



QE-V Product Level Principle Adverse Impact Statement

March 26th, 2024

1 - Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

2 - Final Report on draft Regulatory Technical Standards - https://www.esma.europa.eu/sites/default/files/2023-12/JC_2023_55_-_Final_Report_SFDR_Delegated_Regulation_amending_RTS.pdf

1. Qualitas Fund V Principle Adverse Impact Indicators

<p>Financial market participant Q-Energy V FCR (959800Z5JXZVH7ZJ79)]</p> <p>Summary Q-Energy V FCR (959800Z5JXZVH7ZJ79) considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Q-Energy V FCR.</p> <p>This statement on principal adverse impacts on sustainability factors covers the reference period from <i>1 January</i> to 31 December 2023.</p> <p>Q-Energy V FCR considers the principal adverse impact indicators at the product level and considers the investment process, due diligence, holding period, and procedures. All mandatory principal adverse impact indicators and two voluntary indicators, namely Water usage and recycling and the rate of recordable work-related accidents identified by the Sustainable Finance Disclosure Regulation (SFDR), are considered. The environmental objective of Q-Energy V FCR is climate change mitigation, as per the requirement of Regulation (EU) 2019/2088¹. Benchmarking remains a challenge, given the limited historical reference period, the specificity of our investments, and the stage of our investments in renewable energy. As there was no investment in Real Estate or Sovereigns and supranational, the indicators are not applicable.</p> <p>For investments by Q-Energy V FCR, there is an ESG due diligence process for each investment opportunity; this process assesses the opportunity against SFDR regulation, the principal adverse impact indicators, and the Technical Screening Criteria from the EU Taxonomy, where relevant and applicable. There is also a negative exclusion for Q-Energy V FCR's investments. This is introduced to ensure that all investments contribute to the investment objective and reduce their impact on the principal adverse impact indicators. However, Q-Energy V FCR will engage with and influence companies that do not breach the negative screening criteria but meet the positive screening criteria and investment objectives of the firm but have limited processes in place unless they're Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, more information is provided in the section 'Description of policies to identify and prioritize principal adverse impacts on sustainability factors' In the section 'References to International Standards.'</p> <p>The principal adverse impact indicators are incorporated into the engagement strategy with the portfolio company, alongside any Do No Significant Harm requirements on the other environmental objectives. The section 'Engagement Policies' highlights this. Q-Energy V FCR used third-party technologies to help calculate the emissions of the investments and portfolio companies' activities. However, data was provided by the portfolio companies on a best-effort basis and where data is available. This data is requested annually, but engagement with the company is continuous to improve the data accuracy and reporting. More information is provided in the 'Data Sources and Collection Process' section. Some calculations were taken from MSCI in 2022, where there were no other formulas provided by SFDR for the reporting period 2023; formulas were taken from the final draft of the ESMA report².</p> <p>As this is the second year of reporting, there will also be a section on comparison titled 'Historical Comparison.'</p> <p>Description of the principal adverse impacts on sustainability factors</p>

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The mandatory indicators defined by the SFDR are set out in the table below. We have included a brief explanation of each indicator and the actions that will be taken or planned to be taken to improve reporting or avoid and reduce the identified principal adverse impact.

The reference period for the principal adverse impact indicators is January 1st to December 31st 2023; this information is reported annually, on a best-effort basis, with the available data. This information is reported by June 30th.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	9.62 tCOE2e	0 tCOE2e	Capital deployment increased with more entities owned by the fund.	No targets have been set.
		Scope 2 GHG emissions	1.49 tCOE2e	1.7 tCOE2e		No targets have been set.
		Scope 3 GHG emissions	7,550.99 tCO2e	615.9 tCO2e		No targets have been set.
		Total GHG emissions	7,562.10tCO2e	617.6 tCO2e	Capital deployment increased with more entities owned by the fund, including procurement for construction of some assets.	No targets have been set.
	2. Carbon footprint	Carbon footprint	1.69E-05 tCO2e/million EUR invested	8.2E-06 tCO2e/million EUR invested	More portfolio companies were involved in the	

					reporting in 2023, and this caused a rise in carbon footprint as a metric.	
	3. GHG intensity of investee companies	GHG intensity of investee companies	254E-04 tCO2e/million EUR invested	0.0 tCO2e/million EUR invested		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.0 tCO2e/million EUR of owned revenue	0.0 tCO2e/million EUR of owned revenue		
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources expressed as a percentage of total energy sources	0.002044	100.0 %		This was using some estimated data from the electricity grids. However, most companies are not operating assets.
	6. Energy consumption intensity per high-impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high-impact climate sector	1E-05 GWh/million EUR of revenue	0.0 GWh/million EUR of revenue	Electricity production from the portfolio company is relatively low because we are at the beginning of the investment cycle.	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.0 % with negative impact	0.0 % with negative impact		

ater	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0 tonnes/million EUR invested	0.0 tonnes/million EUR invested				
aste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	6.23E-06 tonnes/million EUR invested	0.0 tonnes/million EUR invested	This was produced by the hydro asset in Chile.	The team will work to reduce hazardous waste and have monthly check-ins with the team.		
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							0.0	0.0
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0	0.0	No violations have been found, and the team continue to work across assets to make sure this remains the case. Only 3 investee companies have employees, and standards are upheld.			
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0	0.0	No violations have been found, and the team continue to work across assets to make sure this remains the case. Only 3 investee companies have employees, and			

	Guidelines for Multinational Enterprises				standards are upheld.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	€23.29/hr	41.89 %	This does not take into account the seniority of employees, however Qualitas Energy will work it put in place a framework to manage the pay gap.	Qualitas Energy will work to reduce pay inequality, but also note that this is due to different pay at different seniority levels.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	0.0 %	0.0 %		
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0 %	0.0 %		
Other indicators for principal adverse impacts on sustainability factors						
						0.0 0.0
	15. Water usage and recycling	Weighted average percentage of water recycled and reused by investee companies in tonnes	1 m3/M€	0.0 m3/M€	This only includes one portfolio company, and data was directly from the company.	Qualitas will work to increase them3 of water recycled in the coming years.

	16. Rate of recordable work-related accidents	Rate of accidents in investee companies expressed as a weighted average.	0.0 number	0.0 number																				
<p>Description of policies to identify and prioritize principal adverse impacts on sustainability factors.'</p> <p>Q-Energy V FCR applies the following ESG Policy for its investments: to identify and prioritize the principal adverse impacts in the investment process. The SFDR defined sustainability as environmental, social, and employee matters (governance, respect for human rights, anti-corruption, and anti-bribery matters. The Principal Adverse Impact Indicators (PAI) is understood to mean the negative impact resulting from an investment, or investment advice on the factors listed in the above table.</p> <p>Q-Energy V FCR has incorporated a pre-investment screening process to ensure that the investment meets the fund prospectus thesis and can substantially contribute to the investment and sustainability objective of climate change mitigation. Q-Energy V FCR has committed to 100% of its investments being sustainable, and therefore, this process is very important. The negative screening is listed below, is the key step:</p> <table border="1" data-bbox="248 826 1973 1230"> <thead> <tr> <th colspan="2" data-bbox="248 826 1973 874">Negative investment screening criteria</th> </tr> </thead> <tbody> <tr> <td data-bbox="248 874 701 914">NS.1</td> <td data-bbox="701 874 1973 914">Coal exploration, production, mining, or generation</td> </tr> <tr> <td data-bbox="248 914 701 954">NS.2</td> <td data-bbox="701 914 1973 954">Any investment that we believe could exacerbate poverty or food security issues</td> </tr> <tr> <td data-bbox="248 954 701 994">NS.3</td> <td data-bbox="701 954 1973 994">Any investment that we believe leads to extensive negative impact on local flora, fauna or local communities</td> </tr> <tr> <td data-bbox="248 994 701 1034">NS.4</td> <td data-bbox="701 994 1973 1034">Munitions</td> </tr> <tr> <td data-bbox="248 1034 701 1074">NS.5</td> <td data-bbox="701 1034 1973 1074">Tobacco</td> </tr> <tr> <td data-bbox="248 1074 701 1114">NS.6</td> <td data-bbox="701 1074 1973 1114">Gambling</td> </tr> <tr> <td data-bbox="248 1114 701 1153">NS.7</td> <td data-bbox="701 1114 1973 1153">Any investment businesses that are involved in animal cruelty.</td> </tr> <tr> <td data-bbox="248 1153 701 1193">NS.8</td> <td data-bbox="701 1153 1973 1193">Any investment business that is involved in violation of human rights.</td> </tr> </tbody> </table> <p>The indicators provide the foundations to assess investments and measure the negative impacts of those investments. The PAIs are integrated into the investment process to identify where there are negative impacts. Where an investment meets the investment criteria, a thorough analysis is conducted against the PAIs and EU Taxonomy Technical Screening Criteria ("TSC") to assess the investment eligibility or alignment. A "Do No Significant Harm" test is done pre-</p>							Negative investment screening criteria		NS.1	Coal exploration, production, mining, or generation	NS.2	Any investment that we believe could exacerbate poverty or food security issues	NS.3	Any investment that we believe leads to extensive negative impact on local flora, fauna or local communities	NS.4	Munitions	NS.5	Tobacco	NS.6	Gambling	NS.7	Any investment businesses that are involved in animal cruelty.	NS.8	Any investment business that is involved in violation of human rights.
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investment to understand where the opportunity stands against the PAIs and other environmental objectives. Q-Energy V FCR considers the PAIs, but Q-Energy Private Equity SGEIC, SA does not consider the PAIs at the entity level.

The third-party due diligence process involves legal, compliance, tax, and financial services, where possible, to ensure that good governance processes are being followed and that standards such as the UN Global Compact, OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights are not being violated.

Within the [ESG Policy](#) is a section on responsible investment and how it has been integrated into the processes. It also explains how sustainability risks must be managed and monitored during the investment and holding periods to ensure a limited negative impact on environmental and social factors. The assets that Q-Energy V FCR invests in are complex and are in different stages of the construction process, such as greenfield, development, construction, and repowering of renewable energy assets. This ensures different risks at different stages, but all must be managed in accordance with the PAI framework, plus other indicators chosen by Q-Energy V.

Engagement Policies

Q-Energy Private Equity, SCR, SEIC is committed to promoting and exercising effective stewardship among the companies represented in the portfolios Q-Energy Private Equity manages. The management company evaluates companies' strategies, investment and financing activities, resource use, regulatory policies, environmental impact as well as engagement with communities, and stakeholders. This is considered at the time of investment, during due diligence. The ESG Team ensures to engage with company management, and departments certify standards are upheld.

The purpose of these engagements is to encourage improved ESG practices and enhance long-term financial performance to seek to reduce the adverse impacts of operations, and sustainability factors. The ESG team manages all sustainability and ESG KPIs, and track progress intermittently. Engagement with portfolio companies also look to improve alignment to themes such as UN Sustainable Development Goals, such Climate Change, Industry and Innovation, as well as Social Justice. Q-Energy Private Equity, SCR, SEIC monitors the principal adverse impact of portfolio companies.

Methodologies & Data Limitations

Data was collected directly from the portfolio companies, and then the emissions were calculated using a third-party technology. The final calculation is subject to data quality and availability. However, few estimates from third parties were used; this depended on how long the company had been owned by Q-Energy V FCR and the project stage, e.g. greenfield, construction, and repowering.

Regarding the Global Norms, the ESG Team continue to assess whether suppliers violate the Global Norms and use third-party data providers; if there is a provider which is particularly concerning, then the team will use a more detailed approach and outsource services pertinent to the supply chain risks, and the global norms. This will be done by a third party in conjunction with supplier audits.

In some cases, where the reported were unable to obtain specific fuel prices were not able to be obtained, the average fuel price for that week was used, which was taken from government sources.

'Data Sources and Collection Process'

The Principal Adverse Impacts include a considerable amount of data collection, and this is obtained from the portfolio companies themselves. Q-Energy looks to limit data sources and obtain primary data from the companies. However, third-party data providers are used to calculate any adverse impact on sustainability factors accurately. Data quality and coverage progress as the industry improves access to data, methodologies improve, and companies' reporting capabilities are enhanced.

For example, some portfolio companies have limited full-time employees, which limits the scope 1 emissions. However, where this is relevant, the data is obtained directly from the company. The ESG Team works closely with local teams to improve data quality and prioritise data points that are material for that company.

'References to International Standards.'

The ESG team work closely with the compliance and legal teams to ensure that the portfolio companies have policies and procedures that are consistent with global norms such as the United Nations Global Compact and the Guidelines for Multinational Enterprises developed by the Organisation for Economic Co-operation and Development (OECD) and the UN Guiding Principles on Business and Human Rights. The team also assess against poor governance practices. This adherence is reported on and tracked to ensure processes are being followed and potential risks are sorted.

[Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (b), in the format in Table 3]

[Information on any other adverse impacts on sustainability factors used to identify and assess additional principal adverse impacts on a sustainability factor referred to in Article 6(1), point (c), in the format in Table 2 or Table 3]

Annex - Methodology

For the purposes of this Annex, the following formulas shall apply:

- (1) GHG emissions' was calculated in accordance with the following formula:

$$\sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

- (2) Carbon footprint' was calculated in accordance with the following formula:

$$\frac{\sum_n \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

- (3) GHG intensity of investee companies' was calculated in accordance with the following formula:

$$\sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

- (4) Exposure to companies active in the fossil fuel sector' shall be calculated in accordance with the following formula:

$$\sum_{i=1}^n \left(\frac{\text{current value of investment}_i \text{ in investee companies active in the fossil fuels sector}}{\text{current value of all investments (€M)}} \right)$$

where n = the number of investee companies active in the fossil fuel sector

- (5) Share of non-renewable energy consumption and production' was calculated in accordance with the following formula

$$= \sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{consumption and production of non – renewable energy (MWh by investee company)}}{\text{consumption and production of energy (MWh)by investee company}_i} \right)$$

(6) Energy consumption intensity per high impact climate sector' was calculated in accordance with the following formula:

For α (A, B, C, D, E, F, G, H, L)

Energy consumption intensity α

$$= \sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{current value of all investments}} \times \frac{\text{energy consumption of investee company belonging to NACE}(\alpha)\text{(in MWh)}}{\text{investee company's €M revenue}_i \text{investee company's €M revenue belonging to NACE}(\alpha)} \right)$$

(7) Activities negatively affecting biodiversity sensitive areas' was calculated in accordance with the following formula:

$$\sum_{i=1}^n \left(\frac{\text{Current value of investment}_i \text{ in investee companies with sites or operations located in or near biodiversity sensitive areas where activities of those intestee companies negatively affect those areas}}{\text{current value of all investments (€M)}} \right)$$

Where n is the number of investee companies in the investments

(8) Pollution of water' was calculated in accordance with the following formula:

$$\frac{\sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's tonnes of pollution of water generated}_i \right)}{\text{current value of all investments (€M)}}$$

Where n is the number of investee companies in the investments

(9) Hazardous waste ratio' shall be calculated in accordance with the following formula:

$$\frac{\sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's tonnes of hazardous waste generated}_i \right)}{\text{current value of all investments (€M)}}$$

Where n is the number of investee companies in the investments

(10) 'Non-respect of Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or the UN Guiding Principles, including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration and in the International Bill of Human Rights" was calculated in accordance with the following formula:

$$\sum_{i=1}^n \left(\frac{\text{current value of investment}_i \text{ in investee companies not respecting international guidelines or principles}}{\text{current value of all investments (€M)}} \right)$$

Where the international guidelines or principles are either OECD guidelines for multinational enterprises or the UN Guiding Principles, including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration and in the international Bill of Human Rights; and

Where n is the number of investee companies in the investments

(11) Unadjusted gender pay gap' was calculated in accordance with the following formula:

$$\text{Unadjusted gender Pay Gap}_i = \left(0; \left(\frac{\text{pay of male paid employees in investee company}_i - \text{pay of female paid employees in investee company}_i}{\text{pay of male paid employees in investee company}_i} \right) \right)$$

$$\sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \text{Unadjusted Pay Gap}_i \right)$$

(12) Management and supervisory bodies gender diversity' was calculated in accordance with the following formula:

$$= \sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{current value of all investments}} \times \frac{\text{number of male board members in investee company}_i}{\text{total number of board members in investee company}_i} \right)$$

Where board members means members of management and supervisory bodies;

Where n is the number of investee companies in the investments

(13) Exposure to controversial weapons' shall be calculated in accordance with the following formula:

$$\sum_{i=1}^n \left(\frac{\text{current value of investment}_i \text{ in investee companies involved in the manufacture or selling of controversial weapons}}{\text{current value of all investments (€M)}} \right)$$

Where n is the number of investee companies in the investments

(14) Water usage and recycling' was calculated in accordance with the following formula:

$$\sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{current value of all investments}} \times \frac{\text{amount of water consumed by investee company (cubic meters)}_i}{\text{investee company's revenue (€M)}_i} \right)$$

Where n is the number of investee companies in the investments

$$\sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{current value of all investments}} \times \frac{\text{amount of water recycled and reused by investee company (cubic meters)}_i}{\text{amount of wter consumed by investee companies}_i} \right)$$

(15) Rate of recordable work-related accidents was calculated in accordance with the following formula:

$$\sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \text{investee company's rate of recordable work related accidents} \right)$$

Where *n* is the number of investee companies in investments; and

Where rate of recordable work related accidents =

$$\frac{\text{number of accidents occuring as part of the exercise of labour activities in company }_i}{\text{number of employees in company}_i}$$

