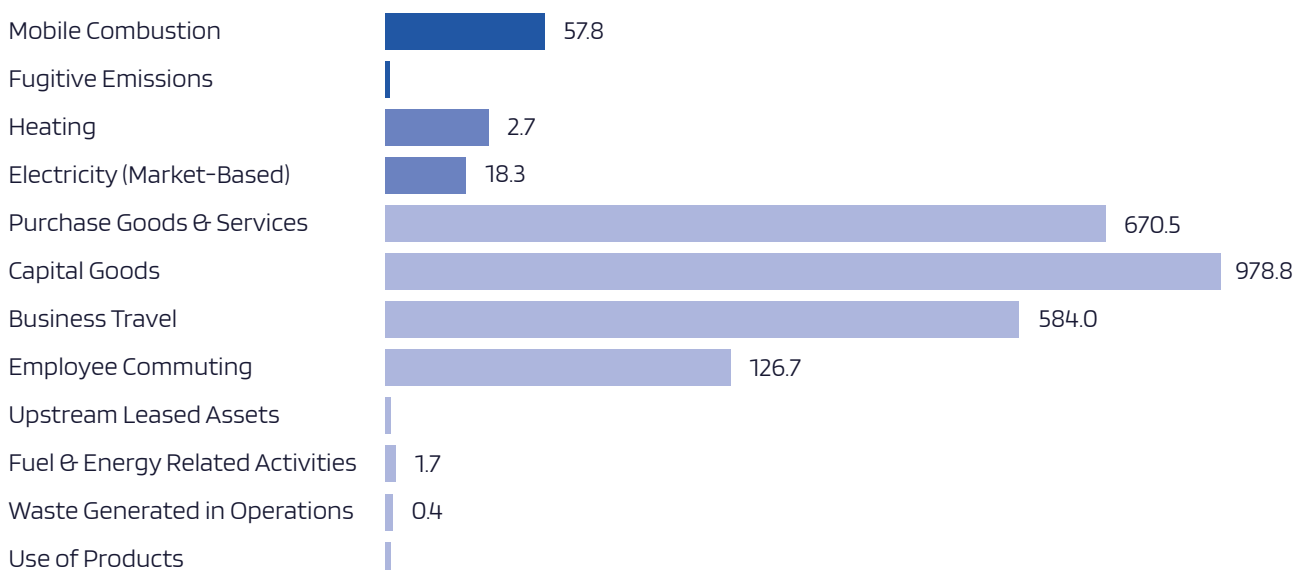
ESG is not just about the investments we make, supply-chain management, and the impact of the construction of these assets; it is also about our day-to-day operations.



## 2021 Emissions by category (tCO<sub>2</sub>e)



## 2022 Emissions by category (tCO<sub>2</sub>e)



# Qualitas Energy's Commitment to Human Rights

At Qualitas Energy, we continue to fight against violating human rights and in preventing modern slavery. The social aspect of ESG is an area coming under increased scrutiny, which we welcome. Our activities work closely with local communities, and as such we will never be involved in any activity that breaches any human rights. Indeed, we expect similar standards from our partners and suppliers; collaboration across the supply chain and industry is integral to eradicating human rights violations. Improving transparency and visibility is essential to removing modern slavery from the value chain.

Our latest commitment to Article 9, under SFDR, outlines our commitment to eradicating Human Rights violations in the supply chain. This is due to the minimum safeguards defined by EU Regulation 2020/852, which outlines that economic activities must comply with the minimum safeguards to qualify as environmentally sustainable. Aligning to the minimum safeguards will also mean adherence to the "Do No Significant Harm" principle referred to in EU Regulation 2019/2088.

## **The Minimum Safeguards:**

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### OECD Guidelines for Multinational Enterprises

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### U.N. Guiding Principles on Business and Human Rights, including the Declaration on Fundamental Principles

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### Rights at Work of the International Labour Organisation (ILO) the eight fundamental conventions of the ILO

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### International Bill of Human Rights

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Adopting these standards gives us a robust framework and clear criteria to guide our actions. These expectations extend to our suppliers, partners, and portfolio companies, representing our unwavering commitment to responsible and ethical practices. At Qualitas Energy, our fiduciary duty is not limited to managing our investors' equity effectively; it also encompasses the responsibility to generate sustainable, long-term financial returns that do not compromise social impact and human rights.

As we venture into new technologies and expand our presence across jurisdictions, we remain steadfast in our dedication to upholding these standards. Additionally, guided by the UK Modern Slavery Act (2015), we are committed to combatting modern slavery in all forms.

Being a registered entity in Spain, we also operate under the regulatory framework governing responsible sourcing and conflict minerals within the European Union. This framework encompasses minerals and metals such as gold, tin, tungsten, and tantalum. Our ongoing collaboration with suppliers ensures that these minerals are not sourced from regions associated with conflict, modern slavery, or human rights violations.

These commitments underscore our recognition that our impact extends beyond our organisation. It resonates into our employees, stakeholders, and partners, who may be affected by our activities. We take immense pride in our relationships with suppliers and cherish the collaborative spirit driving progress within the renewable energy sector. We are resolute in our commitment to ethical growth and collective efforts to eradicate human rights violations and modern slavery from the supply chain. We diligently assess and refine our social processes, ensuring they align with the 'Good Governance' principles outlined in SFDR.

We are acutely aware that the future performance of our investments hinges on our unwavering commitment to these objectives. To this end, we have implemented various measures, including:

Providing a workplace that upholds the highest standards of cleanliness, organisation, and freedom from discrimination and harassment.

Offering flexible working hours that promote work-life balance and individual autonomy.

Furnishing employees with all necessary equipment and materials to carry out their work effectively, including provisions for teleworking when needed.

Safeguarding workers' rights and respecting their collective voice.

Investing in training and involving workers in our company's ethical codes.

Establishing a structured career plan, providing employees with a clear vision for their professional future.

In addition to these measures, Qualitas Energy has initiated programs such as Q-Clubs (including Q-Diversity, Q-Community, and Q-Knowledge) aimed at enhancing the working lives of our employees and as such fostering inclusivity.

We remain committed to refining our policies and processes concerning human rights, adapting ourselves to the evolving dynamics of our sector and constantly introducing new requirements.

## Qualitas Energy Funds IV and V Social Indicators 2022

Indicator	QE IV	QE V
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0%	0%
Lack of processes and compliance mechanisms to monitor compliance with U.N. Global Compact principles and OECD Guidelines For Multinational Enterprises	0%	0%
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0%	0%
Rate of Accidents (#)	0	0







# Diversity, Equality & Inclusion

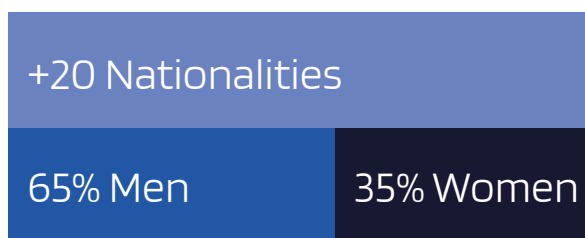
At Qualitas Energy, we believe in equal opportunity and are dedicated to translating this belief into tangible initiatives. We aim to cultivate an inclusive work environment that not only embraces diversity but also reflects the rich tapestry of wider society itself. In recent years, we have taken proactive steps to promote diversity and inclusion within our organisation. We actively encourage employees to contribute their ideas and proposals for initiatives that can be integrated into our policies and processes, fostering an environment that values curiosity, equality, and the principles of representation.

Our commitment to learning and improvement extends beyond our internal efforts. We place significant value on the feedback received from our Limited Partners. We recognise that collaboration fuels innovation, and as we engage with diverse perspectives, we anticipate tangible outcomes resulting from hearing different voices and involving all communities.

Diversity, Equality, and Inclusion (DEI) topics have recently taken centre stage in corporate discussions. It is clear that there is a pressing need for improvement, and this imperative extends not only to gender equality but also to ensuring the equitable representation of all societal communities and beliefs. McKinsey & Company conducted a comprehensive study encompassing 42 Private Equity firms and over 60,000 employees, shedding light on the state of DEI in the industry. The findings revealed a consensus among institutional investors that private equity firms have room for greater diversity. Notably, the study indicated that representation within Investment teams in the market fell below expectations, with average scores underperforming on a scale where diversity and inclusion were assessed across various categories.

The study further underscored the underrepresentation of women in investment roles. Across all levels, from entry-level positions to the C-Suite, women accounted for only 23% of investment roles, while 52% occupied non-investment roles. The highest representation of women in investment roles was at the entry level, where they held 34% of such positions, compared to 57% in non-investment roles.

At Qualitas Energy, we are working hard to actively encouraging their advancement into senior management positions and nurturing their growth as formidable leaders in the industry. Our team has recently initiated a DEI committee to look into ways of how to advance diversity and inclusion at Qualitas Energy and we look forward to reporting our advancements in next year's report.



\*In offices. Data as of December 2022.

# Q-Clubs

## Q-Knowledge

As a part of Qualitas Energy's goal to foster an intellectual and stimulating work environment, we have launched Q-Knowledge. Q-Knowledge is an initiative to promote education and the exchange of information and knowledge throughout the company. The Q-Knowledge initiative is used to share market updates and engage the company in economic news, sustainability trends, business developments, new technologies, and other interesting topics. In doing so, we will help to keep our professionals informed and educated about important topics that affect our business. Q-Knowledge will also endeavour to organise employee training on overall professional development, skills, and leadership growth. This initiative aims for employees to be well-informed and to encourage interest in relevant project areas.

Under the umbrella of Q-Knowledge, Qualitas Energy has introduced the **Q-Talks** initiative aimed at fostering meaningful discussions at the organizational level. These talks will be led by dedicated Qualitas Energy team members. In the year 2023, we've already successfully launched three Q-Talks, featuring subject matter experts. Q-Talks will serve as a valuable opportunity for new hires to gain deeper insights into the company's investment strategies, energy management processes, and approach to business development. Additionally, expect discussions on vital topics such as ESG practices and internal programs focused on employee well-being. These sessions are poised to strengthen the sense of community and create a conducive environment for employees to pose inquiries.

## Q-Community

Qualitas Energy is committed to creating a strong internal community. To do so, we have launched Q-Community, which promotes the creation of a strong internal community through social events, based on leisure, sports, and culture. Within this framework, we have encouraged professionals to participate in various sports events and competitions, including football, paddle tennis, and running. We also organize summer and Holiday parties to strengthen the bonds between teams, as well as promote activities focused on physical and mental well-being. Q-Community aims to encourage employees to practice and participate in socially engaging activities that give back and help develop a friendly and happy team environment.

## Q-Diversity

Qualitas Energy is dedicated to advancing initiatives that enhance diversity and has introduced Q-Diversity to bolster various aspects of inclusion and foster employee engagement and dialogue on this important topic. Through Q-Diversity, we provide educational resources on diversity and inclusion, generate informative reports, and host social events to promote awareness. This platform serves as a space for employees to discuss and take meaningful action on diversity and inclusion matters, with involvement and support from all levels, including senior leadership. Within the realm of Q-Diversity, Qualitas Energy is also formulating a strategic plan for social initiatives. This plan will further the company's and its professionals' commitment to various social causes.





# Biodiversity & Land Protection Measures

Qualitas Energy is dedicated to investing in assets that actively contribute to the global decarbonisation effort, facilitating the transition away from fossil fuels. Our commitment to this mission inevitably leads to land use changes. As such, we prioritise responsible land management throughout our investment and asset management processes. Recognising the critical role of land use in the context of planetary boundaries and the fight against climate change, Qualitas Energy is deeply committed to preserving and safeguarding the environments where our assets are situated.

Our approach to environmental stewardship involves rigorous compliance with domestic and local regulations to ensure our operations have minimal environmental impact. In past years, we have proactively introduced grazing animals such as sheep and cows into project areas, fostering biodiversity and allowing agricultural and renewable energy activities to coexist harmoniously.

Our Solar PV projects employ vegetation screens that enable indigenous shrubs to flourish alongside our operations. Furthermore, we actively engage in tree planting to reduce visual pollution for the local community and to enhance biodiversity in the area. In the event of any land use change resulting from project construction, Qualitas Energy is committed to implementing restoration projects within the local vicinity to work to compensate for our impact.

In Fund V, we uphold the "Do No Significant Harm" principle with the utmost scrutiny. Any issues identified during our ESG Due Diligence process are thoroughly pursued, and corrective measures are swiftly implemented to ensure responsible investment.

We maintain a specialised chemist who conducts weekly water quality audits in our Concentrated Solar Power (CSP) assets. The integrity of our water filtration system is vital for the optimal operation of CSP assets. We continue collaborating closely with the local community to ensure our presence positively impacts the region. Additionally, we actively seek partnerships with researchers to drive innovation within the energy transition sector, pushing the boundaries of our industry forward. Our ESG team is committed to integrating academic studies into our processes when they have the potential to optimise land use and project outcomes. Whilst new legislation in Germany has allowed us to access more land for renewable energy projects, we remain steadfast in meeting the stringent standards outlined by German regulations and the Article 9 regulations for Fund V.

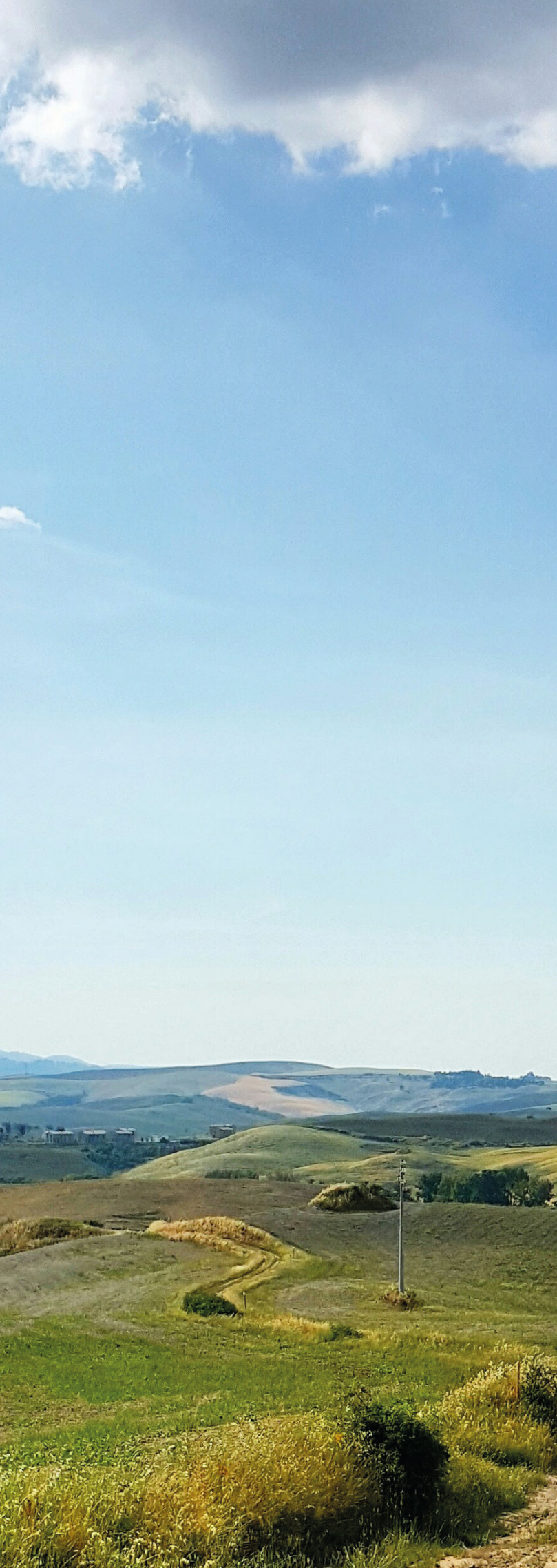
As such, we conduct Environmental Impact Assessments (EIAs) or Strategic Environmental Assessments (SEAs) as necessary and invest in restoration projects to ensure that the local region is not adversely affected. We also pay close attention to local avifauna reports to address any issues, and our ESG team collaborates closely with our development and investment teams to guarantee that our activities do not cause significant harm to the local environment.

The land surrounding our wind turbines holds particular interest for our team as it might be more effectively utilised. Repowering initiatives enable us to optimise existing land used for wind power by enhancing the capacity of older technologies, therefore having more impact per project.

In the UK, our biogas assets are designed to work harmoniously with existing land uses. Crops are chosen as cover crops rather than new cash crops to promote soil health through crop rotation. Additionally, we utilise animal waste such as manure, harnessing its microbial properties as a natural fertiliser that is then reapplied to local farms. We will look to product research on these farms to demonstrate the positive impact of natural digestate on local farmland and soil health while reducing the reliance on imported commercial fertilisers.

Our adherence to the UK's Ofgem's standards ensures that our biogas projects meet land criteria and greenhouse gas emission requirements. Under Ofgem's Renewable Heat Incentive (RHI) we must produce renewable heat with lifecycle GHG emissions of less or equal to 34.8gCO<sub>2</sub>eq/MJ, under the Green Gas Support Scheme and Green Gas Levy (GGSL) the lifecycle GHG emissions are less than or equal to 24gCO<sub>2</sub>e/MJ. Indeed, to qualify for RHI, 50% of the Biogas produced must be derived from waste, calculated not solely on weight and tonnage but also the feedstocks origin.

Qualitas Energy remains deeply committed to collaborating with industry leaders and third parties to ensure that our activities do not result in a net loss of biodiversity or ecosystem integrity. We welcome constructive dialogue and invite you to contact our ESG team if there is a potential synergy between your academic research and our sustainability strategy.



## Wildlife Protection Measures

Qualitas Energy's commitment to environmental sustainability includes a stringent negative screening and exclusion policy, integral to our overarching ESG framework. Under this policy, we evaluate each investment to determine whether it has a substantial adverse impact on local ecosystems and biodiversity. Operating in diverse jurisdictions, we tailor our approach to align with each region's specific local laws and regulations. Collaborating closely with local authorities, we assess the necessity of conducting an Environmental Impact Assessment (EIA). This comprehensive evaluation outlines measures to mitigate any potential harm to local wildlife and ensure the flourishing of protected species in the area.

Qualitas Energy ensures that all necessary permitting and planning documents are meticulously submitted during our projects "Ready to Build" phase. Any environmental impacts identified during the EIA are promptly addressed through compensation, correction, or preventive measures. This can encompass the implementation of protective measures for wildlife. In cases where such efforts prove economically burdensome or excessively disruptive, Qualitas Energy may explore alternative project sites with a more minimal environmental risk. It's worth noting that German biodiversity laws mainly place stringent requirements on wind energy projects due to considerations surrounding bird migration and breeding areas. However, in 2022, the German government took significant steps by increasing the minimum land allocation for renewable energy by 2x by 2032. This ambitious target aims to propel Germany toward its 80% renewable energy goal by 2030, with onshore wind capacity targets reaching 115GW. An emergency regulation known as the Wind Energy Area Requirements Act designates specific zones for wind energy where a Strategic Environmental Assessment (SEA) has already been conducted, thus obviating the need for an additional EIA or fieldwork to collect data.

For Fund V investments, the "Do No Significant Harm" principle of Article 9 and the EU Taxonomy are paramount in preventing damage to biodiversity and ecosystems. Each eligible activity under the EU Taxonomy must align with the generic Regulation (EU) 2021/2139 criteria. This includes a robust screening procedure to ascertain whether an appropriate assessment of potential impacts on protected habitats and species is necessary. When screening is deemed necessary, a comprehensive evaluation aligns with standards such as the IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.



Qualitas Energy relies significantly on scientific research to guide our efforts in mitigating potential impacts on species, biodiversity, and ecosystems. As wind energy deployment continues to grow, especially in regions like Germany, where larger wind plants are considered, the risk of bird and endangered species collisions and fatalities becomes more pronounced. Research by Sovacool (2009), Carlos D. Santos et al. (2022), and Jethro G. Gauld et al. (2022) has shed light on these concerns, offering insights into the risk factors and avoidance behaviours of birds in proximity to wind turbines. For instance, studies have revealed that birds exhibit avoidance behaviours well before turbine collisions, particularly in areas like the Strait of Gibraltar, a critical bird migration route with numerous wind farms.

Qualitas Energy is aware of bird fatalities and remains committed to exploring innovative solutions. Recent findings from the Norwegian Institute For Nature Research have shown that simply painting a single wind turbine black can reduce bird fatalities by an impressive 72%, particularly benefiting birds of prey. We rely on the latest scientific research to inform our strategies, and we continue to seek innovative solutions to mitigate potential impacts and ensure the sustainable development of renewable energy projects.

### Qualitas Energy continues to implement the following measures:

Life-saving devices are installed in the wiring of power lines to prevent bird collisions.



Permeable fences are installed on farms to allow small and medium-sized fauna to pass through the plants, thus mitigating the impact on the ecological connectivity of the territory.



Elements favouring biodiversity, such as nesting boxes, ponds, insect hotels and more, are installed to encourage wildlife cohabitation with our assets.



Agri-environmental measures are implemented in cereal cultivation plots to improve the habitat of local species.



Bird populations are monitored to investigate the behaviour of these species and to evaluate the real effect of the projects on them.



Work is done with local farmers and landowners to add precautions, biodiversity, and ecosystem-enhancing services, such as installing beehives on excess land.





# Community Engagement

Qualitas Energy works closely with local communities to ensure we make a positive impact both environmentally and socially. Our work with these stakeholders is a top priority, and we dedicate significant resources into understanding local sentiment towards our projects. We work closely with local authorities to make sure that we identify and address any issues the community may have. In the UK we attend townhall meetings and have regular calls with councils, going through questions from the local community in the catchment area and seek direct feedback from the community on our investments.

## Sponsorship Approach

Qualitas Energy provides financial support for sustainable growth and development for local landowners and associations through a corporate sponsorship approach. We equip regional associations with the necessary resources through targeted community engagement initiatives. Our sponsorship agreements serve as a platform to promote partnerships and raise awareness of community projects.

## Donation Approach

For the donation approach, Qualitas Energy makes donations to support local community initiatives and programs. Our support extends to municipalities and associations to facilitate rapid and efficient regional development, especially during crises and natural disasters.

## Education Approach

With seven offices across the world, our offices and operations must remain connected to the local community. This requires a tailored approach for each region, but one that is centred around prioritising support for the local area, education, and sustainability. Our projects continue to benefit society through cleaner energy, however, there are benefits to the local community outside of cleaner energy that can also boost the local economy. As such, across jurisdictions, we aim to improve access to education in the local community. This can be done through grants for families to attend computer courses, or create courses to promote local activities, for example these practices can increase local employment as the community enhances their skills.

In addition to these courses, we have also donated and sponsored education programs, including in kindergartens, to promote education and ensure school access for local children. This support extends to funding German language courses for Ukrainian refugees and assisting in the aftermath of the 2021 floods in North Rhine-Westsphalia and Rhineland-Palatinate.

## Supporting Women in our Communities

In addition to the local education programmes, another area of focus is supporting women in our local communities. In previous years, Qualitas Energy has offered aid to local women's associations such as breast cancer organisations and other illnesses affecting women. We have also assisted unemployed mothers.

Qualitas Energy takes conscious measures to ensure transparency and an open dialogue with the regions where our assets are situated. Our teams regularly communicate with the local community to engage with key stakeholders. These initiatives strengthen Qualitas Energy's bond with the local community, allowing us to aid growth and understand how our activities provide benefits. In Germany, EEG: Renewable Energy Law mandate that communities within a 2.5 km radius of our turbines can benefit from a 0.2 cents/kWh profit-sharing scheme. This participation option is cost-neutral for communities, as the responsible network operator reimburses the total amount.

**"As dedicated partners, Qualitas Energy collaborate closely with municipalities and associations to craft localised solutions that cater to each region's unique needs and aspirations."**

Qualitas Energy's activities across all regions continues to focus on working with the local community to improve the standard of living and help deliver on the UN Sustainable Development goals to which we have committed to. Qualitas Energy helps to promote a sustainable, fair, and educated local community where our assets operate. Our relationships with stakeholders enable us to understand where to support local communities best to grow sustainably.

# Health & Safety

Qualitas Energy places the utmost importance on maintaining clear and transparent health and safety procedures across its operations. The company prioritises the well-being of its employees both within its offices and in the field. These priorities extend to the responsibility for ensuring the health and safety of using and operating renewable technologies, for example Solar PV and Solar CSP systems.

In line with its commitment to safety, Qualitas Energy follows formal processes that encompass the following key aspects:

## Health and Safety Reporting and Monitoring

Qualitas Energy regularly reports and monitors health and safety performance using key performance indicators (KPIs). These KPIs encompass various critical factors such as workforce composition, safety incidents, accidents, injuries, and the number of workdays lost due to injuries. These monthly procedures are crucial for assessing safety performance and identifying areas for improvement.

## Safety Specialists for Plant Security

Qualitas Energy employs dedicated safety specialists responsible for creating comprehensive security plans tailored to each plant's unique requirements to guarantee its renewable energy plants' safety. These security plans encompass risk assessments, emergency response protocols, and safety measures to mitigate potential hazards.

## Contractor Engagement in Health and Safety

Qualitas Energy actively engages its contractors in promoting health and safety. Contractors are expected to report on health and safety issues, enabling Qualitas Energy to track procedures and incidents efficiently. This collaborative approach ensures that all parties involved maintain a commitment to safety.

## Worker Training and Education

Employees working at Qualitas Energy's renewable energy sites undergo specific training and education programs that address the electric and mechanical risks associated with each plant. This training equips workers with the knowledge and skills to operate safely and respond effectively to emergencies.

## Mandatory Protective Apparel and Equipment

We enforce strict compliance with safety regulations by ensuring that all workers wear the appropriate protective apparel and equipment. This includes personal protective equipment such as helmets, gloves, safety glasses, and appropriate clothing.

Furthermore, Qualitas Energy always adheres to local laws and regulations in the regions where it operates. To maintain this commitment, the company aligns its health and safety practices with relevant standards.

Qualitas Energy's commitment to aligning with local laws and standards ensures the safety of its workforce, protects the environment, and upholds best practices within the renewable energy industry.



# Senior Management



**Iñigo Olaguíbel**

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Founding Partner  
& CEO



**Daniel Parejo**

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Partner - CIO



**Oscar Pérez**

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Partner - CBDO



**Vicente Asuero**

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Partner - Investor  
Relations



**Pablo Giménez**

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Partner -  
Development



**José Ramón  
Fernández**

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Partner - CFO  
(Head of QERS)



**Manuel Espinosa**

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Partner - Investment  
& Financing. Country  
Head Spain & Italy



**Alejandro Ciruelos**

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Partner - Country  
Head UK





**Rocío López**

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Chief of Staff &  
Investor Relations  
Director



**Kate Townsend**

---

Head of Institutional  
Relations &  
Fundraising

# Transparent Reporting

Qualitas Energy upholds a culture of transparency and accountability across all our operations. We deeply understand that transparency is a commitment to our stakeholders and a core principle guiding our decision-making and behaviour. Our commitment to the highest standards of integrity is a fundamental value we expect from every team member.

We firmly believe in fostering open and transparent communication, both within our organisation and externally, with our partners, investors, and in the communities where we operate. This commitment extends to providing accurate and timely information in all aspects of our financial and ESG reporting. Qualitas Energy continually sets high standards for itself, exemplified by our unwavering commitment to delivering high returns over the long term and our Article 9 classification under SFDR through an ESG perspective.

Qualitas Energy actively seeks and values feedback from our stakeholders, utilising it as a vital tool for improving our operations. We remain responsive to all parties' concerns, questions, and suggestions. Throughout fundraising efforts, we have leveraged the due diligence process as a constructive feedback mechanism, helping us identify areas where stakeholders perceive room for improvement. This feedback-driven approach elevates our processes and standards and aligns us with emerging industry trends and best practices.

In 2022, we diligently worked to classify our latest fund, Fund V, as Article 9 under SFDR. This required a profound understanding of the regulation and meticulous delivery of the requisite statements. Our ability to achieve this classification reflects our commitment to transparency and ESG excellence. We are excited about aligning our assets with this classification in the years ahead. Qualitas Energy has established the processes to ensure transparent reporting and robust due diligence procedures, from investment through to construction and operation. We will adapt as the renewable energy sector evolves, aligning our approach with best practices. The direct reporting line from the Head of ESG to the senior management further promotes a transparent and responsive environment for addressing any issues.

## United Nations Principles for Responsible Investment

Qualitas Energy proudly upholds our commitment to the UN PRI, which we have been reporting on since 2021. The evolution of our processes, as evidenced through these disclosures, underscores our dedication to transparency. As our reporting has matured, it has allowed integration of ESG considerations into our investment processes. The stewardship and governance processes required for strong UN PRI performance continue to yield positive outcomes that cascade throughout our broader ESG processes and overall business practices.



## European Union Regulation

Qualitas Energy is resolutely aligning our practices and investment processes with the regulatory landscape of the European Union with regards to sustainable investments. The Article 9 classification for Fund V requires a substantial contribution to an environmental objective, holding us accountable in the years to come while providing key performance indicators to meet. The regulation's flexibility allows us to select the most appropriate route for each project, ensuring sustainable investment and long-term returns for our investors.

## United Nations Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) constitute a critical call to action, acknowledging that ending poverty must be pursued alongside efforts to improve health, education, reduce inequality, stimulate economic growth, combat climate change, and preserve our planet. Qualitas Energy has identified key SDGs to drive through our investments and internal processes. This strategic alignment empowers us with clear targets and KPIs that guide our capital allocation throughout the investment cycle.

## 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 the 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 and three secondary Sustainable Development Goals that are integrated throughout our investment process, please see these defined below:

### Primary SDGs



### Secondary SDGs



### 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.



## Task Force on Climate-related Financial Disclosures

Qualitas Energy is unwavering in our commitment to the principles and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our dedication to TCFD principles underscores our proactive stance on addressing climate-related risks and opportunities with transparency and comprehensiveness. We are actively working to update our roadmap to ensure we continue to align with TCFD's best practices. We firmly believe that adhering to the TCFD framework enhances our ability to assess, manage, and report on climate-related activities, ultimately contributing to a more sustainable and resilient future.

The ESG landscape is dynamic and continually evolving. Our commitment to voluntary and signatory reporting remains resolute. As the sector introduces new initiatives, we remain vigilant in assessing their suitability for our business, partners, and stakeholders. We embrace change and innovation as we strive to advance our ESG goals and enhance the sustainability of our operations.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

## Policies & Compliance

Qualitas Energy recognises the importance of governance in our processes and the requirement of 'Good Governance' under the SDFR regulation for Fund V. These requirements help guide our investment and corporate policies, enabling us to deliver our promise to our regulators, investors, and communities of 'Powering Change'.

A robust compliance system is paramount for mitigating risks and ensuring the correct procedures from investments across our jurisdictions. Qualitas Energy will update our policies continuously to ensure they capture the new regulations and international standards expected of Qualitas Energy.

Qualitas Energy now operates across Europe, and it is vital for strong communication and policies to incorporate all laws in these regions. Our Compliance team has a wealth of knowledge across the financial, renewable energy, and regulatory sectors. In 2022, our Compliance team strengthened as the first reference period for Fund V was active. In 2023, the Fund must report on the Principal Adverse Impact indicators at the product level.

The Compliance team leads the updates to our policies and compliance systems and seeks relevant approvals from the Board of Directors. Support and approval are also carried out by senior management.

The compliance system at Qualitas Energy is growing as we operate in new regions. Our policies continue to be updated, and allow employees, and stakeholders, to understand our processes.



# Looking to 2023

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As we look ahead to 2023, our commitment to combating climate change and advancing towards a low-carbon economy takes on heightened importance.

The global temperature continues to rise alarmingly, with atmospheric CO<sub>2</sub> concentrations exceeding 415 parts per million - over 50% higher than pre-industrial levels - according to NOAA, global temperatures soared at 0.89 °C above the 1950-1980 average. In this fundraising year, we are strategically allocating capital to projects that maximise environmental impact and deliver returns for our investors. Furthermore, Qualitas Energy is actively expanding our workforce across all teams and establishing new offices in Germany and Chile, consolidating our presence in these pivotal regions.



Our ESG journey is evolving, underpinned by a strengthened internal commitment and financial investments. In 2023, we are determined to achieve critical Key Performance Indicators (KPIs) and introduce fresh metrics to enhance our reporting.

**Our focus for 2023 includes:**

## 1. Delivering Article 9 Reporting

In 2022, we initiated our Article 9 product, Fund V, and the reporting deadline was June 30, 2023. Achieving this deadline necessitates seamless coordination between the ESG team, investment team, legal experts, and compliance professionals to furnish Periodic Disclosure and Principal Adverse Impact Indicators for our investors.

These metrics, critical for demonstrating the environmental impact of Climate Change Mitigation investments, will be meticulously calculated and reported to the regulator and investors. Although Fund V made few investments during the reference period, it is essential to showcase the impact these investments will have on our environmental objectives. This climate data will inform and improve reporting across our other financial products. Qualitas Energy anticipates implementing these procedures and aligning Fund V with the regulatory framework.

## 2. Implementing a Comprehensive ESG Strategy

ESG integration in 2022 laid the foundation for our processes, enabling us to identify Fund V investments that align with our strategy, investor expectations, and eligible economic activities under the EU Taxonomy, or SFDR. In 2023, we aim to expand these operations and execute our sustainable investment strategy.

Beyond our investment process, our robust ESG strategy will outline a phased approach to achieving climate targets, managing supply-chain risks, attaining carbon neutrality, and addressing other key initiatives within Qualitas Energy's organisation. This strategy underscores our unwavering commitment to ESG, fighting climate change, and protecting human rights, and we will work to improve, year-on-year for a bright future for us all.

## 3. Digitalisation

The introduction of new data warehouses has markedly enhanced our data collection capabilities for assets, streamlining access to company data. By digitalising the data collection process in 2023, we aim to collaborate closely with our IT team to optimise our reporting procedures.

This effort will ensure that data within Qualitas Energy remains current and easily accessible, helping to improve efficiency and productivity.

Leveraging technology in conjunction with our ESG reporting platform will empower our ESG team to make data-driven decisions, enhance regulatory and investor reporting, and reduce data-gathering tasks through API-connected reporting tools. Improving our data management, when it comes to ESG, will increase the accuracy of reporting and help us decipher our exact impact. Being able to make data driven decisions will optimise our processes, and enable Qualitas Energy to target key impact areas.

## 4. Human Rights Commitment

In 2023, we continue on a journey to assess supply-chain risks and collaborate with our suppliers to eradicate modern slavery from the renewable energy supply chain. We will initiate this process by developing a risk profile for each technology and then working closely with our procurement teams and suppliers to understand their human rights commitments.

Qualitas Energy is committed to upholding the highest standards and implementing minimum safeguards for Article 9 funds across all our operations. We firmly believe in the power of a coordinated industry response to drive change, and we extend an open invitation to investors and partners to engage with our ESG team to discuss our approaches.

## 5. ESG Education

Building on the successful 360° ESG integration in 2022, Qualitas Energy is incorporating ESG education into our processes. Enhanced ESG knowledge will empower our teams to make more informed sustainability and human rights decisions, informed by academic research and the latest standards and regulations.

Recognising that the success of the ESG framework and strategy hinges on identifying ESG risks and opportunities across the entire organisation, not just within the ESG team and through specific ESG Due Diligence, our ESG team will conduct workshops across all teams. These workshops will deliver department-specific training on regulations and measures that can be implemented to bolster our ESG strategy. Proactive mitigation will strengthen our processes, inspire investor confidence, and facilitate the delivery of our tailored action plans.





# Disclaimer

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# Biography

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## Geordie Wilkes

ESG Policy, Reporting, and Research,  
Vice President

This report was written by Geordie Wilkes, with contributions from the Qualitas Energy Team.

Geordie is responsible for developing and building our ESG strategy and policies for the group. He is also responsible for ensuring Fund V's investments align with Article 9 and that our procedures are up-to-date and inline with best-in-class. Geordie's role spans across all business operations, investment, and asset management.

Before joining Qualitas Energy, Geordie was Head of Research at Sucden Financial, where he was responsible for all qualitative and quantitative research across commodities, macroeconomics, and the energy transition. He holds an MSc from UCL in Sustainable Resources, Economics and Policy, where he works as a Guest Lecturer in environmental economics and decarbonisation.

# Qualitas Energy

## ESG Annual Report 2022

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