



ESG Annual Report

Environmental, Social,
and Governance

2023

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

Qualitas Energy is a global fund manager focused on investments in renewable energy and in energy transition infrastructure assets.

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
2023

qualitasenergy.com

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Introduction

Letter from our CEO

I am delighted to present Qualitas Energy's Annual ESG Report for 2023. Since our founding in 2006, we have embarked on a remarkable journey of growth and transformation. Guided by our unwavering commitment to sustainability, social responsibility, and sound governance, we have now raised five investment platforms and expanded into eight different geographies. Our mission remains the same: to facilitate the transition to a low-carbon economy and mitigate climate change.

The renewable energy landscape has evolved significantly since our inception, particularly with the decreasing Levelized Cost of Electricity (LCOE). Today's alignment of climate goals, energy security, favorable regulations, and low LCOE strengthens the sector's momentum. ESG and sustainability are central to our strategy. In 2023, we reinforced this commitment by ensuring Qualitas Energy Fund V classification as a Dark Green Fund, setting ambitious standards for our future endeavours and elevating our sustainability practices.

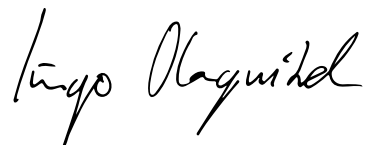
One of our key successes in 2023 was closing our oversubscribed flagship investment platform, Qualitas Energy Fund V, at just under €2.4 billion. This milestone not only marks the largest private equity fund in Spain's history but also highlights the robust appetite from international investors for renewable energy and the energy transition. The confidence shown by our large institutional investor base and our European supporters demonstrates strong trust in our experience, investment strategy, and corporate processes.

In 2023, we achieved our largest pipeline to date, nearly 5 GW across six technologies, showcasing our growth into new geographies and consolidation in existing regions.

We opened a new office in Santiago, Chile, and inaugurated five new offices across Europe, reinforcing our commitment to localizing our strategy and benefiting local communities.

This year's ESG report provides insights into our 2023 achievements, a year marked by growth and expansion. We accelerated our stewardship of investments to meet ESG standards for regulators and investors, a critical component of our organization. Our scalable framework will continue to drive our mission to mitigate climate change. Qualitas Energy is uniquely positioned to capitalize on new opportunities and capture the momentum of the energy transition. We believe our experience and knowledge can deliver high-quality projects that facilitate the energy transition, mitigate climate change impacts, and provide market-leading financial returns.

Thank you for your continued support. Together, we will lead the way in sustainable energy, and "Power Change" together.



Iñigo Olaguibel,
Founding Partner & CEO



Qualitas Energy Fund V consists of the following vehicles, Qualitas Clean Energy, FCR; Q-Energy V FCR; Q-Energy Sustainable V, FCR; Qualitas Energy Green V SCR SA; Q-Energy TYG V SCR SA; Q-Energy Zero-E V SCR SA.

¹Source: [International Energy Agency](#)

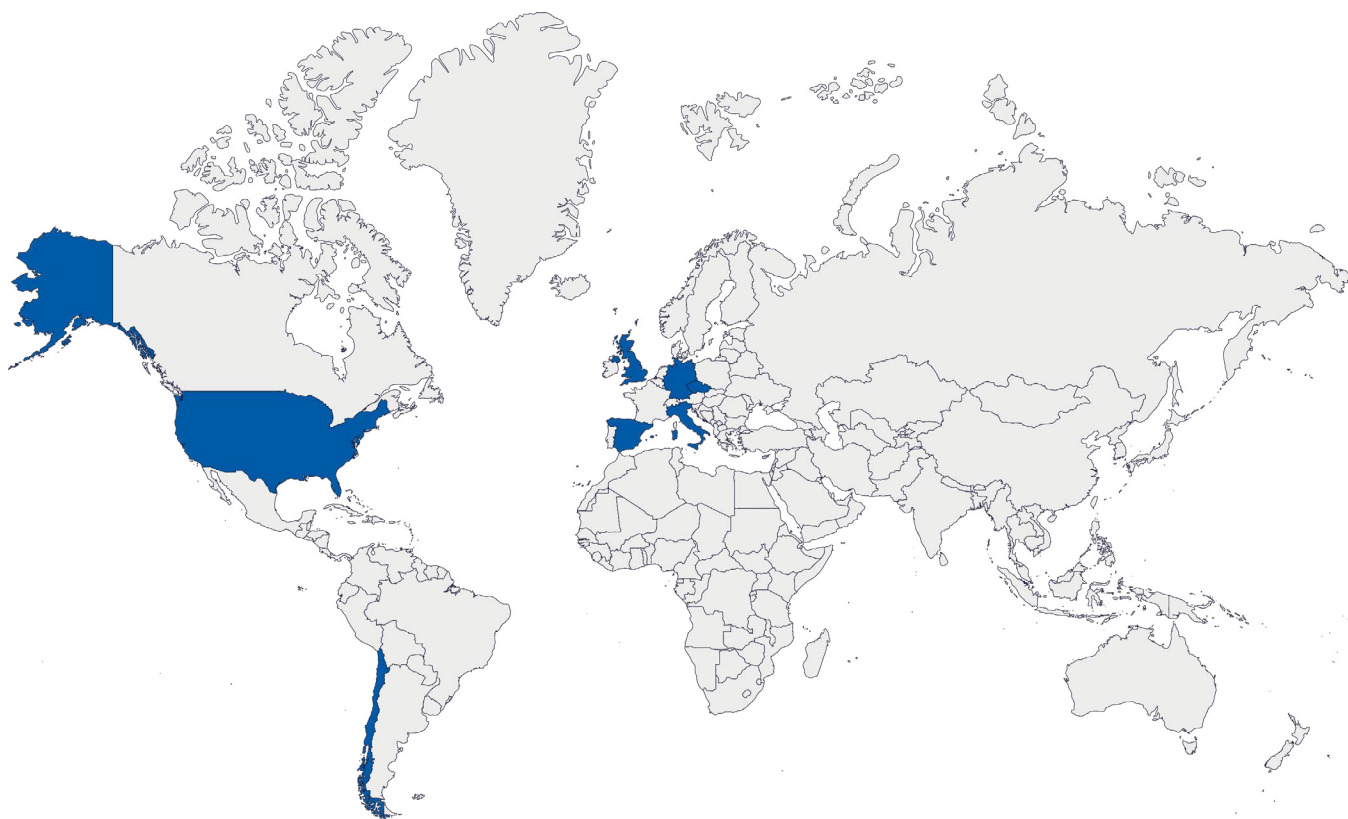
²Source: [Bloomberg New Energy Finance – Energy Transition Investment Trends 2024](#)

Qualitas Energy group overview

The Qualitas Energy Group (hereinafter “Qualitas Energy”) is a leading investment and management platform focused on renewable energy, energy transition, and sustainable infrastructure investment. Since being founded in 2006, the firm has witnessed a remarkable growth trajectory, with the size of the funds we manage increasing by over 1,000% since inception. Originating in Spain and now with an international presence, Qualitas Energy has invested in eight countries, and is now supported by thirteen offices worldwide. Our portfolio has also evolved, and now encompasses six renewable technologies: solar photovoltaic (PV), concentrated solar power (CSP), hydro, wind, renewable gases, and Battery Energy Storage Systems (BESS).

Through our extensive approach, which integrates investment, financing, operation, maintenance, and management services for our assets, and investor relations. Qualitas Energy is committed to generating long-term value in the energy transition sector, and to drive the transition to a low-carbon economy, improve the environment, and society for future generations, through our investments while simultaneously delivering consistent and outperforming returns for investors.

*Unless otherwise specified “Qualitas Energy” refers to the “Qualitas Energy Group” which incorporates both the Management Company (Q-Energy Private Equity (QEPE) and its subsidiaries), and Q-Energy Renewable Services (QERS) and its service platforms.



Our offices

2012
Madrid

2018
Berlin

2022
London, Milan,
Warsaw, Hamburg,
and Wiesbaden

2023
Trier, Stuttgart, Cologne,
Santiago, and Wrocław

2024
Durham

Our Country Heads:

Spain & Italy
Manuel Espinosa

Germany
Borja Caruana

UK
Alejandro Ciruelos

Poland
Krzysztof Zieniewicz

Chile
Alfonso Ardizzoni

Countries invested in:

Spain



Germany



Italy



Poland



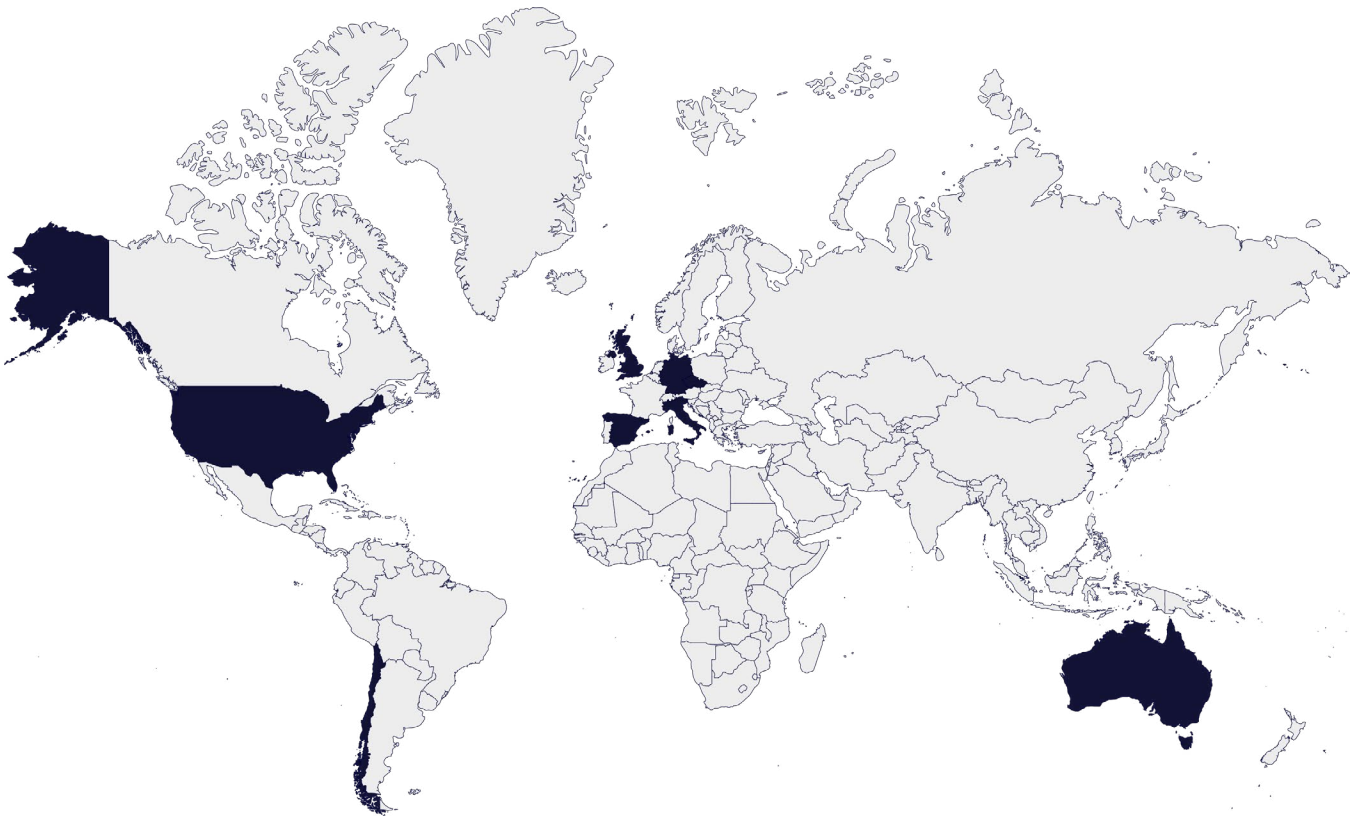
UK



Chile



United States



Funds under management (AUM)

Qualitas Energy Fund V (SFDR Article 9, Dark Green Fund)

€2.4bn



Qualitas Energy Fund IV¹

€1.1bn



Qualitas Energy Fund III²

€416m



Qualitas Energy Fund II (Vela Energy)

€268m



Qualitas Energy Fund I (Fotowatio)

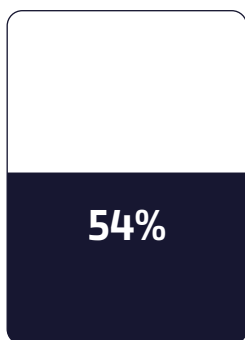
€214m



¹Qualitas Energy IV consists of the following vehicles, Q-Energy IV FCR, Q-Energy TYG SCR SA, Q-Energy Polux SCR SA, Tretimero Green SCR SA.
²Qualitas Energy III consists of the following vehicles: Q-Energy Tenencia y Gestión III, SCR, SA and Q-Energy III, FCR

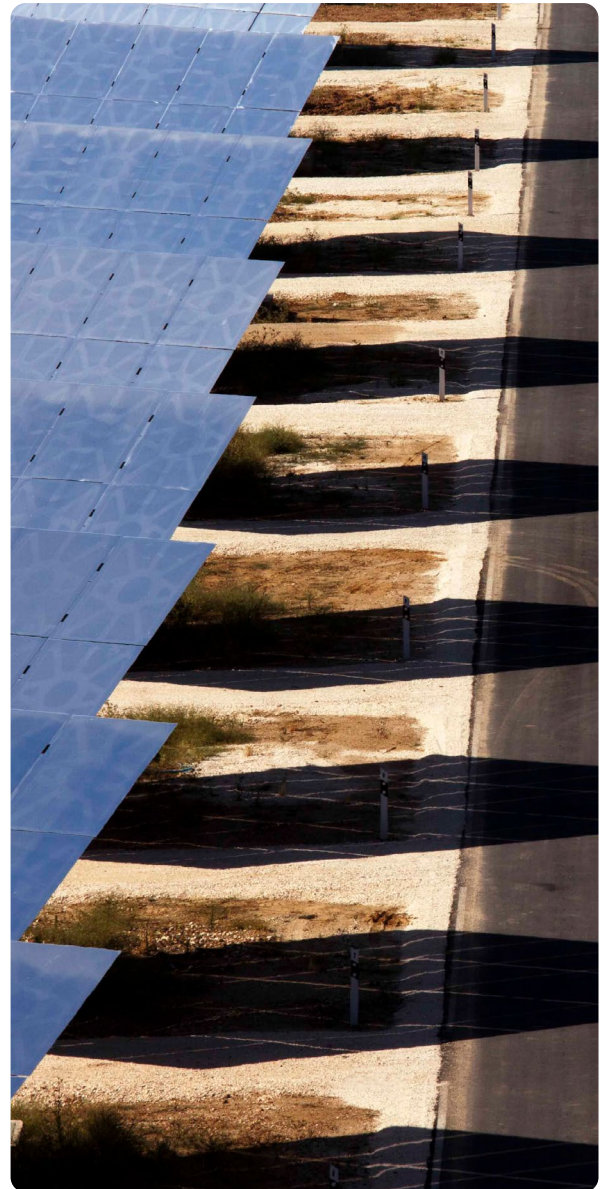
Total €4.4bn

From our total raised capital:



Classified as Article 9 under SFDR

- Solar PV
- Wind
- Solar CSP
- BESS
- RNG
- Hydroelectric power



Breakdown of assets by MW per region and technology (Operational & Development)

In 2023, Qualitas Energy witnessed a significant increase in its asset pipeline. While the sale of some assets led to a moderate decline in operational capacity to 834 MW, across all technologies, the near-term pipeline saw a substantial increase of 123% in MW terms. Execution of this pipeline, alongside other assets, is expected to significantly increase our operational capacity and the penetration of renewable energy into the regions where we operate. This robust pipeline is a key determinant of our business strategy, shaping our approach to driving the energy transition. Further leveraging our global reach and extensive experience across the value chain, we consistently deliver high-quality projects and market-leading returns through our investments.

Qualitas Energy Fund V

Platforms	Total (O+D) (MW)	Operational (MW)	Development (MW)	Production (GWh)	CO ₂ Avoided Emissions(t) ¹	Homes Supplied
UK Biomethane ²	179.8	-	179.8	n.a.	n.a.	n.a.
Italian Wind Greenfield Assets	598.2	-	598.2	n.a.	n.a.	n.a.
Italian Solar PV Assets	332.7	-	332.7	n.a.	n.a.	n.a.
German Wind Repowering ³	138.4	93.8	128.4	684	24,630.8	19,548.2
German Wind Greenfield Assets	1,302.5	-	1,302.5	n.a.	n.a.	n.a.
UK Batteries	57.0	-	57.0	n.a.	n.a.	n.a.
Chile Hydroelectric Assets	60.0	60.0	-	65.3	n.a.	n.a.
Chile Solar PV Assets	150.0	-	150.0	n.a.	188.00	188.00
Total	2,818.6 MW	153.8 MW	2,748.6 MW	133.7 GWh	52,037.0 t	38,191.9

¹ Avoided emissions are based on the emissions of a coal-fired power plant in Germany.

² Biomethane assets in the United Kingdom generate 105,000 MWh/year net, with a conversion to MW. Having 15 assets in the United Kingdom, the conversion would be as follows: (105,000 MWh/year / 8,760 h/year) * 15 assets = 179.8 MW.

³ Wind assets acquired in operations with 93.8 MW, out of which 83.8 MW will be dismantled for repowering. Once repowered, they will reach 128.4 MW, with a total installed capacity of 138.4 MW.

Qualitas Energy Fund IV

Platforms	Total (O+D) MW	Operational MW	Development MW	Production (GWh)	CO ₂ Avoided Emissions(t) ¹	Homes Supplied
Spanish Solar PV Brownfield	93	93	-	201	38,104	57,300
Spanish CSP Brownfield	242	242	-	684	129,966	195,438
Spanish Solar PV Greenfield	323	-	323	n.a.	n.a.	n.a.
Poland Solar PV Greenfield	113	-	113	n.a.	n.a.	n.a.
German Wind Repowering ²	495	209	481	314	113,060	89,730
German Wind Greenfield	455	-	455	n.a.	n.a.	n.a.
Italy Solar PV Greenfield	158	-	158	n.a.	n.a.	n.a.
Italy Solar PV Brownfield	20	20	-	15	4,901	4,243
Italy Wind Greenfield	90	-	90	n.a.	n.a.	n.a.
UK Batteries	6	6	-	n.a.	n.a.	n.a.
Total	1,995 MW	564 MW	1,620 MW	1,214 GWh	286,031 t	346,711

¹ Avoided emissions are based on emissions from a combined cycle power plant in Spain and a coal-fired power plant in Germany.

² The wind power assets in operation purchased are 209 MW, of which 195 MW will be dismantled for repowering, reaching 481 MW once repowered and having a total installed capacity of 495 MW.

Qualitas Energy highlights in 2023

Our highlights

2023 was a landmark year for Qualitas Energy. We expanded into new regions and cities, opening new offices in Germany, Poland, and Chile, incorporated new technologies into our portfolio, completed the construction of our Milkowice solar PV farm in Poland, finalized the acquisition of DunoAir's 1.4 GW platform, delivered the first reporting for our Article 9 classification, and closed the fundraising for our oversubscribed flagship fund, Qualitas Energy Fund V.

Growing team

The Qualitas Energy team continues to grow, with new offices opening not only in existing regions but also in new ones. The opening of our office in Santiago, Chile, in 2023, marked the internationalization of our activities outside of Europe, where we have eleven offices. This milestone represents Qualitas Energy's first entry into the Latin American market, a key part of the opportunity identification strategy that the firm is carrying out under its fifth fund. Chile is a strategic country for us and for the energy transition due to its favorable and stable regulatory framework, robust renewable development, and ambitious decarbonisation goals. These factors position it as one of the fastest-growing clean energy markets globally over the next decade. By strengthening our local presence, Qualitas Energy is well-positioned to support this new era of the Chilean energy system and broader Latin American energy landscape.

"Chile has consistently advanced in its energy transition. While the penetration of renewables presents challenges, we are convinced that Qualitas Energy can significantly contribute to this orderly transition. We believe that Chile, with its lessons learned, will serve as an example for many countries on the path to decarbonization. Being present in a market like this is highly valuable to us."

Cristóbal Santa Cruz

Partner – Business Development & Investment

Investments strategy

Qualitas Energy continued to grow its sizable German portfolio with the acquisition of DunoAir's well-established German onshore wind development business (DunoAir Windpark Planung GmbH) and its 1.4 GW pipeline. Executed through our subsidiary in Germany, Qualitas Energy Deutschland GmbH, this deal propels Qualitas Energy's total capacity to 2.8 GW. With planned investments in the country over the next two years, we anticipate this figure to rise to 6.2 GW. This transaction epitomises our commitment to the region, and the work of our dedicated team who are executing this strategy, in a core region for Qualitas Energy, and in Europe's electric grid. DunoAir, headquartered in Trier, specializes in onshore wind development in Germany's western region, further strengthening our presence in the country. Additionally, the Fund obtained financing for the development of the Nachtsheim-Luxem project. Similarly, four new projects were acquired, with a total development capacity of 122.5 MW, two repowering projects with an installed capacity, once repowering is completed, of 57.7 MW and two development projects with an expected installed capacity of 64.8 MW.

In another strategic move, we also completed the acquisition of a fully operational run-of-the-river hydropower power plant in Chile. Project El Paso, with a capacity of 60 MW, introduces a new technology to our portfolio. The operational asset uses the snowmelt from the surrounding mountains. The power plant aligns with our ESG criteria and qualifies as an eligible activity under the EU Taxonomy, making a substantial contribution to climate change mitigation. Led by our Partner Cristóbal Santa-Cruz, this acquisition marks our entry into a new geography. Moving forward, our ESG team will collaborate with El Paso's senior management to execute our post-acquisition 'Action Plan' to ensure compliance with EU Taxonomy and SFDR Article 2 (17) requirements.

Fundraising

Qualitas Energy closed one of Europe's largest energy transition investment vehicles, and Spain's largest private equity fund, at c. €2.4bn.

Our flagship fund initially targeted €1.6bn but exceeded expectations, surpassing its €2.3bn hard cap. This achievement is a testament to the dedication of everyone at Qualitas Energy, as well as the exceptional work of our fundraising team and the strength of our investment strategy. Investor demand for Qualitas Energy Fund V surpassed all expectations, with most investors maintaining or increasing their positions from Qualitas Energy Fund IV.

The Fund received commitments from over 873 investors globally, including nearly all previous investors and supported by an above-market participation from our management team. This growth has been driven by a broad diversification of our investor base, with a significant increase in global Tier 1 institutional investors, including pension and insurance funds, global consulting firms, university endowments, and asset managers, among others. This broad investor base also encompasses historical family offices and a wide range of retail investors.

Our investor base represents over 30 different nationalities from Europe, Americas, Asia, Middle East and the Asia-Pacific region, marking a significant increase of over 50% compared to the previous fund, Qualitas Energy Fund IV.

"Qualitas Energy has significantly increased its fundraising capacity, achieving close to a 1,000% increase in recent years. This remarkable growth builds upon our strong foundations, driven by a market-leading product, robust returns, and growing investor demand for financing the energy transition and sustainable infrastructure. Over the past five years, Qualitas Energy has successfully raised nearly €4bn. We are particularly excited by the new institutional investors joining us on this journey and look forward to further growth across our strategies in the years ahead."

Kate Townsend

Partner - Institutional Relations & Fundraising



ESG and sustainability

Our ESG team has developed an internal methodology and framework for assessing investments, designed to best capture the material risks at each investment phase, across the three pillars of E, S, and G, individually. The bespoke procedure aids in evaluating investments at the project level while standardizing and centralizing data collection, analysis, and reporting. In addition, Qualitas Energy is committed to the United Nations Principles for Responsible Investing (UNPRI), the UN Sustainable Development Goals (SDGs), Global Real Estate Sustainability Benchmark (GRESB), EU Taxonomy, European Sustainability Reporting Standards (ESRS), SFDR, Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, the UN Global Compact, and regional regulation such as Germany's Conservation Act.

Qualitas Energy also delivered its first reporting for the SFDR Article 9 classification. As such, the Principal Adverse Impact Indicators are the foundation for our investments and strategy.

In addition to the classification of our funds, we are proud signatories of global frameworks. This exemplifies our multi-layered and international approach to ESG and sustainability; these frameworks guide Qualitas Energy on best practices, allowing us to keep pushing the boundaries. We have been a signatory of the UNPRI since 2020.



Case Study

Solar farm in Poland

Qualitas Energy's motto, **Powering Change**, represents our commitment to producing renewable energy and facilitating the transition to a net zero-carbon economy. Since our inception in 2006, our founders have invested in projects that push the boundaries of the renewable energy sector and reduce the carbon intensity of the energy grid. This goal can be exemplified reflected in our flagship investment in Poland, the Milkowice project.

Poland's national energy policies, including its National Energy and Climate Plan (NECP) and Poland's Energy Plan (PEP 2040), are closely aligned with Qualitas Energy's goal of delivering energy security, mitigating climate change, and producing affordable energy. This 'energy trilemma' presents a significant opportunity in Poland for transitioning to a low-carbon economy. Poland remains one of the most contaminated economies of Europe, and the adverse impact on the health of local communities serves as a significant drive for government action in the energy sector.

113 MWp

Solar farm capacity

77,351 t CO2 eq

Emission avoided

1,933,856.52 t CO2 eq*

Expected avoided emissions

4.95bn miles driven by an average car

2.13bn pounds of coal burned;**

CO2 equivalent

1,800

Tress planted

4,300

Bushes Planted

152,500 t CO2 eq **

Expected CO2 avoided from
Trees and bushes planted

300

Construction jobs created

179 ha

Land unavailable for housing or farming
converted into a solar farm

Carbon intensity ratio:

(tCO2e/MWh)

Poland's
energy grid

0.71

Spain's
energy grid

0.19

Installed energy capacity:

2023

Coal

23 GW

Gas

4 GW

Lignite

9 GW

*Expected emissions avoided assumes a lifetime of 25 years, and the current grid CO2 intensity

**Equivalentents calculated using U.S. Environmental Protection Agency Calculator

*** CO2 emissions avoided assumes an average of 25kg per annum per tree over a lifetime of 100 years, using data from EcoTree



Milkowice, situated between the villages of Jakuszów and Dobrzejów in southwest Poland, hosts one of the country's largest solar power plants. With a capacity of 113 MWp and spanning across a land area of 179 ha, this solar facility occupies a large plot of land previously deemed unsuitable for farming or housing due to its soil condition, as the land's history of irrigation rendered it unfit for agricultural or residential purposes. Furthermore, the plot's location did not fall within a Natura 2000 or Key Biodiversity Area, making it ideal for solar PV development opportunity.

The installed capacity is split between two locations, with 86 MWp in Dobrzejów and 27 MWp in Jakuszów. Throughout the construction phase, which spanned approximately a year, over 300 jobs were created, contributing positively to local employment. Additionally, Qualitas Energy undertook repairs to parts of the local road network entering the village of Dobrzejów, therefore enhancing local infrastructure. The solar farm is projected to generate over 120 GWh of renewable energy annually throughout its operational lifespan.

Qualitas Energy has further strengthened its commitment to sustainability by securing a corporate power purchase agreement with Amazon for the energy produced by the solar farm. This partnership aids Amazon's goals for sustainability and achieving

Net Zero emissions, marking a proud collaboration in the pursuit of climate targets together.

The project's total capacity is sufficient to power approximately 60,000 homes per year; equivalent to a city with a population of 140,000. Furthermore, the solar farm is expected to prevent the emission of 77,351 CO₂ eq annually, with an estimated total of 1,933,856.52 CO₂ eq avoided over a 25-year lifespan, benefiting approximately 1.4m homes. To put this into perspective, these avoided emissions equate to 4.95bn miles driven by an average car or through burning 2.13bn pounds of coal. Equally, it represents the equivalent of recycling or landfilling 671,478 tons of waste or preserving 2.25m acres of forests for one year.

In addition to these impressive environmental benefits, Qualitas Energy has undertaken various measures, through agreements with the local authorities, to minimize the visual impact of the solar farm, and enhance biodiversity in the surrounding area. This includes planting hedges along the site perimeter, as well as 1,800 trees and 4,300 bushes, contributing to local ecosystems and removing additional greenhouse gas emissions (GHG) from the atmosphere. Furthermore, special fences have been installed that allow for the safe passage of animals through the solar farm premises, demonstrating our commitment to environmental stewardship and wildlife conservation.

"This project is a great example of how Qualitas Energy is accelerating the energy transition across Europe. We are particularly excited about our business operations in Poland, which present attractive investment and development opportunities. In this framework, we are proud to be working with Amazon, contributing our clean energy to support the ambitious decarbonization commitments of both global leaders like them and the country as a whole."

Krzysztof Zieniewicz
Country Head for Poland

*Equivalents calculated using US Environmental Protection Agency Calculator

Our five pillars of impact

Qualitas Energy has a five-pillar approach to limit the environmental and social impact of our operations. This framework covers the entire investment cycle and project lifetime, from greenfield status to decommissioning the assets. We believe that true sustainability requires the consideration of all factors, including social considerations, and so, we are dedicated to collaborating with local communities to ensure that they benefit from the projects, not just economically, through jobs, but also through local partnerships, and initiatives. Such partnerships are integral to our business, as we look to develop and we look to develop long-term relationships with the local communities, authorities, and governments.

People

Our team members are devoted to mitigating climate change and having a positive impact on the world we live in. At Qualitas Energy, we are determined to foster a working environment and community that values curiosity and excellence. Our social framework continues to develop, building upon the success of our Q-Clubs, including Q-Community, Q-Diversity, and Q-Knowledge. In 2023, we launched our Corporate Social Responsibility initiative, which will be further developed throughout 2024. Additionally, we have also started a diversity forum tasked with developing an internal strategy for improving diversity, equity, and inclusiveness across all functions and levels of seniority at our company.

Decarbonisation

Qualitas Energy is dedicated to delivering projects that enhance the energy transition and reduce the carbon intensity of the global energy system. Demand for renewable energy and renewable energy infrastructure assets will continue to grow in the coming decades, and data from the International Energy Agency (IEA) shows that clean energy investment outpaced fossil fuel demand by more than 60% in 2023, with clean energy investment at \$1.75tn compared to \$1.05tn for fossil fuels. The IEA data reveals increased efforts against climate change, evidenced by a rise in US energy transition investment of over \$300bn as the Inflation Reduction Act took effect.

Qualitas Energy is confident that our approach, will deliver the required decarbonisation efforts in regions with high carbon intensity grids.

We have witnessed significant carbon emissions reductions Spain, our home nation, since our inception, and in order to maximise our impact, Qualitas Energy will look to new regions with high emission intensity, risk profile and favourable returns. Our Renewable Gas platform in the UK, provides another example of how Qualitas Energy is pushing industry boundaries while decarbonizing the energy sector. This strategy not only utilises waste to reduce carbon emissions in the gas and fertiliser industries but also decreases reliance on imported gas and fertilisers in Europe.

Growth

Qualitas Energy continues to grow as an investment platform, and we see ourselves as a trailblazer in the renewable energy sector, constantly seeking new innovative opportunities to push the boundaries of the industry. This was evidenced by the signing of a Power Purchase Agreement (PPA) with Amazon in Poland, and development of Acorn Bioenergy's project pipeline in the UK. Qualitas Energy is actively exploring new regions and technologies for growth, with our Partner & Chief Business Development Officer, Oscar Pérez leading these efforts. Having expanded our investment strategy to include new regions and technologies in 2023, we are excited to share our expansion plans for 2024.

"In 2023, we saw a huge boost in our growth. We closed the largest fund in our history, Qualitas Energy Fund V, which will allow us to continue to invest further in the energy transition. It has also enabled us to explore new technologies and find opportunities in other countries. Our expansion into Latin America, marked by opening a new office in Chile, is a great example of this progress. Looking ahead, we are poised for further advancement into the United States."

Oscar Pérez

Partner & Chief Business Development Officer

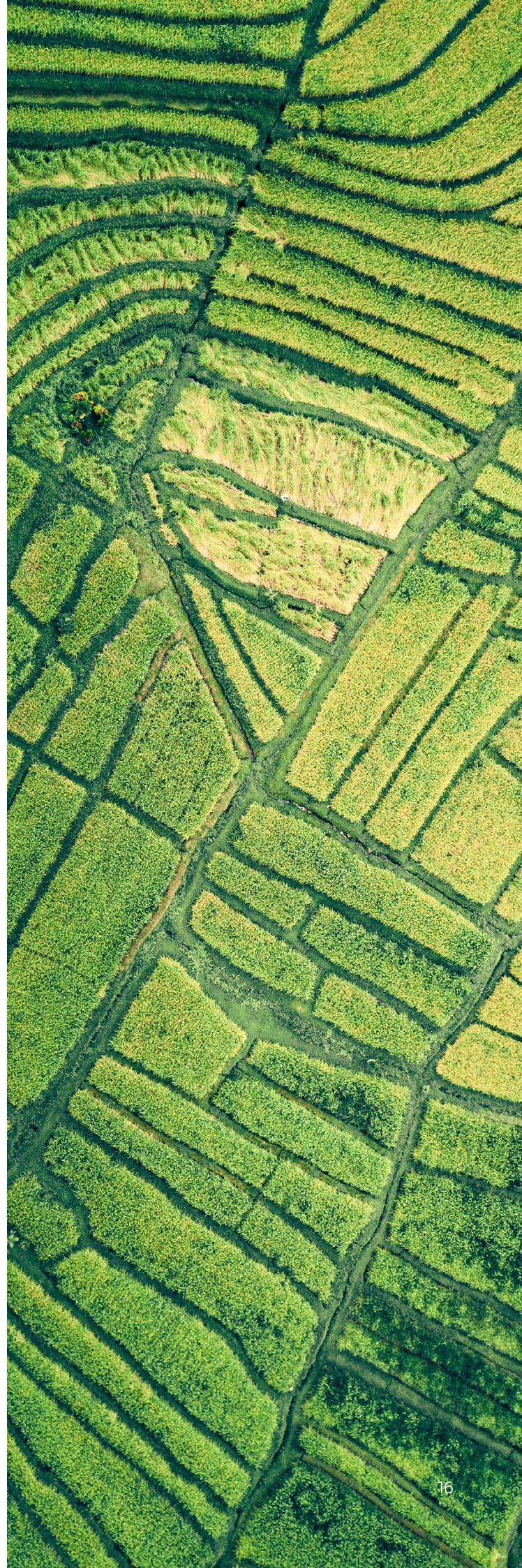
Impact

At Qualitas Energy, our primary goal is to increase the penetration of renewable energy in the regions where we operate. By doing so, we aim to reduce the carbon intensity of national grids and mitigate the impact of climate change. As our project pipeline grows and more projects reach 'Ready to Build' status, we are making significant strides toward achieving this goal. In doing so, we equally recognize that Scope 3 emissions, which include supply chains and potential social and environmental impacts, are significant. As a result, we are committed to reporting Scope 1, 2, and 3 emissions for our Management and Service companies, as well as the Principal Adverse Impact Indicators from the SFDR, for Qualitas Energy Fund IV, and Qualitas Energy Fund V.

The ESG team has also introduced a reporting schedule for Acorn Bioenergy's suppliers, which requires suppliers to report monthly KPIs throughout the duration of their contract. We manage this process by working with our partners to optimise our data and deepen our knowledge of ESG and sustainability. Our collaborative approach extends to ensuring our investments, offices and our supply chains have a positive impact on local communities.

Circular economy

While Qualitas Energy acknowledges that increased consumption of goods and services in some sectors is inevitable, we are committed to recycling resources whenever possible and are looking to develop a framework towards a more circular model. This is a key focus area of our German Repowering strategy, where our ESG team has been working with Technical teams to develop a strategy that is both practical and aligned with market standards, and compliant with regulation. Reusing or recycling turbine blades is a priority for Qualitas Energy, whether for use on wind turbines or as infrastructure for the local community. We are actively working improve the circularity of our consumption patterns through various initiatives, and in accordance with the 'Do No Significant Harm' principle of the SFDR and the EU Taxonomy.



Our approach to sustainable investing

Europe's pioneering role in ESG and sustainable regulation has been the guiding light of our approach. We fully embrace initiatives such as the EU Taxonomy and SFDR, particularly the Article 9 classification, as the most comprehensive classification system available. Our alignment with the EU's forward-thinking stance on sustainability and ESG is unwavering. We are actively collaborating with regulators and governing bodies to ensure that these classifications set the gold standard in our industry. We commend the EU Commission's ongoing consultations aimed at enhancing regulations and steering capital towards the energy transition, fostering a brighter, more sustainable future.

Qualitas Energy is proud to have solidified our commitment to ESG and sustainable investing by classifying our flagship fund, Qualitas Energy Fund V, as Article 9 under SFDR.

Furthermore, within our pre-contractual disclosure, for financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852, we have committed that 100% of the investments under Qualitas Energy Fund V will be sustainable. This entails that all investments must substantially contribute to an environmental objectives, and for Qualitas Energy Fund V this means climate change mitigation. These investments must also adhere to the 'Do No Significant Harm,' minimum safeguards, and implement good governance procedures.

Qualitas Energy will achieve the classification of sustainable investments definition is met through the SFDR's Article 2 (17) or the EU Taxonomy.

In 2022 and 2023, all of our investments met this requirement through Article 2 (17) of the SFDR, with 97% of our holdings are eligible activities under the EU Taxonomy.

This classification is deeply ingrained in our investment process, reflecting our commitment to sustainable practices and responsible investing.

At Qualitas Energy, our commitment to sustainability extends beyond the EU Taxonomy and SFDR. We proactively integrate the UN Sustainable Development Goals (SDGs) into our investment process, aligning our efforts with a global standard and ensuring that our work contributes to a broader spectrum of objectives beyond climate change mitigation. Furthermore, we have integrated indicators from European Sustainability Reporting Standards, Taskforce on Nature related Financial Disclosures (TNFD), Global Real State Sustainability Benchmark (GRESB), and Germany's Federal Nature Conservation Act. These in conjunction with the primary and secondary UN SDG tiers, and integrated into every aspect of our investment process, provides a detailed approach. From decision-making and holding period considerations to developing ESG action plans and exit strategies, these indicators guide our actions at every stage. This comprehensive approach not only ensures our strategy is targeted and purposeful but also enables us to capture diverse opportunities and effectively manage risks, thereby maximizing the positive impact of our investments on both environmental and social fronts. This self-regulation through international frameworks underscore our robust ESG framework.

Qualitas Energy has been a proud signatory of the UN Principles for Responsible Investment (PRI) since 2020, reflecting a fundamental aspect of our commitment to ESG and responsible investing. This status serves as a cornerstone in our efforts to create value within our organisation and provides valuable feedback on areas where we can enhance our practices. While our transparency report for 2023 highlights the robustness of our framework, it also identifies areas where improvements can be made. We are committed to addressing these areas and further enhancing our adherence to the UN PRI, thereby strengthening our commitment to ESG and responsible investing.

"Since Qualitas Energy was founded, we have always made investments that push the boundaries of the energy transition, sustainability, and the renewable energy industry. Qualitas Energy Fund V's investments, along with our future pipeline, will ensure that this is the case for years to come, and ESG is paramount to that pathway."

Daniel Parejo
Partner & Chief Investment Officer

At Qualitas Energy, our ESG team is continuously refining our processes and procedures to uphold our ESG commitments. One of the key stages in our approach is the screening of the investment process, where we meticulously integrate various criteria, including the UN SDGs, the EU Taxonomy Technical Screening, 'Do No Significant Harm' principles, sustainability risks, and Principal Adverse Impact indicators (PAI) into our investment decisions.

Our internal methodology ensures that all these factors are systematically incorporated into every aspect of our investment due diligence. This methodology was created to provide certainty that our internal standards and external commitments to investors and regulators can be achieved.

An important pillar of our approach is the ESG due diligence process, which is managed by our in-house experts and can also leverage technical experience and knowledge from external consultants. We have continuously updated our internal methodology to best align with evolving ESG and sustainability standards globally, integrating them into our leading investment strategies.

The new methodologies are tailored to each technology assessed and the stage of each project, whether it be Greenfield, Brownfield, or Repowering.

These specifications are crucial because ESG assessment and due diligence vary based on factors such as technology and project stage. For example, Greenfield projects, have a greater focus on biodiversity, land-use, ecosystem, species, and social factors such as local communities, indigenous groups, cultural heritage, whereas Brownfield and operational assets focus more on ESG procedures, integration of sustainability factors, carbon accounting and reporting, among others.

Qualitas Energy commitment to ESG initiatives

UN PRI - Signatories since 2020



The UN Principles Responsible Investment (UN PRI) is an initiative dedicated to promoting responsible investment practices across the global financial system. It provides guidelines on numerous risks and processes that its members should consider and adopt, along with an annual reporting processes and guidance.

While we are proud to have received 4 Stars across our ratings, surpassing the median scores, we remain committed to striving for further excellence. This feedback serves as a valuable loop for us, and our ESG experts are committed to improving these scores and achieving 5 stars in every section.

Since becoming a signatory in 2020, Qualitas Energy has used this framework as a guide for our internal processes. The stewardship and governance processes necessary for strong UN PRI performance have consistently generated positive outcomes that cascade throughout our broader ESG processes and overall business practices.

Taskforce on Climate-related Financial Disclosure



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-related Financial Disclosures (TCFD) was developed to empower companies in providing better information to support market transparency and facilitate more informed capital allocation. Its recommendations centered around four pillars—Governance, Strategy, Risk Management, and Metrics and Targets—are interconnected and designed to provide a comprehensive approach to climate-related financial reporting.

At Qualitas Energy, our commitment to the principles and recommendations of TCFD is unwavering. We believe that embracing TCFD principles demonstrates our proactive approach to addressing climate-related risks and opportunities with transparency and thoroughness. By adhering to the TCFD framework, we enhance our ability to assess, manage, and report on climate-related activities, thereby contributing to a more sustainable and resilient future.

We recognize that both physical-climate and transition risks pose significant challenges, but also present opportunities to enhance our investment process and mitigate potential losses due to climate change. These risks are systematically incorporated into our investment process, bolstering our resilience to the impacts of climate change.

Moreover, the integration of TCFD into the International Sustainability Standards Board signifies its growing importance as a pivotal framework for the industry, further underscoring the relevance and impact of TCFD principles in driving sustainable business practices across sectors.

UN Sustainable Development Goals

Qualitas Energy is committed to contributing to the achievement of the Sustainable Development Goals (SDGs) through its investments, aiming to have a positive impact on society and future generations. We have pledged to utilize the SDGs as guiding principles in our investment strategy, integrating them into both our investment process and internal operations.

In line with our commitment, we have pinpointed three key Sustainable Development Goals, along with three additional goals of secondary importance, that resonate with our mission. Since their inception in 2015, Qualitas Energy has been actively contributing to these goals through our renewable energy production efforts. They were formally integrated into our investment process in 2020, formalising our commitment to ESG and sustainability practices.

Primary UN SDGs



Secondary UN SDGs



Internal UN SDGs

Along with our commitment to ESG and sustainability in the investment process, Qualitas Energy has chosen UN SDGs that are adopted across our offices. These are the standards, and values that must be upheld, and that we ask our employees to adhere to. While it is the responsibility of all our employees to integrate these themes into the work environment, the ESG Team, ESG Committee, and the Board of Directors play pivotal roles in ensuring the fulfilment of our steadfast commitment to all dimensions of sustainability and ESG.



Sustainable Finance Disclosure Regulation Since 2021



Qualitas Energy has classified our flagship fund Qualitas Energy Fund V as Article 9 under the SFDR. This classification signifies the Fund's investment objective of climate change mitigation and underscores our commitment to sustainability and the energy transition. 100% of our investments must meet the criteria for sustainable investments as per the SFDR's definition of a sustainable investment. Delivering on this classification not only demonstrates our dedication to sustainable investment but also provides Qualitas Energy with a competitive advantage. By aligning our investment strategy with climate mitigation goals, we are not only delivering market-leading returns but also making a significant contribution to sustainability efforts.



Qualitas Energy investment process

The process below is the ESG workflow since the internal methodology update, incorporating the latest international standards, such as European Sustainability Reporting Standards, Taskforce on Nature related Financial Disclosures (TNFD), GRESB, and Germany's Federal Nature Conservation Act, the UN SDGs, as well as our own indicators. As Qualitas Energy Fund V was the sole fund deploying capital in 2023, the following process provides an overview of the investment of that Fund:

1. Screening

The ESG team is engaged from the outset in the deal pipeline and investment process to make sure coverage of the following points:

- The ESG team has early access to the investment pipeline to assess opportunities against ESG criteria, and identify red flags with our exclusionary criteria, and stakeholder restrictions.
- Determine if the opportunities meet Qualitas Energy's investment objective of climate change mitigation:
 - Aligns to the primary UN SDGs that Qualitas Energy has chosen;
 - Able to meet the 'Sustainable Investment' SFDR requirements;
 - Is an activity eligible under the EU Taxonomy.
- Incorporating the ESG team into the process sooner enables us to initiate ESG due diligence promptly and identify any potential issues that require attention.

2. Due Diligence

The ESG and investment teams collaborate closely to evaluate the ESG risks and opportunities associated with each investment opportunity. Leveraging Qualitas Energy's internal methodology, which aligns with the EU Taxonomy or the SFDR regulation, along with other key performance indicators, the teams assess the sustainability of potential investments. Depending on the transaction, this process can be conducted by an external consultant or our in-house ESG team.

An ESG score will be created that not only highlights the strength of the investment, but also identifies ESG opportunities and priority areas should the investment be incorporated into our portfolio.

3. Investment Decision

ESG factors are included in the investment decision process and are summarized in the Investment Committee memo. This memo includes:

- The status of the projects with regards to the SFDR regulation, and EU Taxonomy Eligibility, the 'Do No Significant Harm' criteria, minimum safeguards, and good governance indicators.
- A breakdown of the score for the "E," "S," and "G," and a comment on an important finding from the ESG due diligence.
- An assessment of the next steps that need to be focused on in the ESG Action Plan which is incorporated for each investment.

4. Post Investment

The ESG, our Asset Management and Operation and Maintenance teams will implement the Action Plan created and tailored for each investment.

- After the investment has been closed, the ESG teamwork across departments to ensure that the ESG Action Plan is completed.
- This process is aligned to the international standards Qualitas Energy has incorporated, and the SFDR and EU Taxonomy.

5. Exit

When applicable, the ESG Team liaises with the Investment team, through to the potential buyer in order to ensure that all relevant ESG topics and questions are covered upon sale of investment.

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. The Qualitas Energy IV platform considers the adverse impacts of its investment decisions. We would like to affirm that the Qualitas Energy IV platform does indeed consider these adverse impacts on the sustainability factors in its investment analysis. Qualitas Energy Fund V platform considers PAIs at the product level in line with Article 7 of the Regulation, following the requirements of Article 9 per the SFDR, integrating this assessment into the investment process and product reporting.

Environmental

At Qualitas Energy, our approach to the environment is comprehensive and data-driven, reflecting our commitment to sustainability across all facets of our operations. Our environmental strategy encompasses a market leading investment approach, rigorous carbon reporting, proactive nature conservation, and continual refinement of our practices to align with global environmental standards.

Carbon management

Our efforts in carbon management underscore our dedication to mitigating climate change. We have implemented comprehensive carbon reporting protocols for all scope emissions, ensuring both transparency and accountability. We are actively working towards creating plastic-free workplaces, as well as carbon neutral offices. This can be achieved through coordination across teams, and improved carbon reporting. Qualitas Energy is actively looking for solutions to limit our carbon footprint, and carbon removal providers to achieve carbon neutrality.

Moving forward, we emphasize the importance of high-quality data to establish a robust baseline, enabling us to take targeted actions to achieve our environmental goals. To enhance our data collection, we are conducting an employee survey to gather insights on commute-related emissions. This data-centric approach not only enhances our reporting accuracy but also empowers our entire firm with valuable knowledge. We believe that understanding individual impacts and learning how to improve should extend beyond the ESG department and be embraced by everyone within the company.

Qualitas Energy company emissions

In 2023, our ESG efforts focused on improving the data collection process to calculate our emissions. The new framework delivered a more comprehensive dataset. Additionally, the ESG team worked with various departments and regions to improve the accuracy of our emissions data. Consistent check-ins with team members aided the data collection process across categories involved in Scope 1, 2 and 3 emissions.

This effort fostered internal education across departments on the greenhouse gas protocol, and carbon accounting.

We also employed a technology to calculate emissions from travel partners, streamlining data gathering and improving reporting accuracy with per trip CO₂-equivalent data points, particularly for Scope 3 emissions. This process was adopted for the activities associated with the Management Company, as well as the Service Company. In last year's annual ESG report, we emphasized the objective of providing calculations with more activity-based information, which we achieved through the new data collection process and technology utilization for high-emission areas. In 2024, we aim to further leverage technology to improve our reporting processes and data accuracy for all ESG reporting purposes, including voluntary, regulatory, and investor-related disclosures.

What are the Scope Emissions

Our efforts in carbon management underscore our dedication to mitigating climate change. We have implemented comprehensive carbon reporting protocols for all scope emissions, ensuring both transparency and accountability.

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 during 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 procured products and services. An example for Qualitas Energy at the Management Company level is our business travel, or the IT equipment we purchase.

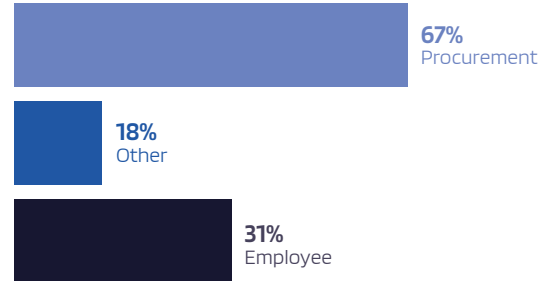


2022 Emissions by scope

Total
2,416.7 tCO₂-eq

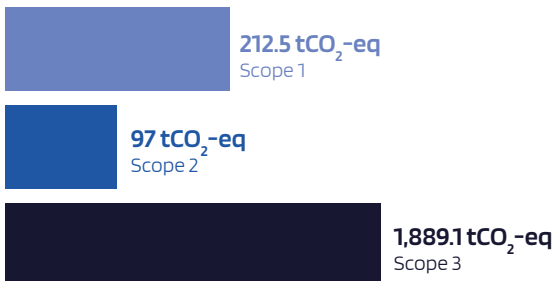


2022 Emissions by category (%)

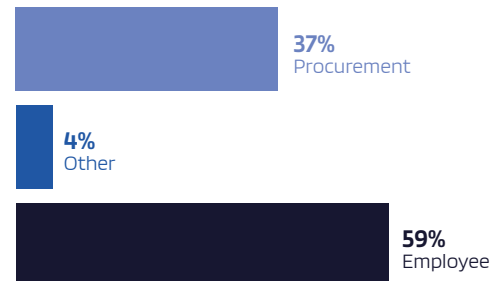


2023 Emissions by scope

Total
2,198.6 tCO₂-eq



2023 Emissions by category (%)

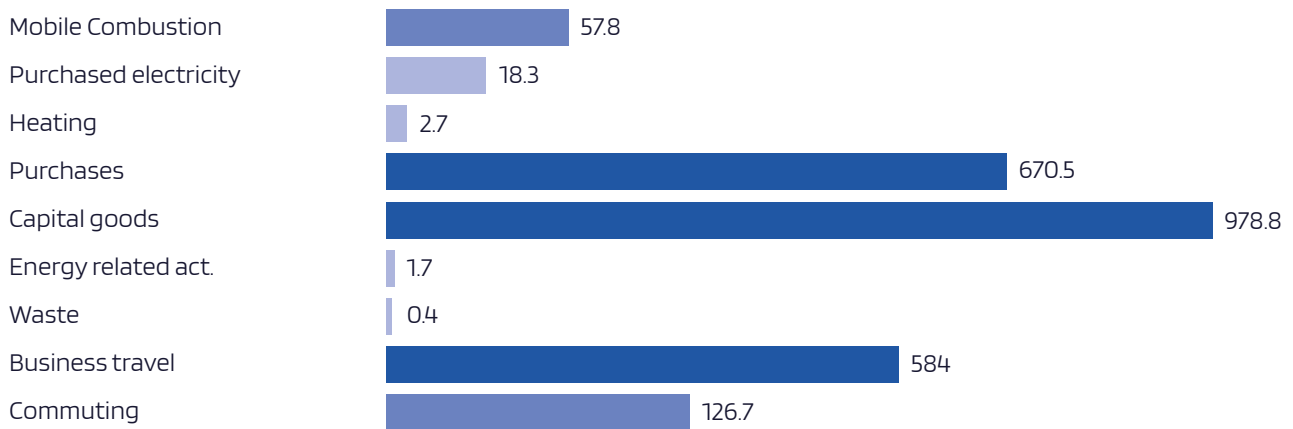


In 2023, total emissions declined by 9%, this was driven by a 20% reduction in Scope 3 emissions, which declined from 2,382.7 tCO₂-eq, to 1,889.1 tCO₂-eq. Total emissions declined to 2,198.6 tCO₂-eq, this was driven by a 5% fall in emissions in the Scope 3 category of purchases, as well as an 81% decrease in capital goods. This outlines the progress in our sustainability initiatives, as well as the investment in reporting and data. Qualitas Energy is proud to see this improvement, and we will continue to work to make gains across our carbon footprint management. The reduction in total emissions for Qualitas Energy is a good platform to improve in the near future. In 2023, we also saw a decrease in emissions per employee, from 5.18 tCO₂-eq per employee in 2022 to 4.54 tCO₂-eq per employee, a fall of 12.35%.

Advancements in data availability has led to superior accuracy in reporting, and this has led to an increase in our Scope 1 and 2 emissions. Qualitas Energy has expanded significantly in recent years, and as a result, electricity consumption has increased as well as our mobile combustion emissions. Qualitas Energy's investment in sustainability initiatives, and technology, outlines our commitment.

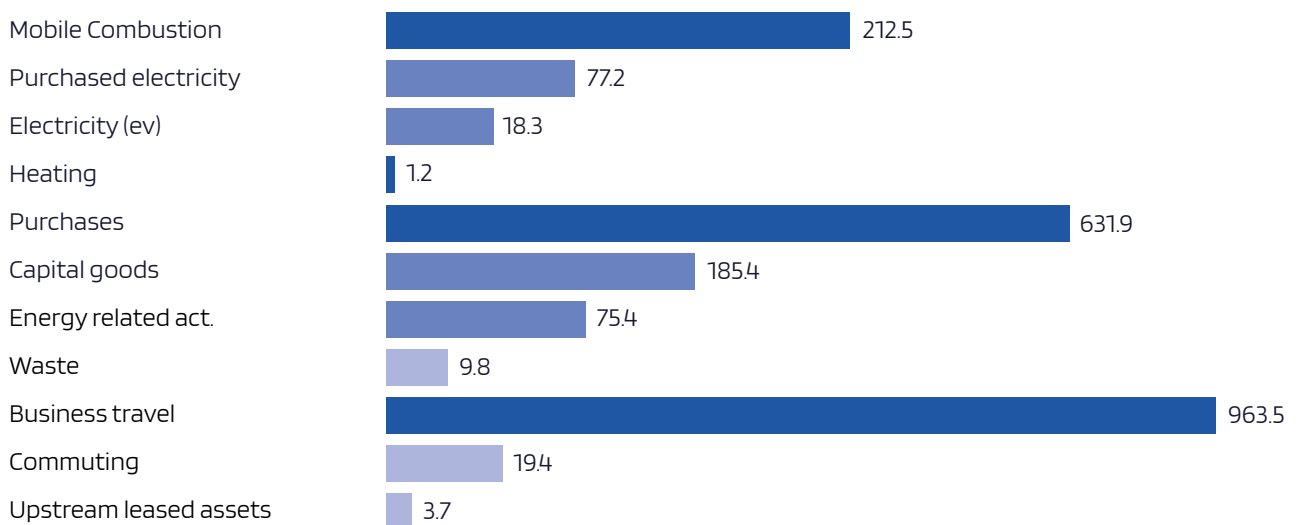
2022

Emissions by category (tCO₂e)



2023

Emissions by category (tCO₂e)






Fund level ESG KPIs for 2023

As a leading investment and management platform focused on renewable energy, energy transition and sustainable infrastructure investment, Qualitas Energy is dedicated to fulfilling our responsibility of powering change and delivering long-term value for our investors. ESG is a core pillar of this responsibility, demonstrating our substantial contribution to society through renewable energy.

To measure this, Qualitas Energy has set targeted KPIs. Leveraging the UN SDGs framework, we focus on three primary goals for our investments: Affordable and Clean Energy (SDG 7), Climate Action (SDG 13), and Industry, Innovation, and Infrastructure (SDG 9). Each of these categories include specific subthemes which are outlined below.

At Qualitas Energy, we are proud of the progress we are making to mitigate climate change and facilitate the energy transition. **Qualitas Energy Fund V saw a 3,620% increase in the number of emissions avoided and a 5,633% increase in renewable energy available for sale. Additionally, there was a 339% increase in MW capacity added to the grid in Qualitas Energy Fund V. In Qualitas Energy Fund IV, we reported a 109% rise in emissions avoided, from 136,738 to 286,031 tCO₂ and achieved a 3.7% increase in renewable energy for sale.** These metrics demonstrate clear progress in contributing to the UN SDGs, highlighting our role in the global energy transition. Despite selling part of our Spanish solar PV portfolio in Q1 2023, we continue to make significant strides in expanding renewable energy capacity and reducing emissions.

Qualitas Energy Fund V

UN SDG	Subtheme	KPI	2022	2023
	Target 7.2	Renewable energy for sale	1.5 GWh	133,7 GWh ¹
	Contribution to increase substantially the share of renewable energy in the global energy mix by 2030.	Renewable energy for use	n.a.	321 MWh ¹
		Revenues generated from coal generation, coal mining and transportation or related services	€0	€0
	Target 9.4	Renewables MW added to the grid by the assets	35 MW	153.8 MW ³
	Innovation centred on renewable energy trends, for example increase power plants productivity, storage, diversified technologies, and ways of consuming energy.	Investment in innovative clean technologies	€94.7m	€807.0m
		Storage capacity	57 MW	57 MW ⁴
	Target 13.3	CO2 emissions avoided	1,399 tCO ₂	52,037 tCO ₂ ²
	Improve awareness, human and institutional capacity on climate change mitigation, adaptation, and impact reduction.			




¹Data corresponding to the year 2023.

²Data corresponding to the year 2023.




³Total installed capacity in operation.

⁴Storage capacity under development.

Qualitas Energy Fund IV

UN SDG	Subtheme	KPI	2022	2023
	Target 7.2 Contribution to increase substantially the share of renewable energy in the global energy mix by 2030.	Renewable energy for sale	212 GWh	1,214 GWh ¹
		Renewable energy for use	9 GWh	214 GWh ¹
	Target 9.4 Innovation centred on renewable energy trends, for example increase power plants productivity, storage, diversified technologies, and ways of consuming energy	Renewables MW added to the grid by the assets	708 MW	570 MW ³
		Investment in innovative clean technologies	€1.1bn	€1.1bn
		Storage capacity	6 MW	6 MW
	Target 13.3 Improve awareness, human and institutional capacity on climate change mitigation, adaptation, and impact reduction.	CO2 emissions avoided	136,738 tCO ₂	286,031 tCO ₂ ²

Total Fund Data

UN SDG	Subtheme	KPI	2022	2023
	Target 7.2 Contribution to increase substantially the share of renewable energy in the global energy mix by 2030.	Renewable energy for sale	213,5 GWh ¹	1,347.7 GWh ¹
		Renewable energy for use	9 GWh ¹	214 GWh ¹
	Target 9.4 Innovation centred on renewable energy trends, for example increase power plants productivity, storage, diversified technologies, and ways of consuming energy.	Renewables MW added to the grid by the assets	743 MW ³	723,8 MW ³
		Investment in innovative clean technologies	€1,194bn	€1,907bn
		Storage capacity	63 MW ⁴	63 MW ⁴
	Target 13.3 Improve awareness, human and institutional capacity on climate change mitigation, adaptation, and impact reduction.	CO2 emissions avoided	136,738 tCO ₂ ²	338,168 tCO ₂ ²

¹Data corresponding to the year 2023.

²Data corresponding to the year 2023.

³Total installed capacity.

⁴Storage capacity under development.

2023

Total renewable energy produced	1,347.7 GWh
Total emissions avoided	338,068 t CO ₂ eq
Total homes supplied with clean energy	384,903
Total renewable energy capacity added to the grid	723.8 MW
Equivalent GHG emissions	618,965,982 lbs of coal burned 1,300,306 barrels of oil consumed 63,197,486 gallons of gasoline consumed
Equivalent emissions avoided	24,395,188 garbage bags of waste recycled instead of landfill 655,727 acres of US forests in one year

Total since inception

Total renewable energy produced	2,583.7 GWh
Total emissions avoided**	476,205 tCO ₂ eq
Total homes supplied with clean energy*	737,993
Total renewable energy capacity added to the grid	723.8 MW
Equivalent GHG emissions to	4 natural gas-fired power plants for one year 1,643,825,549 lbs of coal burned 3,814,793,568 miles driven by an average gasoline-powered passenger vehicle
Equivalent emissions avoided	1,741,453 acres of US forests in one year 24,663,255 tree seedlings grown for 10 years***

*Total Homes Supplied figures are from 2020

**Total Emissions Avoided are from 2021

***Equivalents calculated using US Environmental Protection Agency Calculator

13,454.8 tCO₂-eq

Total Portfolio
Scope 1 & Scope 2 emissions in 2023

37,992.8 tCO₂-eq

Total Portfolio
Scope 1, Scope 2 & Scope 3 emissions in 2023

148.6 tCO₂-eq/€m

Portfolio weighted average
Scope 1 & Scope 2 emissions revenue intensity

797 tCO₂-eq/€m

Portfolio weighted average
Scope 1, Scope 2 & Scope 3 emissions revenue intensity

Fund V 2023 Emissions tCO₂-eq by scope

Total
7,581.8 tCO₂-eq



Fund IV 2023 Emissions tCO₂-eq by scope

Total
30,411 tCO₂-eq



Qualitas Energy Fund V 2023

Indicator	Metric	Qualitas Energy Fund V	Units
GHG Emissions	Scope 1	9.62	tCO ₂ -eq
	Scope 2	1.49	tCO ₂ -eq
	Scope 3	7550.99	tCO ₂ -eq
	Total	7562.10	tCO ₂ -eq
Carbon Footprint	Carbon Footprint	0.0000169	tCO ₂ -eq/€m invested
GHG Intensity Portfolio Companies	GHG Intensity of Portfolio Companies	0.0000169	tCO ₂ -eq/million EUR of owned revenue
Exposure to companies active in fossil fuels		0.00000037380	tCO ₂ -eq/million EUR invested

Qualitas Energy Fund IV 2023

Indicator	Metric	Qualitas Energy Fund IV	Units
GHG Emissions	Scope 1	5807.58	tCO ₂ -eq
	Scope 2	4452.37	tCO ₂ -eq
	Scope 3	13094.13	tCO ₂ -eq
	Total	23351.09	tCO ₂ -eq
Carbon Footprint	Carbon Footprint	0.000046824	tCO ₂ -eq/€m invested
GHG Intensity Investee Companies	GHG Intensity of Investee Companies	0.000097149	tCO ₂ -eq/million EUR of owned revenue
Exposure to companies active in fossil fuels		0	tCO ₂ -eq/million EUR invested
Portfolio Weighted Average Scope Emissions (tCO ₂ /€mRev)	Portfolio Weighted Average Scope 1 & 2	0.0000427	tCO ₂ -eq/million EUR invested
	Portfolio Weighted Average Scope 1,2, & 3	0.0000971	tCO ₂ -eq/million EUR invested

*Equivalents calculated using the US Environmental Protection Agency Calculator

Commitment to nature

Nature conservation is a core pillar of our sustainability strategy. While our focus on greenhouse gases (GHG) emissions and carbon management remains crucial, we also prioritize broader environmental impacts. Guided by the Earth's planetary boundaries framework, we are aware that that six out of nine boundaries have been transgressed, with biodiversity loss being a key concern.

Our biodiversity initiatives are integral to both our investment strategy and internal operations. Actions such as organizing garbage pick-up events, planting a tree for each new employee, and firm-wide educational programs on biodiversity highlight our commitment.



Our approach to the environment in our investment process:

Environmental considerations are embedded in every stage of our investment process at Qualitas Energy. We understand the critical importance of rigorous environmental stewardship for fostering sustainable growth and regulatory compliance.

Regulatory compliance

Our investments are subject to a myriad of regulations, which we embrace as opportunities to enhance our sustainability efforts. Notably, the Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy play pivotal roles in shaping our environmental strategy. These regulations act as catalysts, propelling us to establish ambitious goals and attain excellence in ESG.

Environmental integration in investment process

From the initial screening to the final exit, environmental metrics are tracked and managed. Our screening process employs both negative and positive criteria to ensure that we avoid investments with adverse environmental impacts while also promoting those that contribute positively to sustainability.

We screen potential investments against SDG (Sustainable Development Goals) 13 – Climate Action, ensuring alignment with global sustainability goals. The direct positive impact of our investments is measured by the emissions they avoid. Additionally, nature conservation remains a critical focus. We assess potential impacts on biodiversity from the outset, considering regulations such as the Biodiversity Net Gain in the UK and the EU Biodiversity Directive.

Case Study

CSP Assets

1,745 GWh, Since 2013 = 6,145 GWh

Renewable Energy produced since Qualitas Energy's ownership inception

Since 2013: 1,167,550**

Since 2021: 331,550**

Emission avoided

Since 2013: 1,755,714

Since 2021: 498,571

Homes supplied

To deliver on decarbonising the global energy system, investments across a wide range of technologies is essential. In 2021, Qualitas Energy invested in a Concentrated-Solar Thermal Power (CSP) plant under Qualitas Energy Fund IV. Since then, we have been diligently optimising its energy production. CSP is a technology that uses mirrors to concentrate sunlight, heating a high-temperature fluid in a central receiver. This thermal energy in turn drives turbines (or powers engines), generating electricity. Since 2021, our renewable energy output has reached 1,745 GWh. The capacity of our assets varies, with Project Africana generating 153.4 GWh annually and Project Torresol producing 326.2 GWh in 2023, totalling 986 GWh since 2021. Combined, our sites have generated a cumulative total of 6,145,138 MWh of renewable energy since their construction.

When comparing the total renewable energy produced since Qualitas Energy has owned these assets, our impact can be compared to the consumption of 1,732,903,391 barrels of oil, the growth of 12,376,280,859 tree seedlings over ten years, and the operation of 192 coal-fired power plants for one year. *

CSP assets demand heightened oversight due to their greater resource requirements compared to other renewable energy technologies. At Qualitas Energy, we are committed to monitoring our assets with a best-in-class approach, particularly with regards to waste management. For example, Project Africana undergoes monthly, quarterly, and annual reporting for wastewater, to prevent any effluent discharge into surrounding systems. This rigorous monitoring aligns with our commitment to proper governance and adherence to regional and national regulations. Other surveillance efforts include waste management, verification of Scopes 1 and 2 GHG emissions,

environmental surveillance including species and habitat monitoring, atmospheric emissions calculation, and biennial soil contamination reports.

The environmental project manager and the ESG team will assess this data and reports onwards frequently. Third-party verification of Scopes 1 and 2 emissions is a crucial aspect; while this verification focuses on Scopes 1 and 2 emissions, we are actively working to enhance our emissions reporting to provide then further granularity.

For example, our annual reporting provides detailed insights into all environmental aspects of project Africana. This includes monitoring of species in the surrounding area, identification of bird nests and eggs and measures to ensure field workers avoid disturbing these habitats. The reports also document the variety of bird species active in the area and their presence around the water lagoon, in line with our commitment to environmental stewardship and biodiversity conservation.



*Equivalents calculated using the US Environmental Protection Agency Calculator

**Emissions avoided calculated using latest CO2 intensity of Spain's electricity grid

Biodiversity

At Qualitas Energy, our dedication to environmental sustainability is guided by a comprehensive negative screening and exclusion policy, which forms an integral part of our overarching ESG framework. This policy involves thorough evaluation of each investment in order to determine its potential adverse impact on any local ecosystems and biodiversity. Operating in diverse jurisdictions, we tailor our approach to align with each region's specific local laws and regulations. Through close collaboration 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 well-being of protected species in the area.

Qualitas Energy is committed to minimizing its adverse effects on biodiversity and nature. This commitment is ingrained in our investment approach, with 100% of our investment opportunities undergoing biodiversity screening as part of our negative exclusion criteria. We actively engage with local communities and municipalities to ensure that our assets and operations do not damage the surrounding environment.

One notable initiative is our work with wind turbines in Germany. Our experts conduct thorough analyses of bird and bat populations to determine if shutdowns are necessary, or if technology upgrades are needed to detect and mitigate any potential impacts on these species. Our ESG team collaborates closely with project managers and portfolio companies to assess risks on a case-by-case basis, ensuring responsible management of our assets.

Biodiversity Net Gain regulation & EU Biodiversity Directive

The Biodiversity Net Gain (BNG) regulation is a key component of environmental legislation in the UK, designed to ensure that development projects deliver an overall increase in biodiversity. Enhancing biodiversity is fundamental to sustainable development and a Biodiversity Net Gain evaluation serves as a mechanism to both integrate and showcase this commitment.

Under this regulation, developers are required to assess the biodiversity value of their sites prior to commencing any development activities. Subsequently, they must ensure that following development, the site exhibits greater biodiversity value than before.



This concept mandates that all new developments must yield a net gain of at least 10% in biodiversity growth. By imposing such requirements, this regulation incentivizes developers to adopt innovative and sustainable approaches aimed at enriching natural habitats and ecosystems within the scope of their projects. In essence, this regulation fosters a mindset that prioritizes environmental stewardship and responsible development practices.

The EU Biodiversity Directive, and specifically the EU Biodiversity Strategy for 2030, is a comprehensive, long-term plan to protect nature and reverse the degradation of ecosystems. This directive is a cornerstone of the European Green Deal, which aims to make Europe the first climate-neutral continent by 2050. The strategy sets ambitious targets, such as expanding protected areas to cover 30% of Europe's land and sea, restoring degraded ecosystems and reducing pollution. It emphasizes the importance of integrating biodiversity considerations into all aspects of economic activity, thereby fostering sustainable development that supports and enhances natural habitats.

At Qualitas Energy, we strive to align our projects in the UK with the principles outlined in Biodiversity Net Gain (BNG) regulation. For instance, our investment in Acorn Bioenergy, a renewable gas platform, aims to provide sustainable energy solutions while enhancing the biodiversity of its surroundings. Action plans for Acorn aim to incorporate BNG requirements, working towards delivering a net gain in biodiversity. These plans consider specific measures to protect and enhance local habitats, plant native species and create green spaces that support diverse wildlife.

Case Study

Acorn Bioenergy

**100% of investments now have a biodiversity screening, and in screening in the investment process.
Development pipeline of 169 MW, 14 anaerobic digestion plants, 3 injection hubs**

Acorn Bioenergy is a leading platform for the development of grid-injected gas production, which aims to build one of the largest anaerobic digestion (AD) platforms in the United Kingdom. The anaerobic digestion plants are strategically spread across England and Scotland due to sufficient resources in all regions to supply the plants with raw material and feedstock. As a prerequisite for the planning application for the proposed AD plant, a Biodiversity Net Gain Assessment was conducted to evaluate biodiversity enhancement in accordance with the National Planning Policy Framework.

The Biodiversity Net Gain (BNG) calculation was conducted by external experts in close coordination with the Acorn Bioenergy on-site team. The assessment revealed a biodiversity gain, prompting the formulation of planting and management strategies to achieve the predicted level of enhancement. These plans are projected to result in an 8% increase in habitat units and a 30% rise in hedgerow units.

Baseline Habitat	Habitat lost	Habitat Retained / Enhanced	Habitat to be created
Cropland	Cropland	-	-
Grassland	Grassland	-	Grassland
Heathland & scrub	Heathland & scrub	-	Heathland & scrub
Hedgerow	-	Retained Hedgerow	Hedgerow
Offsite woodland & forest	-	Enhanced offsite woodland & forest	-
-	-	-	Urban Bioswale

A Landscape Management Plan has been prepared and is to be implemented over the course of the next 20 years, following completion of landscape works at the site:

- A total of 1.6 ha of lowland mixed deciduous woodland to the north of the site is to be enhanced with a target to increase condition from "Moderate" condition to "Good" over 20 years.
- To increase the visual screening and biodiversity value of the site through the management of 0.37 km retained hedgerows.
- To create a total of 0.03 ha of urban bioswale with a target condition of "Good" to be achieved within three years.
- To create 0.66 ha of Neutral grassland with a target condition of "Good" to be achieved within 10 years.
- To create 0.2 ha of mixed scrub with a target condition of good to be achieved within 10 years.
- To create 0.23 km of dense, habitat-rich hedgerow with a target condition of "Moderate" to be achieved within 10 years.

Following an arboricultural implications assessment, it was determined that the development proposal affects two individual trees, four groups of trees, and one woodland area. The plan entails preserving all individually identified trees, two out of the four groups of trees, and the woodland. The remaining two groups of trees will be partially retained. To compensate for any loss and maintain ecological balance, planting 100 new trees was proposed. Standard practice dictates the establishment of a double staggered row of plants to replicate a similar area of trees and hedge.

Social

Our approach

At Qualitas Energy we value our people as our greatest asset and recognize our role in contributing to the sustainable and inclusive growth of our society. This is why we prioritize the Social pillar of the ESG criteria and continually strive for improvement. By doing so, we not only achieve exceptional performance as a company but also enhance the well-being and engagement of our employees, while also making a lasting positive impact in society.

"At the core of Qualitas Energy, we deeply value our team and the communities we serve. We recognize that as our employees thrive and grow within our company, they inspire us to reach new heights. That is why we are dedicated to returning the favour for their invaluable contributions by actively giving back to society."

Rocío López

Chief of Staff & Investor Relations Director

+4,000

People benefited from our community engagement initiatives

+€226,000

Committed to social responsibility programmes

Our people

Our greatest asset

Our employees are our greatest asset and the reason for our success.

We are a leading force in the global renewable energy sector, backed by two decades of extensive experience. Our deep technical and operational expertise has consistently yielded success across diverse investment avenues in long-term alternative assets. Committed to forging a sustainable future for both our team members and the planet, we operate as a cohesive team of professionals, united in pursuit of common goals, values, mission, and achievements. Our collaborative approach ensures active participation at all levels of organizational decision-making, underscoring our belief that collective learning leads to collective success.

Recruitment

We are continuously striving to attract and inspire exceptional talent. At Qualitas Energy we have a unique perspective on talent evaluation. Instead of focusing only on candidates' backgrounds, we prioritize their broader skills and potential. We believe that exceptional individuals can emerge from any corner, and so we are committed to drawing in a wide array of distinctive and diverse talent to our teams. It is our goal for our teams to mirror the diversity found within the communities we serve and society. As we expand our talent networks, we are also refining our assessment methods, constantly striving to minimize the risk of bias.

Collaboration with universities

Qualitas Energy is dedicated to working with students and universities, not only to educate about Qualitas Energy and the energy transition investments, but also specific knowledge of our wider sector, and the evolution of the market. Working closely with universities gives Qualitas Energy good access to talent and provides opportunities for Qualitas Energy to understand how the educational schedule is developing. Our employees working closely with universities have also assisted students with their final year projects, helping provide commercial and real-world examples to their final year thesis.

This collaboration is a fantastic evolution to our current framework and also helps to strengthen our Summer Internship program.

Some of the universities we collaborate with are:

Comillas, IESE, IE, Universidad Politécnica de Madrid, Universidad Autónoma de Madrid, Universidad Complutense de Madrid, University College London, Imperial College London, London School of Economics.

New tools and processes

In 2023, we strengthened our Human Resources team by hiring Pablo Gutierrez-Jodra as the Global Head of Talent Management. Under his leadership, we have developed a new talent attraction process that builds connections with universities and business schools. These initiatives help us engage with top talent in their final years as students, and we plan to further strengthen relationships with graduate management programs in the coming years.

We have significantly enhanced our recruitment process through digital tools. These tools streamline recruitment and have enabled us to redesign and digitize our onboarding process, seamlessly linking it to recruitment and eliminating potential points of friction. This integrated approach ensures a smooth transition for new hires.

As a result of these improvements, we successfully reduced the recruitment time from need identification to hiring agreement in 2023.

Training

Qualitas Energy is working to integrate a training plan that seeks to develop the essential overall competencies that all employees must have, as well as those specific to each area or department. We also want to develop a talent map that will allow us to tailor our training specific to each employee's role, knowledge, and aspirations. The training plan will also include the design of a career plan that will be oriented based on the strategic needs of the company, the talent map, and the particular interests of each employee.

Leadership and team management programs are currently underway in several countries. These programs reinforce the competencies in the field, and produce a continuity over time. We also have specific training programs for each technical area and a global multi-country platform for language training.

This not only benefits our employees through learning and career development, but also cross-communication between regions.

We foster a culture of support, integrity, and care for all our employees, empowering them to achieve personal and professional growth.

100%
Of employees had access to career - or skills - related training

100%
Of our people received regular performance reviews



Q-Clubs

The Q-Clubs is an initiative that offers employees a broad platform to engage in a wide range of initiatives, events, and resources across various subject areas.

Q-Knowledge

Q-Knowledge has two primary missions:

1. Fostering knowledge exchange within the company:

Q-Knowledge serves as a centralized platform for sharing vital information and facilitating dialogue among employees. By promoting knowledge exchange, we ensure that all team members are well-informed about market updates, economic news, sustainability trends, business developments, and emerging technologies. This initiative encourages an open flow of information across departments and levels within the organization, fostering a culture of continuous learning and collaboration.

2. Promoting professional and personal growth:

In addition to keeping employees informed, Q-Knowledge is dedicated to nurturing their professional and personal development. Through targeted training sessions and educational programs, we aim to enhance employees' skills, broaden their knowledge base, and cultivate leadership qualities. By investing in their growth, we empower employees to reach their full potential, both professionally and personally, contributing to a more motivated and engaged workforce.

Q-Talks

The initiative consists of online talks led by dedicated team members to foster meaningful discussions at the organizational level and to provide employees with valuable insights into the company's strategy, processes, and approaches. In 2023, we launched successfully three different Q-Talks, with a participation rate of almost 50% of the total workforce.

Q-Trainings

Q-Training consists of internally developed training resources and materials on various topics, covering learning programs on both hard skills and soft skills.

Q-Resources

Employees have access to a comprehensive library containing reports, papers, and studies addressing topics such as the energy transition, private equity, and investor relations. Additionally, a variety of webinars and other educational resources developed by third parties are available.

Q-Community

Q-Community fosters the development of a robust internal community through social gatherings centred around leisure, sports, and culture. Within this framework, we have actively encouraged professionals to engage in a variety of sports events and competitions, such as football, paddle tennis, and running. Additionally, we arrange summer and holiday parties to reinforce team bonds and facilitate activities aimed at enhancing both physical and mental well-being. The primary goal of Q-Community is to inspire employees to partake in socially enriching activities that contribute to building a friendly and joyful team environment.

For example, our Madrid colleagues are actively engaging in the Inter-company League, fielding both a Football Team and multiple Padel Teams in Spain.

Throughout the second week of October, our Berlin office celebrated Wellbeing Week, with a packed schedule of wellness treats, breakouts, and presentations. The week began with a breakfast at all German locations, introduced by Borja Caruana, Country Head of Germany, and Melanie Falke, Head of HR and Corporate Services for Germany. The schedule included daily activities focused on wellbeing in the office and in everyday life. Throughout the week, were held presentations on social health, mental health, mindfulness in daily work and optimizing diet for a healthy brain. These sessions were complemented by active breaks and activities such as yoga and jogging.



"At Qualitas Energy, we understand the importance of work-life balance, and we provide the necessary tools to ensure our teams and employees make time for themselves. The week was drawn to a close with tips on how to conduct a digital detox, for example, a movement that the Qualitas Energy Group fully supports. Balancing technology and digitalization in work and personal life with time away from screens, phones, and laptops is beneficial."

Melanie Falke

Head of HR & Corporate Services of Qualitas Energy Deutschland GmbH.

As we now have five more offices in Germany beyond our headquarters in Berlin, it was essential that all colleagues felt involved. The presentations were in-person and online, and messages were sent through Teams to ensure all colleagues in Germany could benefit from this vital information and knowledge. Health is one of our most important pillars, and the Qualitas Energy Group is working to integrate more benefits for our employees. Our German offices have led the way with these initiatives, and the benefits were evident.

Q-Diversity

Qualitas Energy, through Q-Diversity, is committed to advancing initiatives that promote diversity, enhance inclusion, and foster employee engagement and dialogue on this critical theme. Q-Diversity offers a range of resources and activities aimed at raising awareness and facilitating meaningful discussions. This platform provides educational resources, generates informative reports, and hosts social events in order to further promote diversity and inclusion. It serves as a forum for employees to engage in discussions and act on diversity and inclusion matters, with support from all levels of the organization, including senior leadership. Additionally, within the scope of Q-Diversity, in 2023 Qualitas Energy has developed a strategic plan for social initiatives known as Steps of Change, set to launch in 2024. This plan underscores the company's and its professionals' dedication to various social causes.

Our Chilean office collaborates with the organization Hogar de Cristo, which is dedicated to supporting elderly individuals with low economic resources. Qualitas Energy Chile contributes by providing a substantial breakfast and personal hygiene sets.



Diversity, Equity and Inclusion

Qualitas Energy has long been committed to advancing Diversity, Equity and Inclusion (DEI) in our own firm, for our communities, and in broader society, and we are determined to enhance this journey.

Prioritizing DEI not only enhances company culture but also has a notable impact on financial performance. Qualitas Energy is proud to have a workforce of over 20 nationalities, and as we now operate in 13 offices across eight countries, and two continents, it is important that we have an inclusive approach. As nationalities increase, we know it is important that all regions can communicate within each other. For example, Qualitas Energy employees who move to our Headquarters in Madrid, have the opportunity to learn the local language: Qualitas offers to pay for language classes, so this helps employees integrate into the office, as well as their new way of life in Madrid. Qualitas Energy will also make language courses available to all employees in 2024, as part of our commitment to our teams and their diversity. We strongly believe that better access to learning new languages creates a more inclusive, engaged, and communicative working environment.

Studies, such as the one published by McKinsey,¹ support this belief. When employees feel accepted and empowered to express their true selves in the

workplace, their overall happiness increases, often leading to heightened engagement and productivity, thus also contributing to improved financial outcomes.

Our figures

40%

Of the global workforce are women*

*As of 31st December 2023, including only offices, and excluding field workers, and JVs.

30%

Senior leadership positions are held by women*

* As of 31st December 2023

20%

Total number of different nationalities*

*As of 31st December 2023.



¹Diversity wins: How inclusion matters, McKinsey, 2020.

Qualitas Energy strives to continually improve our approach, across all areas of the business, DEI is an area we have focused on. Our Partner, Kate Townsend, has been instrumental in starting this Forum, and is coordinating closely with the ESG team, HR, and Chief of Staff, Rocío López. We believe we can do better, and so we have started a Diversity, Equity, and Inclusion Forum. This Forum will develop a strategy to improve DEI across Qualitas Energy, and then will be responsible for executing this strategy. The Forum is comprised of senior management and senior team members from different business areas. This well-rounded approach will foster a wide range of ideas and perspectives, boosting the success of the forum and strategy. The initial approach of the Forum will be focused on the approach below:

Understanding our data

Assessing our current position

Defining our goals

What do we want to achieve?

Strategy and focus areas

Mapping out our path to achievement

Reporting, tracking and delivery

"In our pursuit of excellence, Qualitas Energy recognizes that diversity, equality, and inclusion are not just ideals to strive for, but essential principles to embody. Through the dedication of our team and supported by our cross-functional collaboration, we are committed to crafting a future where every voice is heard, every perspective valued, and every opportunity accessible. Our Diversity, Equity, and Inclusion Forum is a testament to our commitment to progress, driving forward a strategy that reflects the richness of our collective humanity."

Kate Townsend

Partner – Institutional Relations & Fundraising

The Forum will present both the strategy, and progress in upcoming reports, and we eagerly anticipate sharing updates on this journey. We will persist at our efforts towards this objective, and the Forum represents the latest stride in aiding us to attain our goals. At Qualitas Energy, we believe this approach is not only the right thing to do, but it also offers significant benefits, including improved performance, innovation, increased productivity, more accuracy regarding overall risk assessment, as well as stronger financial results. Whilst this remains a positive by-product, the over-arching goal is having a workforce where our employees feel valued, included, and that represents broader society.

Our focus for 2024

In 2024, Qualitas Energy will focus on implementing the DEI Forum, as well as defining the focus for this taskforce, and the execution of that strategy. We are committed to improving our gender balance across different regions and will work to put in place the framework to allow this to happen. This will include our hiring practice, training, and internal education. We are investing in new systems to improve talent retention and training. Our HR team and Chief of Staff continue to work on new initiatives, and we look forward to reporting on this progress in the coming years.

Health and safety

Qualitas Energy prioritizes maintaining clear and transparent health and safety procedures throughout its operations, emphasizing the well-being of its employees in both office and field environments.

To uphold safety standards, Qualitas Energy follows formal processes encompassing key aspects:

Health and safety reporting and monitoring

The company regularly reports and monitors health and safety performance using key performance indicators (KPIs). These indicators include workforce composition, and any safety incidents, accidents, injuries, and the number of workdays lost due to those injuries. These monthly procedures are vital for evaluating safety performance and identifying areas for improvement.

Safety specialists for plant security

Dedicated safety specialists are employed to develop comprehensive security plans tailored to each plant's unique requirements, ensuring the safety of renewable energy plants. These plans include risk assessments, emergency response protocols, and safety measures to mitigate potential hazards.

Contractor engagement in health and safety

Qualitas Energy actively involves contractors in promoting health and safety. External contractors report health and safety issues, facilitating efficient tracking of procedures and incidents. This collaborative approach ensures a shared commitment to safety.

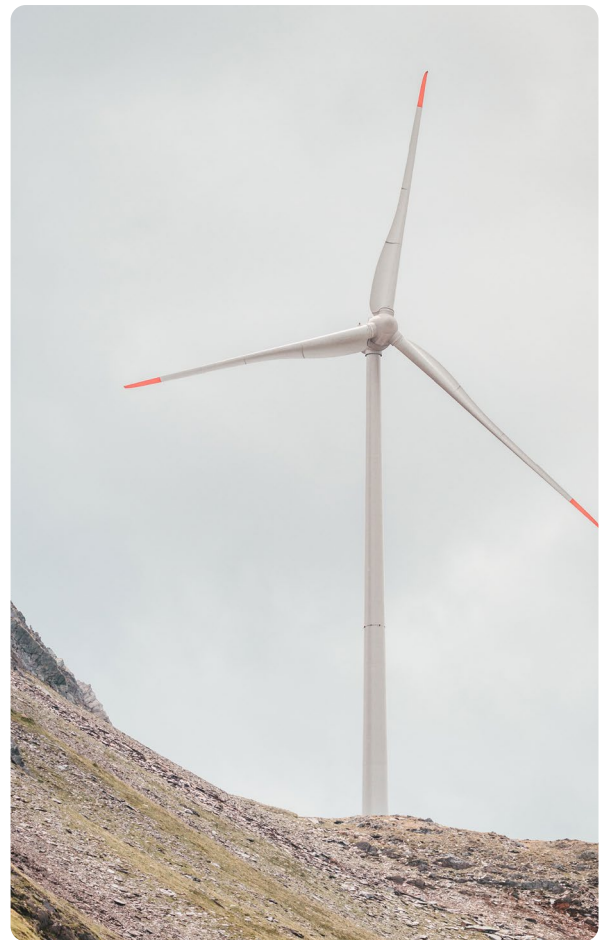
Worker training and education

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

Mandatory protective apparel and equipment

Strict compliance with safety regulations is enforced, ensuring all workers and any visitors to sites wear appropriate protective apparel and equipment, including helmets, gloves, safety glasses, and suitable clothing.

Additionally, Qualitas Energy adheres to local laws and regulations in the regions where it operates, aligning its health and safety practices with all relevant standards.



Our social commitments

Powering sustainable and inclusive growth

At Qualitas Energy, we are determined to contribute to the sustainable and inclusive growth of the communities and local regions in which we are present, through both our offices and our renewable energy projects.

13 offices engaged across eight countries

Our commitment to Human Rights

At Qualitas Energy, we have a firm commitment to upholding human rights and combating modern slavery, and do not accept any breach of these standards. We welcome the heightened scrutiny of the social aspect of ESG and work closely with local communities to ensure our activities never compromise these fundamental principles. Collaboration across our supply chain and procurement process is paramount, as we hold both ourselves and our partners to the highest standards of ethical conduct. This approach is guided by the frameworks we are signatories to, such as UN PRI, but also international standards included in the SFDR regulation, such as UN Global Compact and UN Principles of Human Rights.

Our work in 2023

We updated our Supplier Code of Conduct to incorporate the "Minimum Safeguards" from the EU Taxonomy, and SFDR Article 9 regulations. Integrating these standards into the Supplier Code of Conduct provides clarity in our standards, and what we believe to be an important part of our business. The implementation of this is managed by the ESG, Legal, and Compliance teams. We believe this is a key step given Qualitas Energy's structure and engagement across the value chain. If a significant event occurs, the teams will assess the incident accordingly and conduct a thorough analysis before addressing the incident.

The Supplier Code of Conduct process was developed to highlight the importance of social aspects across the value-chain. This process, which was already in place, but upgraded in 2023, has allowed Qualitas Energy to make sure our suppliers and partners meet the international standards that we are required.

In conjunction with this, raising the standards of our Supplier Code of Conduct, means our suppliers ask themselves the question about their own supply chain, so ensures that they also put in place these standards into their own practices. In accordance with the minimum safeguards of the regulation, Qualitas Energy have integrated the following standards on human rights in the Supplier Code of Conduct:

- OECD Guidelines For Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- Declaration of the International Labour Organisation on Fundamental Principles and Rights to Work
- International Bill of Human Rights

Further to these human rights standards, we have also included provisions around labour laws, such as the UN Global Compact, and IFC Standards on Labour and Working Conditions.

Responsible sourcing is also a key priority for Qualitas Energy; the supply chain of renewable energy technologies demands delicate stewardship and understanding. The materials utilized in producing technologies for our projects come from various jurisdictions, each therefore carrying different risks. For example, the involvement of illegal mining practices for the materials used in batteries, as well as the labour standards in the production of solar panels are of particular importance to our sector. As such, Qualitas Energy also includes these topics in contracts through the Supplier Code of Conduct. In this code, we have specific clauses regarding responsible sourcing, and labour standards that our suppliers must agree to. We remain committed to collaborating with our providers to work towards a cleaner, transparent, and responsible supply chain for the industry. Indeed, when signing our Supplier Code of Conduct, suppliers agree to uphold to the below standard of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. High-risk areas may be defined by areas of political instability and repression, and extensive violence.

Case Study

BESS in the United Kingdom

In 2023, when selecting a contractor for a Battery Energy Storage System (BESS) project in the UK, the ESG team worked closely with the Procurement and Investment team during the selection process. This involved assessing the supplier's ESG policies, such as Code of Conduct EHS Policy, CSR Management, as well as governance considerations. Procurement and mineral procedures are particularly relevant, but we also ensured documents emphasized the "End-of-Life" procedures as well. This is particularly crucial due to the EU Regulation (EU) 2023/1542, which came into force on July 12, 2023. As such, assessment against Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas was conducted and approved by the supplier. In doing so, the battery provider requests a third-party audit of their suppliers, in line with OECD standards, to ensure responsible sourcing of minerals and materials along the supply chain. This collaboration is vital for establishing long-term commercial relationships, especially considering the new Corporate Sustainability Due Diligence Directive adopted in the 2023 report.

Qualitas Energy strives to work with companies and help to influence their policy and procedures throughout the commercial process. We remain aware of the risks associated with the renewable energy value-chain and work continuously to be part of the solution.

Our fiduciary duty extends beyond mere financial management; it encompasses a dedicated commitment to generating sustainable, long-term returns while safeguarding social impact and human rights not only within our direct business practices, but also throughout the entire value chain. The increasing regulations in this area highlight the importance of collaborating across regions, upstream and downstream. We continue to stand firmly against child labour, modern slavery, critical minerals protection, and any violation of human rights. This requires cross-department collaboration and increased knowledge and expertise to educate on specific topics and upcoming regulations. By implementing these strategies, we aim not just to meet standards, but to exceed them, driving meaningful change and setting a benchmark for ethical conduct in our industry.

Our focus for 2024

A key pillar to a more transparent value-chain on topics such as human rights and responsible sourcing is education. Qualitas Energy is working hard to educate all departments on the significance of these standards

when making commercial decisions. Incorporating ESG clauses into contract negotiation is a key step, and this will be further reinforced in 2024 as more regulations come into force in Europe and the US. In addition to these clauses, there will be a dedicated focus on implementing the Supplier Code of Conduct. Stewardship and portfolio company engagement is also an important aspect of Qualitas Energy's value creation. The adherence to the Supplier Code of Conduct and the standards included in this policy are of utmost importance. The ESG team will work with Legal and Compliance teams to incorporate these clauses into supplier contracts and monitor this process along with our portfolio companies.

Our community engagement initiatives

Qualitas Energy is deeply committed to fostering beneficial environmental and social changes within local communities. We prioritize engagement with stakeholders, investing material resources in order to understand and address community concerns in our places at business.

Our approach includes engagement like sponsorships, where we provide financial support to local communities and associations for sustainable growth. We also make donations to support community initiatives and programs, particularly during any moments of crisis and natural disasters. Education also holds significant importance, and so we deploy tailored initiatives aimed at promoting local sustainability and enhancing local access to education and skills development.

Furthermore, we prioritize supporting women in our communities through aid to women's associations and assistance for unemployed mothers and families. Our teams regularly engaging with local stakeholders to strengthen these bonds and ensure mutual benefits.

Qualitas Energy remains dedicated to promoting sustainable development and enhancing the standard of living in the communities where we operate, aligning with the UN Sustainable Development Goals. Through our partnerships and relationships, we strive to support local communities in their journey towards sustainable growth.

Germany

In 2023, we implemented 15 distinct local initiatives, including funding youth camps, equipping volunteer youth fire departments, and aiding over 1,000 children and 3,000 local residents in areas surrounding our current and upcoming wind park projects. Additionally, we established EEG* contracts with 19 municipalities to secure financial benefits for the local communities. Furthermore, we collaborated with the Saxonian State Ministry for Energy, Climate, Environment, and Agriculture on a campaign to enhance local acceptance of wind energy.

United Kingdom

We have crafted a tailored Community Engagement Policy for Acorn Bioenergy, our renewable natural gas venture, with a focus on fostering local benefits. This encompasses job creation, biodiversity enhancements, and environmental preservation. We are committed to minimizing and addressing any project impacts in accordance with planning policies. Our initiatives span training, education, cultural programs, social support for healthcare projects, local sports development, renewable energy promotion, and infrastructure improvements.

Spain

Since our establishment in 2006, we have maintained a longstanding commitment to local communities. This is demonstrated through our participation in town festivities, funding of local amenities like medical centres, support for self-consumption systems and electrical infrastructure, hiring of local workforce, and implementation of security enhancements, alongside other initiatives.

+ 4,000

People benefited in total, including +1,000 children*

+ 15

Projects carried out*

+ €226,000

Invested in local communities*

*In 2023



*EEG: The Renewable Energy Sources Act or EEG (German: Erneuerbare-Energien-Gesetz) is a series of German laws that originally provided a feed-in tariff (FIT) scheme to encourage the generation of renewable electricity.

Additional causes we have supported in 2023

In 2023, we also backed additional social causes that we believe have a meaningful impact in society.

Qualitas Energy contributed towards earthquake relief efforts following the events in Türkiye and Syria in February 2023. The donation was channelled through the German Alliance Aktionsbündnis Katastrophenhilfe (Disaster Relief Action Alliance), collaborating with UNICEF, Caritas International, the International Committee of the Red Cross, and Diakonie Katastrophenhilfe to deliver essential aid and assistance to affected individuals.

Additionally, we proudly sponsored the Spanish initiative known as "España Rumbo al Sur," a distinctive program aimed at global youth. The organization's core mission is to raise social awareness about promoting positive values through direct engagement, labour, and the active involvement of its young participants in on-the-ground efforts and volunteerism.

Furthermore, we partnered with the Spanish NGO, África Directo, dedicated to fostering local development within African communities through initiatives spanning education, employment, healthcare, and infrastructure.

In addition to these initiatives, our teams have been collaborating throughout December to donate food to those in need during the holiday season. This effort has been coordinated across different regions and our solidarity scheme has resulted in food donated to numerous charities over this time. As we further integrate CSR priorities into our company, we aim to expand these initiatives to ensure a greater impact on society.

This impact will come not only through our investments in local communities and renewable energy projects but also through our charitable donations.



Governance



Iñigo Olaguíbel
Founding Partner & CEO



Daniel Parejo
Partner - Chief
Investment Officer



Oscar Pérez
Partner - Chief Business
Development Officer



Vicente Asuero
Partner - Investor Relations



Pablo Giménez
Partner - Development



José Ramón Fernández
Partner - CFO



Alejandro Ciruelos
Partner - Country Head UK



Manuel Espinosa
Partner - Investment &
Financing. Country Head
Spain & Italy



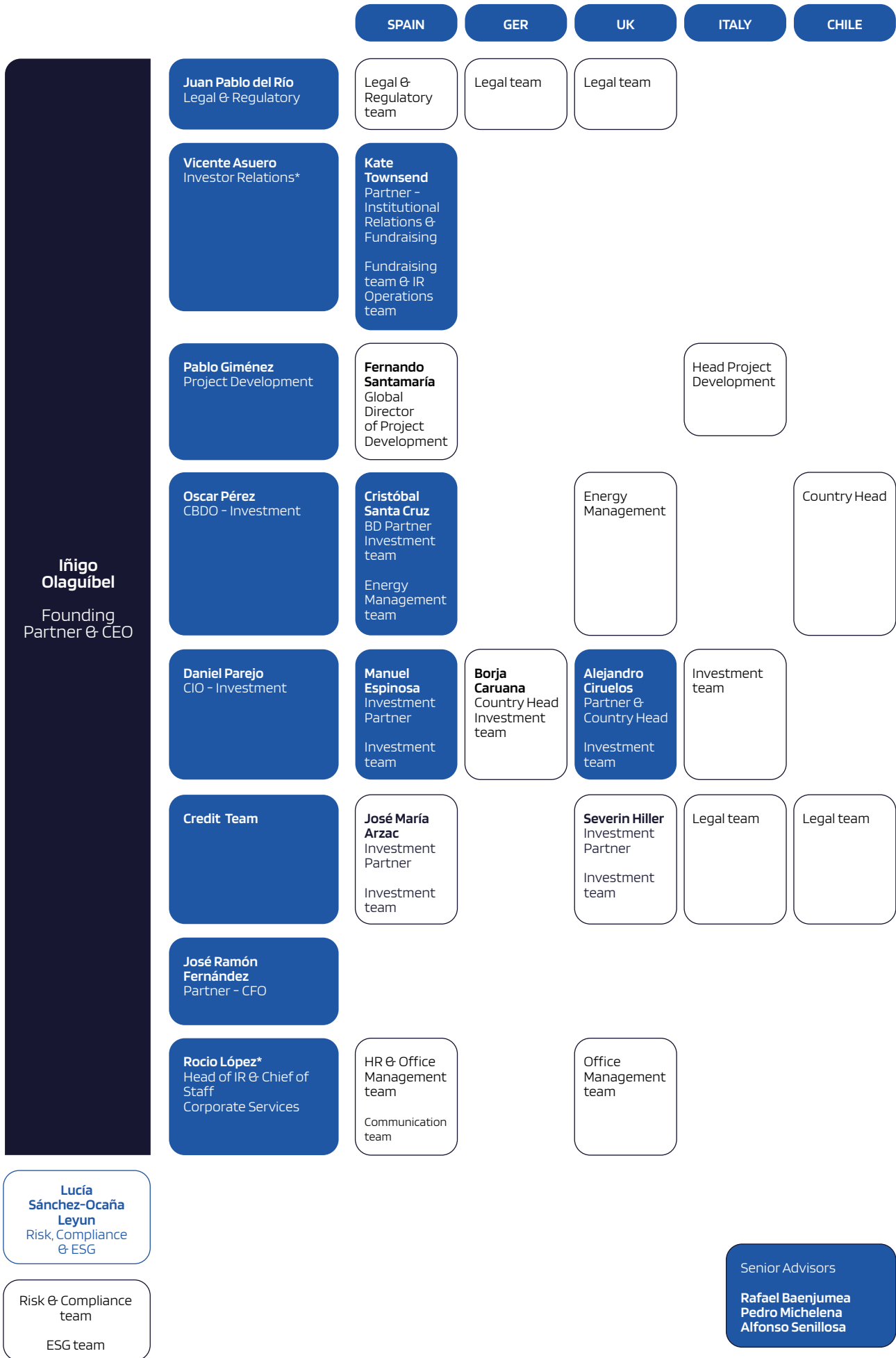
Kate Townsend
Partner - Institutional
Relations & Fundraising



Cristóbal Santa Cruz
Partner - Investment &
Business Development



Rocío López
Chief of Staff & Investor
Relations Director



Strengthening of governance structure

As part of our commitment to upholding the highest standards of corporate governance and regulatory compliance, Qualitas Energy undertook a full review of its compliance procedures and systems in 2023. This thorough revision was carried out internally by our Compliance department, supported by internationally and nationally recognized firms specializing in corporate compliance and risk management. Their expertise ensured that our policies and procedures align with market and regulatory standards and uphold the highest ethical standards as well, thereby safeguarding the interests of our investors, stakeholders, and teams. The external insights provided by these firms was invaluable as we continued to develop and maintain a market-leading approach, consistent with the expectations set by Qualitas Energy and its partners.

To highlight some of the findings of this review, some key points are set out below:

1. The Code of Ethics and Conduct and Internal Behaviour Code remains the cornerstone of Qualitas Energy's compliance system. During the revision, new standards on sustainability and labour rights, among other matters, have been included.

2. As part of this review, Qualitas Energy has developed new policies across different operational areas, enhancing protection within our processes for the benefit of both investors and the company as a whole. Significantly, substantial progress has been made in the Corporate Compliance domain, enabling us to fortify our defences against regulatory and ethical risks while preserving our reputation in the market.

3. We have conducted a thorough review of our existing policies to ensure they align with current legislation and international standards. This comprehensive process ensured that our policies were robust and up to date, reflecting our commitment to compliance excellence and adherence to the highest industry benchmarks.

The Compliance System of Qualitas Energy is constantly evolving in order to mitigate regulatory and financial risks, to ensure strict adherence to evolving regulations, and to fostering a culture of ethical behaviour.

ESG Governance

To achieve our goal of Powering Change and delivering long-term value for our stakeholders and society, structured governance is essential across all facets of the business, particularly in ESG. ESG is transversal, and it is crucial to implement necessary gate-checks throughout the investment process, holding periods, regulatory landscapes, fundraising and investor relations. In 2023, Qualitas Energy made further investments in enhancing our governance process and strengthening our ESG function. As the ESG and sustainability landscape develops, we will continue to refine our processes and governance structure to integrate these considerations more effectively. This proactive approach ensures that we stay aligned with industry best practices and maintain our leadership position in driving positive change and creating sustainable value for all stakeholders.

The ESG function is central to Qualitas Energy's strategy as an investment and management platform focused on renewable energy, energy transition and sustainable infrastructure, particularly with an Article 9 Fund.

Our in-house ESG experts are responsible for defining the ESG strategy at a corporate and fund level, executing it and ensuring adherence to international standards across all regions and departments. Collaborating closely with various functions, the ESG team ensures that the requisite due diligence for investments is conducted, and the relevant documentation is included in the Investment Committee memos. Depending on the acquisition, this due diligence may also be outsourced, though the ESG team bears the responsibility for fulfilling an internal ESG requirements and tasks throughout the various phases of investment and project construction. Cross-departmental collaboration enhances ESG governance and fosters a deeper understanding of ESG risks and opportunities. The ESG team is accountable to the ESG committee and ultimately the Board of Directors, who oversee the delivery of the ESG function's strategy.

Board of Directors

Responsible for execution and direction of firm wide strategy, and all committees.

INVESTMENT COMMITTEE

Responsible for approving investment opportunities. The Investment Committee is accountable to the Board of Directors. The Investment Committee executes the investment strategy, and monitors progress.

Meeting frequency: Ad hoc

ESG COMMITTEE

Responsible for monitoring ESG strategy, policy, processes and procedures. Delivers the firm-wide action plan for ESG implementation, and progress. Accountable to the Board of Directors.

Meeting frequency: Quarterly

CRISIS COMMITTEE

This committee is responsible for determining the appropriate responses on a case-by-case basis. The Board of Directors delegated decisions in scenario of a detrimental event to Qualitas Energy.

Meeting frequency: Once a year, and ad hoc

INTERNAL CONTROL BODY COMMITTEE

Responsible for the implementation and oversight of internal policies and procedures regarding AML (Anti Money Laundering), from a Spanish and European legislation perspective, following the AML System approved by the Board of Directors.

Meeting frequency: Quarterly

ETHICS AND CRIMINAL COMMITTEE

This Committee is responsible for the implementation, supervision and control of the Criminal Compliance System put in place in Qualitas Energy.

Meeting frequency: Minimum twice a year

ADVISORY COMMITTEE

To be informed by the Management Company with respect to conflict of interests, Investment Policy, valuations of investments.

Meeting frequency: Minimum twice a year

VALUATION COMMITTEE

The Valuation Committee will define the main assumptions and inputs to be considered in the valuation models for the assets/projects invested. The Valuation Committee ensures that no undue influence is brought to bear upon the valuation function and the performance of the valuation task.

Meeting frequency: Quarterly

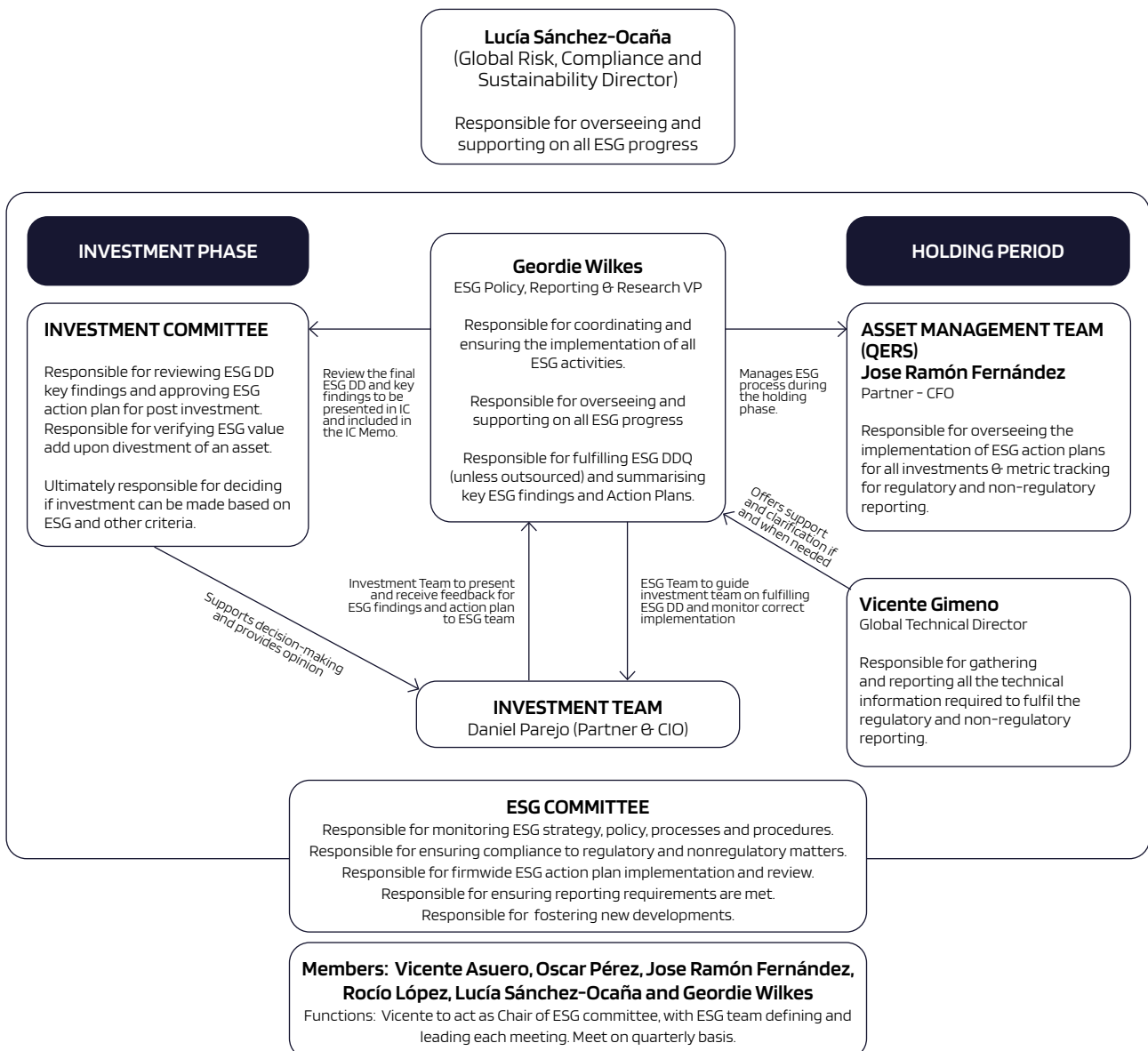
Investment Committee

This Committee, while accountable to the Board of Directors, holds the responsibility for approving investments made by the fund vehicles. The Investment Committee convenes as necessary, determined by the Management team, and upon request by any of its members. Resolutions adopted by the Investment Committee are documented in the Minutes, which include records of abstentions and votes cast on matters submitted for approval. Ultimately, the Board of Directors of the Management Company assumes responsibility for these decisions, and they are mandated to execute such decisions either directly or through appointed representatives.

ESG Committee

The ESG Committee was established to provide guidance to Qualitas Energy's Board of Directors. The committee is responsible for aiding the Board in executing and delivering oversight on ESG-related matters relevant to Qualitas Energy as a corporate entity and fund manager. Additionally, the committee supports and advises the Board on ESG trends, issues, and upcoming topics, providing guidance on how Qualitas Energy's ESG strategy can be further developed.

The Committee also has the duty to provide the ESG team with the resources required to execute the ESG and sustainability strategies. Comprising of senior personnel from various departments and functions, the Committee ensures a comprehensive and collaborative approach to fulfilling our ESG commitments and advancing our sustainability objectives.



Our focus for 2024

The committee will work to ensure that the ESG team has the necessary resources to prepare for upcoming investment strategy developments, as well as upcoming regulations and ongoing investor requests. The ESG Committee will also receive training on these regulations and help the ESG team re-develop their strategy and coverage. Qualitas Energy eagerly anticipates sharing our advancements in ESG through future reports and communicating our strategy to key stakeholders in due time.

Crisis Committee

In instances where Qualitas Energy's operations face disruptions or events that may impact its activities directly or indirectly, the Board of Directors has delegated authority to a Crisis Committee. This committee is responsible for making decisions in such situations and for implementing improvements in the business continuity and disaster recovery system. The severity of the disruption may vary, ranging from minor to severe, and the Crisis Committee evaluates each situation individually to determine the appropriate response. The Committee convenes at least once a year and holds additional meetings as necessary, in response to events that disrupt normal operations or affect the company's activities directly or indirectly.

Internal control body Committee

The Internal Control Body (ICB) is the body responsible for the implementation and oversight of internal policies and procedures regarding Anti Money Laundering (AML), from a Spanish and European legislation perspective, following the AML System approved by the Board of Directors. The ICB convenes quarterly to review all AML matters that have arisen during the respective period. Throughout these meetings, members discuss and decide on any measures that should be implemented to address AML concerns.

Additionally, if specific situations arise that necessitate immediate attention, the ICB Committee may hold extraordinary meetings within a shorter time interval. During fundraising periods, the ICB Committee intensifies its activity and oversight functions to ensure robust compliance with AML regulations and standards. Furthermore, the ICB Committee produces an annual report summarizing Qualitas Energy's AML activities throughout the year.

Ethics and Criminal Risk Prevention

The Ethics and Criminal Risk Prevention Committee at Qualitas Energy is tasked with implementing, supervising, and controlling the Criminal Compliance System. Meetings are held ad hoc to fulfil these functions, with a minimum of two meetings per year.

Limited Partner Advisory Committee (LPAC)

This body, composing of the largest and most established LPs of the funds, is ultimately appointed by the Management Company, and serves several key functions:

1. To be informed by the Management Company with regard to the investment policies, activities and strategy of the Qualitas Energy funds and valuations of investments.
2. To be informed by the Management Company with respect to any conflict of interest related to the Qualitas Energy funds.
3. To approve investments that exceed the criteria over the diversification policy, or any modification thereof.
4. Any other functions contemplated by these Regulations.

Valuation Committee

The Valuation Committee will define the main assumptions and inputs to be considered in the valuation models for the assets and projects invested. The Valuation Committee ensures that fair and independent valuations are made on our investments, in line with internationally approved valuations practices and current market benchmarks.

Information to be provided to the Valuation Committee shall include the previous quarter fund valuation, new investment/instruments and proposed pricing methodology to be used. Updated financial statements, including information on revenues, expenses, assets and liabilities are also updated. Any information on any significant changes in the investments, such as acquisitions, divestitures, mergers or additions of new investees are made.

IT systems & cybersecurity

In 2023, as Qualitas Energy grew, we expanded our IT services and systems. This is part of our commitment to digitalisation of tasks and processes. This initiative is spearheaded by our Group Head of IT, Sofia Paunero, and overlooked by Jose Ramón Fernández, Partner, in our headquarters in Madrid, although in coordination with global policies and procedures. Other regions such as the UK, Italy, Germany, and Poland have local IT services aligned with the central strategy. Procurement is a key element of this from an environmental perspective, and so we must ensure we understand the carbon footprint of our devices and physical technology in order to be able to properly enhance our calculations, and re-use and recycle equipment where possible. The growth of our team, and desire to create more impact was supported by the development of an Intranet, allowing employees to see the progress we are making as group, and learn about upcoming initiatives. This tool centralizes corporate training applications, policies, new resources, and announcements.

IT security & infrastructure

The innovation the working environment has brought new opportunities in terms of efficiency and productivity. With these opportunities there are also new risks, such as those with cybersecurity, and so Qualitas Energy has invested significantly in new systems to mitigate these risks. The enhancement of our phishing strategy has been a central part of our focus, which included enabling new campaigns and training to ensure that our employees are aware of the ongoing threats and to help reduce this risk going forward. The new training was accompanied by reporting features which allowed employees to alert our IT team about any suspicious emails.

Another key pillar was our IT global audit, which was a comprehensive assessment of our current processes, procedures, safety, and infrastructure. Given the confidential nature of our business, it is critical that we have dependable systems, and that our investors and shareholders have confidence in data privacy and protection. These systems support the improvement of other departments and their digitalisation, such as HR, and Compliance. The Compliance and IT teams configure our whistleblowing channel, the software allows anonymous reports to be sent directly to our Compliance team in a fully anonymised way.

Our focus for 2024

Qualitas Energy is committed to enhancing governance and engagement structures across all aspects of ESG. This includes the previously mentioned policies, as well as Health and Safety practices, antibribery, and corruption policies. We are committed to a zero-tolerance stance on bribery and corruption involving the company or its employees.

In 2024, Qualitas Energy will prioritize raising awareness, providing education, and implementing training initiatives on these critical issues, and are actively developing a comprehensive framework for training across these areas. By investing in employee education, Qualitas Energy mitigates risks and aims to further strengthen our ESG practices. Additionally, we are dedicated to increasing the integration of ESG clauses in our partnership contracts and also implementing a Supplier Code of Conduct based on a risk-centric approach.

Disclaimer

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Qualitas Energy

ESG Annual Report 2023

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[!\[\]\(429d14d13beb4a5f22bd76d236a12523_img.jpg\) Qualitas Energy Global](#)

[!\[\]\(cf3d9b80c9dce74fda5aa4aa5dbb735d_img.jpg\) Qualitas Energy Germany](#)

The logo for Qualitas energy, featuring a large, stylized white letter 'Q' followed by the words 'ualitas' and 'energy' stacked vertically in a white serif font.

Qualitas
energy



**POWERING
CHANGE**