Q Energy

Environment, Social & Governance (ESG) Policy

Contents

1. Introduction and Scope of Application

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

Q -Energy Private Equity, SGEIC, S.A., is committed to redirecting capital flows towards sustainable investments in order to achieve a sustainable and inclusive growth.

In this sense, as responsible investors, we consider it part of our fiduciary duty to our investors to integrate environmental, social and governance (ESG) risks and opportunities into the investment process.

Q-Energy defines responsible investment according to the United Nations Principles on Responsible Investment (UNPRI), *"as a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership"*.

The public nature of the policy responds to the obligations of the Disclosure Regulation (EU 2019/2088) at Q-Energy ("Management Company") level.

2. Q-Energy's Responsible Investment Beliefs

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

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

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

We also believe that throughout the investment process, we face a wide variety of sustainability-related risks that need to be managed. In this sense, risk management is intrinsically tied to both short and long-term risk mitigation. As such, ESG management is an effective tool that allows us to mitigate and manage all sustainability risks that might have a material negative impact on the financial return of any of our investments. We also believe that an adequate management of sustainability risks and sustainability factors, including the principal adverse impacts detailed in the Disclosure Regulation (EU 2019/2088), allows us to better manage our assets' risk profile.

3. Our Commitments on the Sustainable Development Goals

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

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

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

United Nations Sustainable Development Goals (SDGs): Q-Energy is committed to contributing, through its investments, to the achievement of the Sustainable Development Goals.

We contribute to the following SDGs through our investments:

Principal SDGs in our Investment Process

Q-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 Sustainable Development Goals that are integrated throughout our investment process, and which are identified exclusively to our investment activity:

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

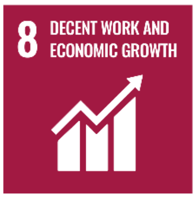
Subtheme (based on target 13.3): improve awareness-raising and human and institutional capacity on climate change mitigation, adaptation and impact reduction.

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

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

Secondary SDGs in our Investment Process

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



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

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

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

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

Q-Energy's Internal SDGs

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

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

4. Sustainability in the investment process.

4.1. Regulatory Statements

SFDR at Management Company level: Sustainability risk

A sustainability risk means *"an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment"*. In the context of Q-Energy, sustainability risks are risks which, if they were to crystallise, would cause a material negative impact on the value of the portfolios of Q-Energy's funds.

SFDR at Management Company level: consideration of principal adverse impacts

Q-Energy considers the principal adverse impacts of its investment decisions on sustainability factors in the manner prescribed by Article 4 of the Disclosure Regulation only for Q-Energy V, classified as Art. 9.

SFDR at Management Company level: remuneration policy (Compliance with Art. 5 SFDR)

Q-Energy pays its staff a combination of fixed remuneration and variable remuneration. Variable remuneration considers compliance with all Q-Energy's policies and procedures, including those relating to the integration of sustainability risks in the investment decision-making process.

4.2. ESG Governance

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

Our ESG-Governance has the following pillars:

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

ESG Committee, responsible for setting ESG strategy and direction as well as the implementation of this Responsible Investment Policy.

Head of ESG: responsible for the application of the Policy across Q-Energy's staff.

ESG Team: responsible for the coordination and monitoring of the activities at Management Company level, Fund and Asset level.

4.3. Integrating ESG factors into the investment process

We act as responsible investors in our day-to-day operations with the integration of sustainability risks and opportunities into every phase of our investment lifecycle.

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

Stage 1: Sourcing and Screening

Exclusions List:

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

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

Positive Screening:

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

We actively seek to direct capital to any asset that:

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

Stage 2: Due Diligence

All of our potential investments are subject to an external legal, financial, technical and insurance due diligence.

- *The technical due diligence* allows us, amongst others, to identify material ESG risks and opportunities, such as climate change risks, visual and noise pollution, or biodiversity. It indicates how the risks can be mitigated and opportunities pursued. For Q-V, Taxonomy physical climate risks are identified at this stage and, where necessary, adaptation solutions are elaborated, in alignment with the EU Taxonomy's Technical Screening Criteria.
- *The legal due diligence* provides us, amongst others, with important information regarding environmental legal issues for example, as well as any ESG clauses included in EPC and O&M or any project-related contracts.
- *Insurance due diligence* notifies us, amongst others, of important ESG clauses including but not limited to issues such as climate change risks to be included in the insurance policies thus mitigating such risks.

For Q-V, our investments are equally analysed to verify compliance with the EU Taxonomy's Technical Screening Criteria for eligible activities using our own internal tool.

Stage 3: Investment Decision

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

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

- Summary of ESG risks and opportunities identified
- Summary of recommendations to enhance ESG opportunities and mitigate ESG risks
- Quantification of ESG contingencies and its resolution
- An ESG score will be approved for the investment
- Alignment with Taxonomy (Q-V)

Stage 4: Holding Period

During the holding period, all our assets are scored on annual basis using our internal scoring system and an action plan is implemented in order to improve the ESG performance of the assets.

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

Stage 5: Exit and Value Creation

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

5. Transparency and Reporting

5.1. UN PRI Transparency Report

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

5.2. Annual Report to Investors

As an entity bound by the Disclosure Regulation (EU 2019/2088), Q-Energy produces yearly reports for investors in compliance with Directive 2011/61/EU. This report responds to the Art. 9 periodic disclosures obligations prescribed by the Disclosure Regulation.

6. Promotion of Responsible Investment at Q-Energy

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

7. Additional Policies

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

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