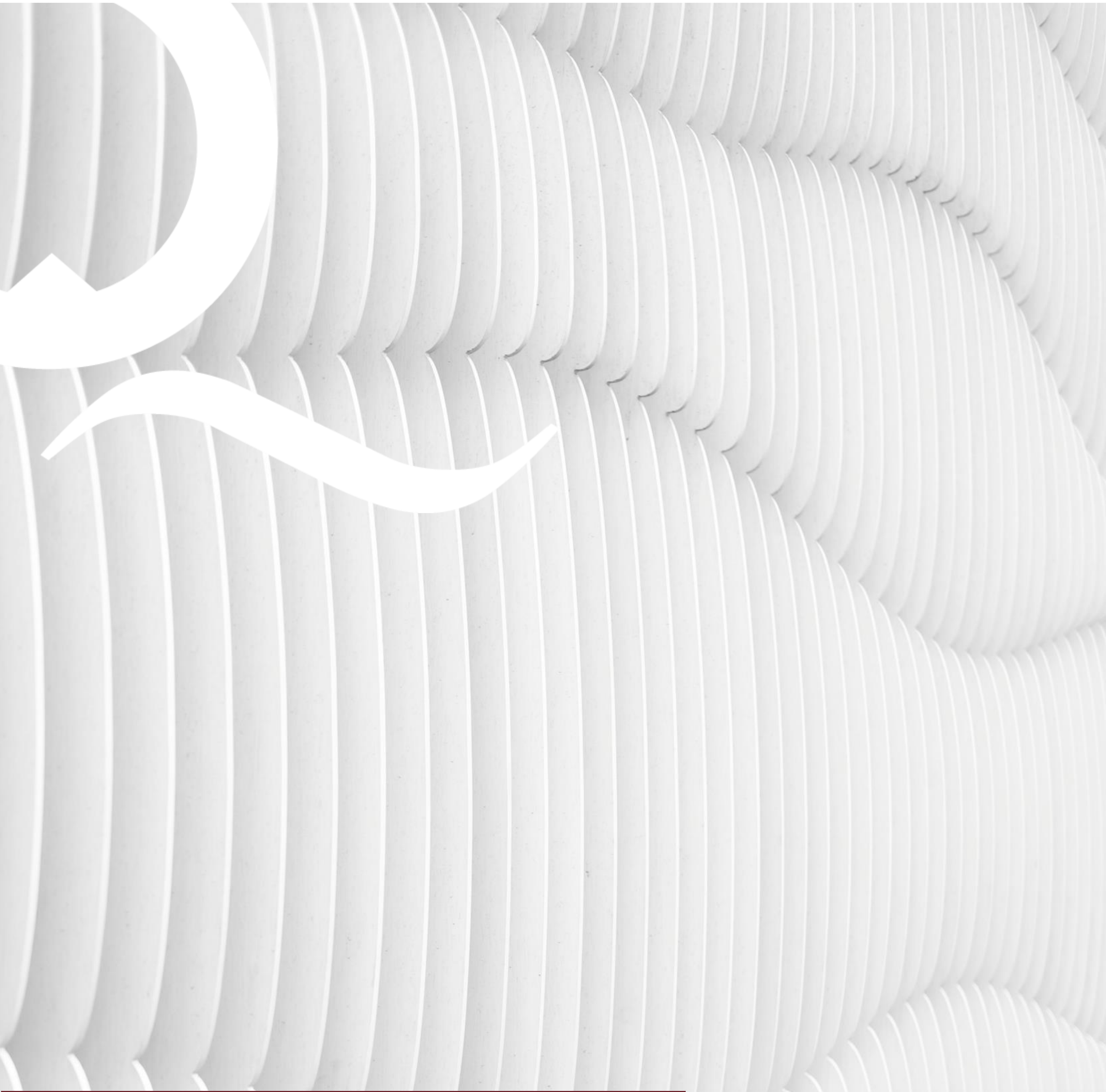

Article 29
LOI ENERGIE CLIMAT
REPORT 2024

QUAERO CAPITAL

CONTENTS

For any question, please contact info@quaerocapital.com.

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ESG investing strategies aim to consider and in some instances integrate the analysis of environmental, social and governance (ESG) factors into the investment process and portfolio. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of ESG or sustainable investments may be lower or higher than a portfolio where such factors are not considered by the portfolio manager. Because sustainability criteria can exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Information on sustainability-related aspects provided pursuant to Regulation (EU) 2019/2088 is available here ESG Documents - QUAERO CAPITAL under "SFDR statement".

The Legal documents may be obtained free of charge in English at the registered office of the Fund 15, avenue J.F. Kennedy L-1855 Luxembourg.

INTRODUCTION

Sustainable investment has been deeply challenged over the last months. The arrival of the new US administration determined to terminate any effort towards sustainability was the trigger for a strong turnaround in the US. The subsequent backtracking of many large (mostly US) players determined to manoeuvre the political minefield of ESG investing put a strong brake into the trend established several years ago. In addition – and consequently to the new master in Washington – the broad "clean energy" sector was deeply challenged, and the news flow was frankly quite depressing throughout the year. Many projects were scrapped in view of the new policy of "Drill, Baby, Drill" and flows turned negative for most ESG funds.

The systematic attacks of President Trump against government and bureaucracy have forced most US trading partners, especially the European countries to review their own legislation. Many voices are now calling for a welcome simplification of the rules of ESG investing in the UE and a significant rewriting of the SFDR directive. Hopefully, the legislator will come up with a simpler model, which should solve some of the issues raised by the introduction of the various directives in the past 5 years.

All these political wrangling must not make us lose sight of the danger of climate change and of the loss of biodiversity everywhere around the world. Every year comes now with new records in terms of temperature, climate events, loss of natural resources and more. The world desperately needs more accountability for the damage done to the natural environment and we are hoping for a continuation of the efforts to price externalities better and internalise the true cost of economic growth. This is the only route to build an accurate picture of the risks and opportunities in a long-term investment policy.

These new trends have not materially changed our philosophy towards sustainable investment. At QUAERO CAPITAL, we continue to advocate for a policy of engagement and long-term risk management. Hopefully, our clients and partners will find useful information in this report with clear, demonstrable action to maintain a responsible stewardship of our clients' assets.

During 2024, across our private equity infrastructure funds, we produced 1.7m MWh of renewable energy, while we work with our other assets to reduce their energy consumption and switch to renewable energy providers. Our water assets enabled the treatment of 60 million m^3 of drinking water, and 103 million m^3 of wastewater were treated or recycled. Across our listed funds, we continue to engage with companies, pushing for greater climate-related disclosures and encouraging companies to set carbon emissions reduction targets validated by the Science Based Targets initiative (SBTi), as part of our commitment to the Net Zero Asset Managers initiative.

In application of Article 29 of the French Climate Law, the following report aims at providing a detailed overview of QUAERO CAPITAL's ESG strategy and its implementation.

Jean Keller
QUAERO CAPITAL
Chief Executive Officer

1. ESG GENERAL APPROACH & STRATEGY OF QUAERO CAPITAL

1. QUAERO CAPITAL's commitment to sustainability

Quaero Capital (France) SAS or (the "Firm") is absolutely convinced of the value that ESG analysis brings to its investment decisions – whether this analysis highlights risks or opportunities.

Sustainability risks exist for every asset group, industry and geography. These risks have become more apparent in recent years, with society and government attention drawn to the unsustainable consumption of natural resources and the impact this will have on future growth and industry.

At the same time, as sustainability factors influence industry dynamics and growth, there are multiple driving forces creating new opportunities across all industries.

While global governments step up to combat climate change, many industries will face structural changes, and the winners and losers will be decided by different dynamics than in the past. Beyond climate change, QUAERO CAPITAL sees many other environmental issues that will drive opportunities alongside risks, such as biodiversity loss, resource depletion and air and water pollution.

At Group level, QUAERO CAPITAL (including for this purposes Quaero Capital (France) SAS and Quaero Capital SA) is also aware of its role in encouraging a more sustainable society. Investors and asset managers have the capacity to raise important issues and encourage greater attention from executive management teams on environmental and social issues that are vital for a sustainable future.

While we evaluate a wide range of sustainability risks depending on the asset and the materiality of each risk to that asset, we specifically identify three topics that are core to our approach. We consider them when we assess a company and when we engage with the company in the context of our active ownership:

- **climate change adaptation and mitigation**,
- **climate transition** and
- **strong and accountable governance structures**.

Our climate policy as well as the recent investment strategies we have launched demonstrate our commitment to climate change. Our preference for long-term investment and active management implies that consistent priority is placed on strong governance structures.

2. Exclusion policy[1]

Norms-based exclusions

QUAERO CAPITAL follows a principles-based approach to responsible investment matters, applying certain exclusions to avoid allocating capital to companies that consistently and systematically cross ethical lines.

While we take our fiduciary duty to investors to maximise returns very seriously, we are confident that we can continue to do so without investing in these companies. This is not only a question of ethics but also of risk management; these companies carry significant financial risk connected to their business and/or corporate behaviour.

QUAERO CAPITAL applies the principles of the UN Global Compact to assess the behaviour of companies. Companies that are in severe and systemic breach of these principles are excluded from our investment universe.

Sanctions

[1] Scope of this policy –This policy is applied by Quaero Capital SA, Quaero Capital LLP and Quaero Capital (France) SAS (each a "QUAERO CAPITAL Entity" and together, "QUAERO CAPITAL") with respect to listed investments held by a collective investment scheme managed by a QUAERO CAPITAL Entity other than managed accounts or dedicated vehicles not marketed to third parties. See exclusion policy.

QUAERO CAPITAL will not invest in sovereign bonds issued by governments which are subject to broad sanctions and fail to respect human rights.

Controversial weapons

QUAERO CAPITAL considers illegal weapons (i.e., anti-personnel mines, cluster munitions, chemical and biological weapons) and uranium and nuclear weapons (collectively "Controversial Weapons") and their potential use as controversial given their indiscriminate effect on human populations. Companies that are involved in the production or development of Controversial Weapons and do not comply with the following treaties are excluded from QUAERO CAPITAL's universe:

- The Ottawa Treaty (1997), which prohibits the use, stockpiling, production, and transfer of antipersonnel mines
- The Oslo Convention on Cluster Munitions (2008), which prohibits the use, stockpiling, production and transfer of cluster bombs
- The Chemical Weapons Convention (1993), which prohibits the use, stockpiling production and transfer of chemical weapons
- The Biological Weapons Convention (1972), which prohibits the use, stockpiling, production and transfer of biological weapons
- The Treaty of the Non-Proliferation of Nuclear Weapons (1968) which limits the spread of nuclear weapons to the group of so-called Nuclear Weapons States

Climate-related exclusions

QUAERO CAPITAL excludes investments in:

- Companies that make 10% or more of revenues from coal mining and/or coal thermal power generation
- Electricity production companies with coal-powered plants contributing ≥ 10% generation and whose carbon intensity is not in line with the objectives of the Paris Agreement (unless the ESG team assess that the company is sufficiently committed to the transition. This may be made clear through a commitment to exit coal by 2030 or by committing to reduce emissions sufficiently to see carbon intensity of power produced move in line with the decarbonisation path required to meet the Paris Agreement).

The exclusion list is aggregated using the Global Coal Exit List from Urgewald and the Transition Pathway Initiative (TPI) Tool.

QUAERO CAPTIAL listed funds that are article 9 under SFDR exclude unconventional oil & gas. The exclusion conditions are as follows:

- Perimeter: UPSTREAM
- Production: companies with a share of unconventional fossil hydrocarbons production> 30%
- Expansion: companies with short-term expansion plans in unconventional fossil hydrocarbons > 0%

The exclusion list is aggregated using the Global Oil & Gas Exit List from Urgewald.

For funds covered by the policy, these exclusions are applied by the risk team to pre-and post-trade checks. In 2024, there were no breaches of the exclusion policy.

Private equity infrastructure exclusions

QUAERO CAPITAL private equity infrastructure team ensures that the funds they manage do not invest and/or finance:

- Coal-fired power stations

- Coal mines intended for thermal use (production of electricity), or diversified asset
- Oil and mining assets

unless those investments meet the following criteria:

- For electricity production plants and heating networks: coal represents less than 20% of the total production mix, or the emissions factor of power or heat production is lower than 500 gCO2e/kWh (the global average of power production emissions factor). This limit can be higher as long as a business plan is agreed to achieve such target within a reasonable timeframe
- For conglomerates: the turnover of the activity related to coal (extraction, processing, etc.) must be 10% lower than the total turnover of the asset

For our third infrastructure fund, pre-screening is done to exclude companies involved in controversial weapons and in severe or systemic breach of UN Global Compact Principles. The fund does not invest in activities that significantly harm any sustainable investment objectives, and investments must be aligned with the OECD Guidelines and the UN Guiding Principles on Business and Human Rights. The fund will not tolerate any form of forced labour in a project nor in its supply chain.

Sectors and certain activities are excluded, including companies with exposure to coal, fossil fuels, tobacco, prostitution, cross-border trade of waste, controversial logging.

In 2024, there were no breaches of the exclusion policy.

ESG exclusions

Certain funds commit to invest in companies with a best-in-class ESG profile. These funds systematically exclude companies with an MSCI rating below a certain level, ensuring that the worst performers on ESG risk management are not included in the fund.

The funds *Quaero Bonds Impact Opportunities* and *Quaero Capital Funds (Lux) – Bond Investment Opportunity* both have an additional exclusion list that applies to companies in the following sectors: casinos and gaming, cruises, alcoholic beverages, tobacco, cannabis, integrated oil, exploration and production, intermediate sector - oil & gas, refining and marketing, drilling and drilling assistance, oil services and equipment, extraction of minerals and precious stones. It also excludes companies that are located in authoritarian regimes because of ESG risks. The fund managers do not believe that companies in these countries can meet sufficient ESG standards. We have chosen to use The Economist Democracy Index to determine these exclusions, excluding all countries identified as 'authoritarian'. The index is updated annually following the publication of each update report. Non-cooperative jurisdictions at risk of money laundering, terrorist financing and tax evasion are also excluded.

ISR Label exclusions

Listed funds which are certified by “ISR Label” apply the exclusions as requested by the referential of the label (Annex 7), as follows:

Required Social exclusions are already fulfilled by the exclusions mentioned above related to controversial weapons, breaches UN Global Compact Principles and tobacco activity.

Required Environmental exclusions are:

- Any issuer with over 5% of activity in thermal coal (exploration, extraction, refining, transport, or storage), or developing new thermal coal projects
- Any issuer developing new projects in oil or gas exploration, extraction, or refining (conventional or unconventional)
- Any issuer with over 5% of fossil fuel production from unconventional sources (e.g., oil sands, shale oil/gas, ultra-deep offshore, Arctic resources, etc.)

- Any power generation company whose carbon intensity is not aligned with the goals of the Paris Agreement

The exclusion list is aggregated using the Global Oil & Gas Exit List and the Global Coal Exit List from Urgewald, as well as other sources such as MSCI and Transition Pathway Initiative.

Required Governance exclusions are:

- Any issuer headquartered in a country or territory on the latest EU list of non-cooperative tax jurisdictions
- Any issuer headquartered in a country or territory on the FATF blacklist or grey list

Sovereign bonds are excluded if issued by countries or territories that:

- Appear on the latest EU list of non-cooperative tax jurisdictions
- Appear on the FATF blacklist or grey list
- Have a Transparency International Corruption Perceptions Index score below 40/100

3. ESG Integration into our investment strategy

1. General approach

For its funds[2], QUAERO CAPITAL integrates ESG analysis in order to identify key sustainability risks and opportunities. ESG analysis contributes to the multi-dimensional perspective we build on each of our investments, ensuring we understand the full risk profile as well as the potential opportunities that major changes in society and the environment will offer.

While *Quaero Capital Funds (Lux) – Accessible Clean Energy*, our "sustainable" fund as designated in accordance with the SFDR in the EU, pursue greater sustainable objectives such as investing in the best-in-class companies in their industry, all our funds will consider sustainability risks.

For publicly traded assets, our approach is both qualitative and quantitative, using datasets from MSCI when available as well as platforms such as Carbon Disclosure Project (CDP) questionnaire responses and Glass Lewis proxy voting research. For most investments, we then follow a bottom-up analysis, first identifying material risks with the help of Sustainable Accounting Standards Board's (SASB) materiality matrix and then exploring the company strategy and management of those risks. Alongside, we consider potential regulatory changes and top-down themes.

Environmental factors considered include both the level of use of finite resources (with KPIs such as energy use, water use, material use etc) or pollutive processes (waste generated, carbon emissions) and the impact of the business on the local environment. Depending on the industry and geography in which the business operates, these factors help us understand the efficiency of the operations in respect of the environment. Not only do we believe it is strategically risky to depend on consumption of environmental resources, but we expect future regulation to make polluting more expensive. One of the elements we want to assess is how much a company reduces exposure to such risks compared to its peer group.

Social factors considered include well-researched factors that have proven to impact long-term company success and valuation. These include employee-related factors such as employment standards, wage inequality, company culture, employee retention and employee investment and training. Customer relationship factors are also included, such as customer satisfaction, customer retention, product recalls, customer mis-selling and data privacy protection. Supply chain management is also a key indicator to follow with factors such as adoption of international standards, location of operations, application of internal policies to suppliers, audits of suppliers, etc.

[2] All Quaero Capital (France) SAS funds are covered except for *ATD Quart Monde*.

Other societal factors include tax avoidance, which we believe is another example of free-riding, similar to environmental pollution, that ultimately governments will look to reduce, and corruption which poses a serious risk to a corporate reputation as well as societal stability.

Strong **governance** structures are considered of high importance, especially in investments where we are a minority shareholder. The structure should align the executive with long-term shareholders, incentivising good corporate behaviour and investment in long-term growth and opportunities, not focused on short-term financial performance at the expense often of environmental and social considerations. Good governance practice diverges by geography, and we consider country governance codes. While we always seek to have high confidence in the executive team of a company, the board must act in its role of overseeing and correcting the executive when needed. Executive compensation is an important factor for us, this must be aligned with long-term shareholders and reward strong strategic judgement and execution and not short-term financial manipulation.

2. Approach by asset type

Public equities and fixed income

We face issues of transparency and ESG data quality in certain markets such as Asia and Eastern Europe, where reliability of external ratings might be questioned. In developed markets, we may also face challenges with ratings for smaller companies that might not report as many datapoints as larger firms. Fewer datapoints and limited disclosure often lead to a lower rating, which might not fairly reflect the reality of the company. When we consider that we cannot rely on external ratings (emerging markets and small companies), we focus on our own ESG analysis and due diligence and avoid a ‘ratings-focused’ ESG process. For developed markets and larger companies, we have more confidence in the quality of external ESG ratings and therefore use them as a dependable ESG screening tool. Nevertheless, we also consider very important to have our own view in addition to external ratings.

Private equity in infrastructure and real estate

Investment strategies in European infrastructure systematically integrate a review of environmental and social issues in the projects’ analysis. The infrastructure projects we consider provide concrete solutions to various societal needs: knowledge infrastructure such as optic fibre networks or universities, energy saving, renewable energy production, waste treatment, water purification, reduced travel times, improved transport comfort and safety and/or improved healthcare.

Investment strategies in French real estate follow the evolution of working methods to offer new generation office buildings. Our real estate strategy adopts a "Best-in-Progress" approach. We focus on improving the ESG performance of our properties rather than acquiring properties that are already performing well. We enhance the value of our properties by taking actions to improve their ESG performance. This involves levers relating to the use, maintenance and operation of the assets. The actions are undertaken in close collaboration with tenants and technical staff.

The investment time horizon for our real assets is long, and our influence on projects is considerable; we usually take majority ownership positions. As a result, ESG analysis is a key part of our due diligence process, and an assessment of the impact of these assets on key sustainability objectives is important. Using the Sustainable Development Goal (SDG) framework, we identify the KPIs that are most material and we collected them on an annual basis. Objectives are agreed over time, so that we ensure the projects meaningfully contribute towards the achievement of the SDGs.

Climate change mitigation forms a core part of stewardship activities for real assets, both at the project investment stage, as it relates to influencing the projects to shift to renewable energy sources, and through management of the projects post-investment.

Fund of funds

When we select third party funds, a key part of the fund manager selection process is to understand:

- How sustainability risks are integrated in the management of the third-party fund by the asset manager
- The philosophy and commitment of the asset manager at corporate and fund level

The annual questionnaire we send out to each of our providers enables us to understand how sustainability risks are considered, what level of expertise each asset manager/investment team has on key sustainability topics and whether there is alignment with the QUAERO CAPITAL philosophy. We expect third party asset managers' stewardship policies and activities to align with our own.

4. ESG risk management

The risk team has oversight on the adherence of each fund to its stated ESG objectives or characteristics, enacting pre- and post-trade restrictions. We have not, to date, quantified how the financial performance of funds is affected by ESG factors.

Sustainability risks are considered in an inter-divisional approach by all QUAERO CAPITAL's teams:

- Research work and exchanges with target investments for the integration of sustainability risks. We have a policy (the engagement policy) to pursue ongoing and active dialogue with the management teams. One of the areas we focus on is encouraging the companies we invest in to be more transparent on their ESG strategies and to increase ESG reporting/disclosure
- Implementation of efficient and reliable monitoring tools to check the ESG profiles of the companies we invest in (see other ESG resources for more information)
- Integration of sustainability risks within the internal control framework (risks identification, procedures and control plan). Consequently, specific controls done by the Risk and Compliance teams are conducted to ensure that investments comply with our internal procedures
- Implementation of risk management controls to monitor and address ESG risks
- Constitution of an ESG Committee including senior representation from across the organization in order to monitor the ESG approach of the company (see ESG Committee for more information)
- We encourage companies to reduce ESG and climate risks when we engage with them
- We evaluate physical climate risks on a case-by-case basis and we recently subscribed to a new platform for our private equity infrastructure funds, Altitude, which helps us monitoring our climate physical and transitional risk and when possible, implementing some mitigation plans

2. RESOURCES DEDICATED TO ESG AT QUAERO CAPITAL

1. ESG in QUAERO CAPITAL's governance

ESG Strategy at QUAERO CAPITAL is defined at Group level and is led by Quaero Capital SA.

Quaero Capital SA – ESG Committee

As the company evolves and the variety of funds and asset classes increases, it is important that we develop our approach to ESG investing in a consistent and coordinated manner. To drive this process, we have appointed an ESG committee with senior representatives from across the organization.

The ESG committee has oversight and responsibility for the development and integration of the sustainability policies through both the company's investments and its own corporate behaviour.

The ESG committee of Quaero Capital SA defines the strategy of the company in terms of ESG and climate risks. The proposed strategy is then approved by the Management Committee of each QUAERO CAPITAL entity.

The composition of the ESG committee is available on our website. As at the date of this document, its members are:

Members of the ESG Committee are:

- Jean Keller – Co-Chief Executive Officer
- Thierry Callault – Co-Chief Executive Officer
- Guillaume Launay – CIO Listed Assets
- Francesco Samson – Group Chief Operating Officer
- Georgina Parker – Group Head of Sustainability
- Michael Malquarti – Chief Risk Officer

The committee meets quarterly for one hour to review:

- Strategy and objectives related to ESG and responsible investment
- Company engagements during the quarter
- ESG policies and their implementation
- Internal ESG reporting and monitoring
- Internal initiatives to promote ESG internally and externally
- Proposed ESG training for approbation
- Draft version of the Annual Sustainability Report prior to approval
- Any important ESG issues/questions related to the investment process
- Client requests related to ESG
- Client reporting on ESG aspects
- Any other relevant subject related to ESG and sustainability

The proposed strategy is then approved by the Management Committee of each QUAERO CAPITAL entity, including Quaero Capital (France) SAS.

Quaero Capital SA - Management Committee

The Management Committee is responsible for the day-to-day management of the firm. The Head of Sustainability reports every month to the Management Committee of Quaero Capital SA on ESG projects and the ESG profile of every fund. Regulatory watch is performed by the Legal and ESG teams to enable the Management Committee to anticipate ESG challenges and opportunities.

Members of the Management Committee are:

- Sébastien Bourget – Managing Partner, Head of Infrastructure
- Thierry Callault – Co-Chief Executive Officer

- Jean Keller – Co-Chief Executive Officer
- Antoine Turrettini – Investment Director
- Yann Benharouch – Investment Director
- Francesco Samson – Group Chief Operating Officer
- Deborah Gewinner – Head of Legal & Compliance
- Guillaume Launay – CIO Listed Assets

Sebastien Bourget, Jean Keller, Guillaume Launay and Thierry Callault are also members of the Management Committee of Quaero Capital (France) SAS and, as such, can share any ESG matters related to the French entity which was discussed at the parent company level which may have an impact on the French entity.

Quaero Capital (France) SAS - President and Management Committee

Quaero Capital (France) SAS is a French simplified joint stock company (*société par actions simplifiée*) and is a wholly owned subsidiary of Quaero Capital SA.

As chairman, Sebastien Bourget is responsible for the overall management of the company. However, the decision-making process of Quaero Capital (France) SAS relies on its Management Committee (Codir), a collective body which aims to assist the President with the day-to-day management of the company.

The members of the Management Committee of the Firm are:

- Sébastien Bourget – Chairman
- Thierry Callault – Managing Director
- Guillaume Launay – Managing Director
- Stéphane de Buhren – Deputy CEO and responsible for Business Development in France
- Jean Keller – Managing Director
- Simon Marquaire – RCCI

The Management Committee is responsible for the approval and implementation of ESG policies by the Firm.

Quaero Capital (France) SAS - Supervisory Board

In accordance with the articles of association, the Supervisory Board is composed of a maximum of 8 members. The Supervisory Board members are appointed by the ordinary General Meeting of shareholders, which in accordance with the articles of association, sets the duration of their term of office. The Supervisory Board continually monitors the way in which the Firm is managed by the Management Committee, including in particular the Firm's financial and accounting reporting system and its internal control mechanisms applicable to risk, ESG, compliance and internal audit, in accordance with the laws and regulations applicable to the Firm.

Quaero Capital (France) SAS - Risk Committee

The Risk Committee is an independent committee of the Management Committee that has, as its sole and exclusive function, responsibility for the oversight of the risk management policies and practices of the Firm's.

2. Resources dedicated to ESG

A specific ESG team

QUAERO CAPITAL has a dedicated ESG team composed of four employees. The composition of the team is available on our website. 100% of their time is spent on ESG and climate subjects.

The ESG team has various responsibilities at corporate/entity level. In particular, the ESG team is responsible for the implementation of all ESG policies except for the voting policy, which is the responsibility of the Legal department. The ESG team also brings support to the various investment teams. This support may differ according to investment strategies. More generally, the team oversees, for example:

- ESG strategy and formulation of policies
- Updating ESG exclusion policies
- Oversight and administration of proxy votes
- Oversight and support of engagement efforts
- Corporate sustainable responsibility at Quaero Capital (France) SAS
- Ensuring all relevant teams are up to date and aware of changes in the ESG strategy
- ESG trainings
- ESG analysis of target companies
- Thematic research
- Support on the design of fund-level ESG processes
- ESG reporting

The team is led by Georgina Parker.

Georgina Parker joined QUAERO CAPITAL in April 2018 and is Head of Sustainability. Georgina began her career in 2007 as a generalist equity analyst with Bessemer Trust, working first with the UK small&mid-cap team before joining the global large cap fund as a generalist analyst working in both London and New York. In 2015 she left to take part in the business development of Virgin Pure, a Virgin-backed start-up focused on reducing plastic waste. In 2018 she returned to the investment industry to contribute to the movement towards sustainability, joining the sustainable investment experts at Conser Invest in Geneva. In 2014, Georgina co-founded a network for ambitious career women, called BroadMinded, currently spanning over 1000 women in London. Georgina holds a degree in Economics from the University of Edinburgh and is a CFA charterholder.

An organisation that enhances ESG awareness and knowledge

The ESG team works with the investment team of each fund in the ESG integration, raising awareness of sustainability and ESG issues as well as training them on the use of ESG datasets or certifications that they may use such as the MSCI platform or the French ISR Label. A benefit of being a relatively small organisation is that there is regular in-person interaction between the ESG team and the investment teams. This results in regular informal training and exchanges on ESG issues and topics.

The ESG team spends most of its time working specifically on funds' strategies and ESG subjects: 15% on the bond strategies, 15% on Accessible Clean Energy fund, 15% on real estate and 20% on the private equity infrastructure funds.

The legal team also assisted in bringing awareness of ESG matters and ESG regulatory developments to the management of QUAERO CAPITAL last year.

The ESG team commits to keeping themselves up to date by

- Regularly reading new research and market commentaries
- Following evolution of the regulation for both the asset management industry and the various industries in which we invest
- Learning best practice from peers in the industry

In 2024, four investment managers, one person from the sale team and three people from the compliance team obtained the AMF Sustainable Finance exam.

Financial means to support QUAERO CAPITAL's ESG strategy

In 2024, QUAERO CAPITAL spent nearly CHF 640'254 on ESG ratings, memberships, ESG audits and consulting fees (to improve ESG processes and frameworks), in addition to the total compensation of the employees in the ESG team.

Subscriptions include:

- MSCI ESG ratings and controversies, which includes carbon intensity metrics as well as multiple other valuable ESG metrics
- Glass Lewis voting research and recommendations, which provide real insight into the relative merits of governance structures
- Carbone4 a climate and biodiversity expert which provides data set which help us measure the impact of the portfolios
- Conser portfolio checks, which provides QUAERO CAPITAL with carbon footprint portfolio data as well as exposure to green sectors and fossil fuels

Consultant fees:

- CBRE, a consultancy firm with expertise in sustainable real estate, which continues to support the real estate strategies in benchmarking and advice
- PwC Luxembourg, from the ESG department, for regulatory updates on SFDR regulation as well as auding our process for our article 9 fund Accessible Clean Energy
- Kermit, a consultant with experience in sustainable strategies, which is helping us for the obtention of the ISR Label for our Bond Investment Opportunities fund

ESG, a commitment throughout QUAERO CAPITAL

Beyond the ESG team, all investment team members have integrated ESG issues into their daily activities. In the various steps of the investment process, this includes reviewing and analysing ESG research and ratings. As part of our active ownership philosophy, this means engaging with companies on ESG issues and reviewing proxy voting decisions every year.

The marketing team spends about 10% of their time on ESG reporting and communications.

Risk and operations teams spend about 5% of their time on ESG issues.

The legal team spends about 8-10% of their time on ESG matters.

The IT team spends about 5% of their time on ESG data development.

3. Integrating ESG into remuneration

The remuneration system put in place is in line with the strategic objectives of QUAERO CAPITAL and consists of:

- A balance between fixed remuneration and variable remuneration
- Performance measurement

The Firm’s goal is to define a motivating compensation system for the company's employees that is in line with European and national rules. It also aims at promoting a sound and effective risk management that does not encourage excessive risk-taking, may those risks be financial or non-financial (compliance risks, sustainability risks, etc), and avoids conflicts of interest. The remuneration policy is aligned with the Group's strategy, objectives, values and long-term interests, such as sustainable growth prospects, and complies with the principles governing the protection of clients and investors when providing services.

The main objectives of the Firm’s remuneration policy are the following:

1. Guarantee alignment of remuneration with effective risk management

Our remuneration policy aims at aligning remuneration with effective risk management while encouraging employees to promote lasting success and stability of the Group. A Remuneration Committee meets at least once a year to rule on the various subjects related to remuneration. The key executives of the Company as well as the Compliance Officer attend this committee.

2. Guarantee the correct application of the remuneration rules

The policy defines the rules of fixed and variable remuneration, drawing inspiration from the principles contained in the UCITS Directive, the AIFM Directive and the Disclosure Regulation. The setting of the variable part of the remuneration considers the assessment of individual performance, the general economic situation of the management company and the results of the Group. The assessment of individual performance is based on quantitative and qualitative criteria.

4. A responsible company

We recognise that we can deliver value for our investors thanks to the dedication of our teams. It is therefore our responsibility as an employer to create a positive and supportive environment for our staff in which they can thrive. The diversity of our workforce is very important at QUAERO CAPITAL, and our continued success is influenced by the wide variety of experiences and capabilities our staff bring to our business.

We work to ensure that QUAERO CAPITAL provides equal opportunities to all employees and job applicants, regardless of (amongst others) their gender, religion, race, nationality, age or sexual orientation.

In 2019, two years before it became law in Switzerland, we implemented in our Swiss offices a paternity leave policy, offering a 2-week paternity leave during the year following the birth of a child.

In 2020, just before the pandemic, we introduced a flexible working policy in Switzerland where employees can work from home one day per week.

In France

As part of the provisions incorporated by the RIXAIN law into article L-533-22-2-4 of the French Monetary and Financial Code, Quaero Capital (France) SAS wishes to work towards reducing the gender gap in the teams, bodies and managers responsible for making investment decisions, while taking into account:

- The current composition of the teams concerned and the low turnover within them
- The constraints linked to the size of the company and the investment management teams
- The possible absence of new positions in these teams
- The possible under-representation of one gender in the applications received when recruiting to these teams

We highly value education and share of knowledge, having strong relationships with universities. In 2024, QUAERO CAPITAL was a sponsor of the Master in Infrastructure Project Finance at Ecole Nationale des Ponts et Chaussées and some of our employees were also actively involved in teaching in this Master, where they give their support and share their experience with students and teachers.

3. QUAERO CAPITAL'S ENGAGEMENT STRATEGY

1. Stewardship

QUAERO CAPITAL is committed to a sustainable form of capitalism

- Where companies are run for the long-term and not for short-term profit maximization
- Where stakeholders are considered alongside shareholders
- Where boards are strong and empowered structures in organisations to ensure executive teams are both enabled and sufficiently overseen for the benefit of all stakeholders and ultimately society

We consider that such companies are likely to have better management of ESG risks, which should lead to better long-term financial performance.

As an asset manager, QUAERO CAPITAL has a responsibility to act as a good steward of capital on behalf of its clients through active stewardship, including direct engagement on these issues with company management teams.

We welcome opportunities to collaborate with other shareholders and are an important partner to the CDP disclosure campaign, often taking a leading investor role to engage with companies to disclosure greater detail of their climate strategies.

Our commitment to the Net Zero Asset Managers initiative includes a commitment to invest 70% of our investments, across nearly half of the company's funds, in companies that have Science Based Targets by 2030. We engage with companies about aligning their emission reduction targets with the Science Based Targets initiative.

QUAERO CAPITAL is also a signatory to the Institutional Investor Group against Climate Change (IIGCC) and co-signs their engagement letters to governments and companies on climate change issues.

We actively seek other organisations we can work with and encourage organisations to expand collaboration opportunities for smaller asset managers.

QUAERO CAPITAL has defined two policies to guide its team performing stewardship: the engagement policy and the voting policy. The QUAERO CAPITAL engagement policy[3] applies to our **UCITS funds**.

In particular, the **small cap strategies** at Quaero Capital SA can exert significant influence on companies they invest in due to the relatively large positions held and over long periods of time. Engagement is a particular focus for these funds, with a particular focus on climate-related disclosure. See the *Quaero Capital Funds (Lux) - Argonaut Engagement Report* for more details (ESG Documents – QUAERO CAPITAL).

For **private equity infrastructure** and **real estate** funds, investments are predominantly majority owned, which provides significant influence on how the asset is managed. Influencing directly how these assets are managed is a key element for our private equity strategies. These are outlined in fund specific documentation that is available upon request.

2. Voting policy

General approach[4]

QUAERO CAPITAL views proxy voting as an integral part of its investment management responsibilities. Exercising all voting rights when possible is an important element of our approach as responsible investors and it is part of our fiduciary duty. We consider quality corporate governance as a driver of sustainable performance for investors and stakeholders

[3] Scope of this policy – all equity funds except for ATD Quart Monde and *Quaero Capital Funds (Lux) – World Opportunities*. It does not apply either to the fixed income strategies run in the following funds: *Quaero Capital Funds (Lux) – Global Convertible Bonds, Quaero Capital Funds (Lux) – Yield Opportunities*

[4] Scope of this policy – all equity funds except for ATD Quart Monde and *Quaero Capital Funds (Lux) – World Opportunities*. It does not apply either to the fixed income strategies run in the following funds: *Quaero Capital Funds (Lux) – Global Convertible Bonds, Quaero Capital Funds (Lux) – Bond Investment Opportunity, Quaero Capital Funds (Lux) – Yield Opportunities* and *Quaero Bonds Impact Opportunities*. See voting policy.

alike, and we believe active stock ownership through voting is a vital part of a quality and well-functioning governance structure.

In 2019, **we invested in our voting process**, enrolling the company Glass Lewis not to make our voting decisions for us, but to assist us with proxy voting research and recommendations, adding value to our internal voting process.

The information we receive from Glass Lewis includes, for example:

- A comparison with country and industry peers
- In-depth analysis of the balance of skills and gender diversity in a corporate board
- Evaluation of compensation plans
- Consideration of shareholders' best interests for all motions

Voting decisions are made by portfolio managers (PMs), with advice from the ESG team. Proxy voting is completed through an online platform by the ESG team in compliance with instructions from the PM(s) of each fund.

A priority for our stewardship activities is climate risk and encouraging companies to ensure they are suitably focused on the issues and opportunities connected to mitigating and adapting to climate change. Therefore, in 2022, **we implemented a voting policy** with our provider of proxy voting research and recommendations designed to identify companies with insufficient climate strategy, risk management and/or disclosure and recommend voting action to encourage an improvement.

The ESG team is responsible for ensuring that QUAERO CAPITAL's voting guidelines are kept up to date and integrate sustainable aspects.

Key principles of the voting policy

1. Financial statements & audit approval – QUAERO CAPITAL will approve accounts so long as there is no reason to question their reliability. QUAERO CAPITAL will vote to approve auditors when we regard them as independent
2. Board of directors – QUAERO CAPITAL supports resolutions that promote the effectiveness of boards in acting in the best interest of shareholders. This includes consideration of independence, experience, diversity and aligned interests
3. Executive compensation – QUAERO CAPITAL supports compensation packages that ensure alignment of interest between the executives and shareholders. Performance incentives should be long-term in nature and should include equity allocation. Compensation packages considered excessive will not be supported
4. Share issuance – QUAERO CAPITAL will vote according to the interest of current shareholders and will look to avoid risk of dilution of shares. There may be instances where share issuance is beneficial, when used for employee incentives for example. QUAERO CAPITAL will review each situation on a case-by-case basis
5. Mergers & acquisitions – QUAERO CAPITAL will review each situation on a case-by-case basis, considering strategic, financial and governance risks and benefits associated with the transaction
6. Environmental and social issues – where it aligns with the best interests of shareholders, QUAERO CAPITAL will vote to encourage companies to increase transparency regarding their environmental and social policies and impacts, as well as hold companies accountable for a lack of progress on climate risk governance

For **our real assets strategies,** we commit to participate and vote to all AGMs.

Implementation in 2024

QUAERO CAPITAL considers the voting process essential to responsible investment, as it plays a key role in the development and direction of companies and influences important corporate governance structures.

Funds	Total votes	% of votes made	% against or abstain	Reason for vote against
Quaero Capital Funds (Lux) – Accessible Clean Energy	439	100%	15.7%	1 - (32) Board Related. 2 - (15) Compensations. 3 - (14) Capital Management

Table 1: Proxy voting by fund during 2024
Source: Glass Lewis, December 2024

The votes against management were for proposals that fall short of best practice. Many of these relate to governance, including excessive or poorly structured remuneration proposals. There were socially motivated votes such as against a board director nomination due to insufficient diversity on the board. And finally, there were environmentally motivated votes such as when the company offers insufficient climate related disclosures or failure to adopt a science-based GHG Emission reduction target.

We have also voted against proposals for the authority to repurchase and reissue shares that could be used as an anti-takeover strategy.

For details on voting for all QUAERO CAPITAL funds, please see our website.

Real assets

The management company has voted at all General meetings held by the companies in the portfolio since their creation and up to December 31, 2024.

3. Engagement policy

1. General approach

Public equity funds[5]

For companies where QUAERO CAPITAL has significant influence, such as when ownership amounts to more than 1% of the company, or when a good relationship has been built with company management, the ESG team will identify areas for engagement either as a result of internal ESG analysis or due to a controversial event or report that should be addressed. These areas are prioritised depending on the level of materiality to the future of the company and the severity of the controversy.

Engagements are initiated by the portfolio managers (PMs) or the ESG team with the company management team and are usually followed by a meeting between the PM(s), the company management team and, at times, the ESG team. The ESG team may seek to include outside input from organisations that focus on the specific area and industry, to include expert opinions on the topic. Objectives are formed during the engagement and monitored by the ESG team. The engagement topics tend to be strategic and disclosure-related rather than KPI targets.

Opportunities to collaborate with other shareholders are welcomed. QUAERO CAPITAL is an important partner to the CDP disclosure campaign, often taking a leading investor role to engage with companies to encourage more disclosure of their climate strategies. QUAERO CAPITAL has also been engaging with many companies across the portfolios encouraging them to set carbon emissions reduction targets validated by the Science Based Targets initiative (SBTi) as part of our commitment to the Net Zero Asset Managers initiative.

[5] Scope of this policy – applies to all listed except *Quaero Capital Funds (Lux) – World Opportunities*. It does not apply either to the fixed income strategies run in the following funds: *Quaero Capital Funds (Lux) – Global Convertible Bonds, Quaero Capital Funds (Lux) – Bond Investment Opportunity, Quaero Capital Funds (Lux) – Yield Opportunities* and *Quaero Bonds Impact Opportunities*. See engagement policy.

QUAERO CAPITAL is also a signatory to the IIGCC and co-sign their engagement letters to governments and companies on climate change issues.

QUAERO CAPITAL actively seeks other organisations to work with and encourage organisations to expand collaboration opportunities to investors in smaller cap and niche markets which individually make up a large proportion of economies and are a focus for many of our investment strategies.

Engagement consists of

1. Discussions with companies held in the portfolio to better understand sustainability risks and opportunities
2. Encouragement of companies to provide more data and better transparency on ESG-related policies
3. Encouragement of companies to better communicate and pursue corrective measures following controversies
4. Holding companies to account for their prior commitments related to ESG issues
5. Encouragement of companies to set ambitious targets and plans to reduce their environmental impacts and regularly report on their performance against those targets

Private equity infrastructure and real estate

The private equity infrastructure funds adhere to the concept of Positive Impact Finance defined by UNEP Finance Initiative in 2017: it is about making investments that contribute to one of the three pillars of sustainable development (economic, environmental and social), while ensuring that the negative impacts linked to funded activities are properly identified and managed.

Thus, in terms of investments, the European Infrastructure Funds are committed to promote sustainable governance, efficient asset management, and a scrupulous approach to risk analysis and management. In this context, the European Infrastructure Funds act as an active shareholder, whether they have majority or minority ownership. They engage with the management of each asset, when possible, to improve environmental or social impacts.

The fund engages often with the management of the different projects to effectively monitor the principle adverse impacts as well as ESG risks. Whenever negative impacts on sustainability factors are identified for a project, the fund engages with its management to reduce all negative impacts detected. Annual meetings are held with all projects and the ESG team.

For real estate assets, as we are convinced that we cannot act alone and that our responsibility as a landlord implies a mobilisation of the entire value chain, we have deployed an engagement policy with our key stakeholders.

We have environmental annexes to each new contract, which commits to the establishment of a Green Committee that meets every year. Through these Green Committees, we engage with the building tenants, property managers and we raise awareness on ESG topics, such as encouraging efficient use of energy, water and recycling and providing them a best practice guide.

We have also set ourselves the objective of drawing up a “Charte de chantier vert” for all buildings under construction to ensure that companies and their subcontractors involved in construction or renovation operations commit to a procedure for reducing site nuisances. The aim of the charter is to meet the requirements of sustainable development in the building industry and to reduce as much as possible the impact of the work on the workers, the neighbourhood and the environment. In the event of failure to comply with the provisions of this charter, the company concerned may be held liable and penalties will be applied.

2. Implementation in 2024

For the sixth consecutive year, in 2024, we engaged into a cross-fund engagement effort and joined the CDP disclosure campaign, an annual collaborative campaign aimed at companies we invest in to encourage greater transparency of climate risk and strategy.

While the *Quaero Capital Funds (Lux) – Accessible Clean Energy* fund invests in companies that already contribute significantly to climate change mitigation, for some companies we see their climate-related disclosure falls short of best practice. There are few of such companies in the Accessible Clean Energy fund, nevertheless we offered to be lead investor for some companies. But in 2024, we were not selected as the lead investor by CDP due to our relative size.

Once companies are providing climate disclosure, we take the next step of engaging with them, encouraging to set carbon emissions reduction targets validated by the Science Based Targets initiative (SBTi), as once companies are effectively measuring their footprint, we want to see emissions reduced to support a 1.5-degree scenario. In 2024, we engaged with 7 companies for the fund Accessible Clean Energy and 3 for the fund Bond Investment Opportunity to encourage them to commit to set SBTi targets. Three companies responded with insights into their future plans with intention to set net zero targets in the future. We will continue to engage with all companies on this subject.

Private equity infrastructure and real estate

Private equity infrastructure – as we are usually the majority owner of the asset, we engage with the managers of every asset on a regular basis.

While preparing for the launch of QEIF III in 2023 and the increase of regulation requirements, we decided to update our ESG annual reporting grid to collect more extended and precise information regarding our investments. To carry out the most comprehensive assessment, we introduced this new grid to the project managers and discussed with them on how to collect data and assess their carbon footprint.

In 2024, we managed to engage with 100% of the assets of our four funds, either with the project managers or the person from the investment team in charge of the projects. The discussions were very constructive. Most of the project managers are aware of the importance of transparency and data quality and are working to reduce their environmental footprint by increasing their renewable energy sources and improving their transparency on data collection.

In 2024, we also continued the extended carbon footprint assessment of our projects across the four infrastructure funds. As a result, we now have a better overview of our environmental footprint, even though it remains difficult to fully measure scope 3 emissions (indirect emissions that occur in the value chain) of our assets, a common challenge in the industry. Going forward, we will continue to fine tune our methodology and improve the coverage of our scope 3 emission reporting.

In 2024, the project to implement a comprehensive Code of Conduct for our assets continued. The goal is to develop a tailored code specific to every project, aligning ethical guidelines and behavioural principles with its own operations. To support this objective, the ESG team provides a template to guide project teams in crafting their customized codes, ensuring alignment with overarching ESG standards while allowing for operational nuances. This approach underscores our commitment to upholding ethical standards across the portfolio in a way that is both consistent and adaptable

Various specific ESG initiatives are being undertaken by different assets, for example:

- The water management company *Socamex* has an objective to minimize electricity consumption and, in 2024, 65% of its energy consumed was from renewable sources with an important part coming for its installed solar panels at the central office. It also had its sustainability report assessed and certified by a third-party

- *Infracorp in Rezo Participation* optical fibre asset plans to green its equipment fleet by purchasing electric, hybrid or gas-powered vehicles. In 2024, this represented 8% of the fleet (up from 3% in 2022)
- For *Baltic Rezo* data centre assets, one data centre is now running with 100% energy coming from renewable sources. The two others run on 52% renewable energy, aiming at 100% in the future
- *Hospital Tajo* continues to work on reducing its carbon footprint, with initiatives to increase recycling and improve the building's energy efficiency. The efforts made are not clearly seen in the data due to a new calculation methodology from the Spanish Ministry of Ecology
- Our renewable energy assets in France – the wind farms, hydropower and solar farms projects – all maintain strong relationships with communities, authorities and environmental experts; thousands of euros were spent on tree planting. A code of conduct was adopted at the hydropower asset in second fund and at the wind asset in third fund

Real estate – in 2024, 45%[6] of our buildings are monitored for energy consumption, a decrease since 2022 due to investment in new assets and divestment from a building renovated to the high BREEAM standard. In anticipation of the application of the French law 'décret tertiaire' and applying our own objective of good energy management in our buildings, we decided to use the services of the company iQspot, which continuously collects and aggregates the data emitted by sensors installed on the meters (water, gas, electricity, heating/cooling networks etc.). This helps us planning construction and renovation works to save energy and control the environmnetal impact of the buildings.

A "green committee" was held for 31%[7] of our buildings in 2024, a significant increase since 2023 with the arrival of a new property manager. The purpose of the 'green committees' is to raise awareness about environment footprint of the building and define strategies to improve it (for example encouraging efficient use of energy, water and recycling and providing them a best practice guide). As we have numerous buildings under renovation, this will increase as green committees are implemented after the renovation phase and effort will be made to increase involvement from more tenants.

[6] Of the total surface area of the portfolios but all buildings in operation at 31.12.2024 were equipped with an energy monitoring system.
[7] Of the total surface area of the portfolios but all building in operation at 31.12.2024 have benefited from a green committee.

4. FOCUS ON CLIMATE CHANGE

1. General approach and objectives

In 2021, we implemented our climate policy. This was developed as QUAERO CAPITAL recognises the Paris Agreement ambition to keep global temperatures to well below 2 degrees above pre-industrial levels, and the future ambition to limit warming to 1.5 degrees, as fundamentally important for society as well as our own investments.

The six principal elements of QUAERO CAPITAL's Climate strategy are:

1. Develop and launch financial products which invest in companies that are part of the solution to climate change
2. Perform climate-related exclusions
3. Integrate climate risks in ESG analysis and investment processes
4. Engage with companies we invest in to address climate risk and report to TCFD recommendations
5. Report on each portfolio's environmental footprint and impact for selected strategies
6. Commit to a zero-carbon operating footprint from 2021

QUAERO CAPITAL has signed the statement of support for the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). As such, we make annual disclosures in line with the recommendation in our Annual Sustainability Report, outlining our strategy and our targets.

2. 2024 achievements

Our actions related to the implementation of the Climate Strategy in 2024 were:

1. Develop and launch financial products which invest in companies that are part of the solution to climate change

During 2023, we launched a new private equity infrastructure fund focused on investing in key sustainable infrastructure assets such as wind, solar and hydro power as well as other key infrastructure assets such as water efficiency (non-exhaustive list). At the beginning of 2025, we launched a new real estate fund which aims to acquire property assets with a view to restructuring, renovating, rehabilitating and/or transforming them. The new fund was certified by the ISR Label in February 2025.

The different private equity infrastructure funds produced 1'642 GWh of green energy coming from our renewable energy assets from wind, solar and hydro sources during 2024. In addition, we work with all our assets to encourage energy efficiency measures and the adoption of clean energy sources. For example, more than 34'946 MWh of green energy was produced by assets which are not renewable-energy producers (water, utility and educational assets) and their green energy production increased by 6% compared to 2023.

2. Perform climate-related exclusions

We raised the threshold on our climate exclusion list, now excluding companies that make 10% or more of their revenues from coal mining or coal thermal power generation. We continue to make exception for companies that have made significant commitments to reduce their emissions in the future, to be in line with the Paris Agreement, as these companies play a key role in the transition. The ESG team assesses if the company is sufficiently committed to the transition. This may be made clear through a commitment to exit coal by 2030 or by committing to reduce emissions sufficiently to see carbon intensity of power produced move in line with the decarbonisation path required to meet the Paris Agreement.

We implemented a new exclusion for listed funds that are article 9 under SFDR, to exclude unconventional oil & gas. The new exclusion policy excludes companies operating upstream in unconventional oil & gas for which either:

- Have a share of unconventional fossil hydrocarbons production >30%

- Have short-term expansion plans in unconventional fossil fuel hydrocarbons > 0%

Moreover, the ISR labelled fund Bond Investment Opportunity complies with higher climate ambitious exclusions complying with the new guidelines of the ISR Label.

3. Integrate climate risks in ESG analysis and investment processes

Depending on the strategies, we apply different approaches in respect of climate risk.

Quaero Capital Funds (Lux) – Infrastructure Securities, Quaero Capital Funds (Lux) – Bond Investment Opportunity and ***Quaero Bonds Impact Opportunities*** commit to maintaining a weighted average carbon intensity below their universe. This is calculated for scope 1 and 2 emissions, using MSCI data.

100% of ***Quaero Capital Funds (Lux) – Accessible Clean Energy*** holdings have a clear vision and a strategy in line with a zero-carbon future. In addition, we monitor the level of impact the investment companies can have, with a commitment that 50% of the fund is invested in companies with >50% revenue contributing meaningfully to climate change mitigation and adaptation. The implied temperature alignment score for the portfolio, according to Carbone4, is 1.6°C compared to the MSCI World Index at 3.7°C.

For *Quaero Capital Funds (Lux) – Accessible Clean Energy*, weighted average carbon intensity is monitored on a monthly basis for scope 1 and 2 emissions, and potential avoided emissions (PAE) is calculated annually to demonstrate the impact of the companies invested in.

For the public equity funds at QUAERO CAPITAL, we consider

- Either the ESG ratings from MSCI, which integrates climate change as one of ten core themes for the rating, or
- Internal ESG ratings and analysis, which consider
  - The physical and transitional risks to the company
  - The impact the company has on the transition
  - The opportunities in the transition to net zero

For the majority of assets included in our **private equity infrastructure funds**, we monitor carbon intensity and are currently reviewing methodologies to ensure that all assets report carbon emissions in the future. The funds also report the amount of renewable energy produced, a key metric to demonstrate the impact of the fund on the progression towards a 2-degree scenario. Moreover, the last Infrastructure Fund being an Article 9 fund, it explicitly commits to the sustainable objectives included in the Sustainable Development Goals. This includes a commitment for EU Taxonomy alignment, to operate at the highest levels of sustainability across important infrastructure assets and a particular focus on climate change and water efficiency.

Moreover, for the private equity infrastructure strategy, we recently subscribed to Altitude platform from Axa Climate. This is an innovative, all-in-one platform that provides our infrastructure investments with AXA Climate data on carbon, climate and nature, data for intelligent decision-making during sourcing, due diligence and holding period. This platform helps us monitoring our climate physical and transitional risk and when possible, implementing some mitigation plans.

The **second real estate fund** (which focuses on education real estate) achieved the set following milestones by end of 2024:

1. Reduce the environmental and carbon footprint of buildings by controlling their energy consumption. By covering 100% of the assets in operation via a system that monitors energy consumption and with a trajectory for reducing consumption in anticipation of the Eco Energie Tertiaire law. By end of December 2024, IQSPOT consumption monitoring system has been installed in all schools in operation
2. Monitor and improve the quality of air and water in order to guarantee better comfort for the occupants. By deploying a measurement plan, at least every two years, of the

sanitary quality of water and indoor air for 100% of the asset. In 2024, the company A2A Ingénierie carried out water and air analyses at all schools in operation

3. Train and engage the fund's key stakeholders in environmental, social and governance issues. 100% of our tenants will be trained and made aware of these issues every year as well as our property managers and service providers. By the end of December 2024, tenants of schools in operation have all received a guide to good practice and benefited from the holding of a green committee in 2024. The Property Manager of schools in operation did have an ESG clause in his contract with Quaero Capital. And finally, for buildings that have undergone work worth more than €300k before the end of 2024, a charte de chantier vert has been signed

Our **first real estate fund** promotes energy-saving work and controls the environmental impact of its assets under management. It aims at improving energy performance by anticipating regulatory changes. It also anticipates and integrates the consequences of climate change in the construction and renovation of buildings with, for example, high level building certifications promoting the highest sustainable and environmental performance of buildings and energy efficiency and eco materials. In 2024, we assessed the annual carbon footprint of the fund with Carbometrix for the second time. We are proud to report that our carbon footprint has decreased by 6%. This decrease is due to the exit of one building in the portfolio, the decrease of gas consumption of the portfolio thanks to the replacement of the heating, ventilation and air conditioning in one building and the decarbonisation of the French energy mix.

The “décret tertaire” requires owners and tenants of tertiary sector buildings with a total floor area of 1’000 m² or more to meet targets for reducing energy consumption by at least 40% by 2030, 50% by 2040 and 60% by 2050. It is the French version of the national and European targets for reducing energy consumption and CO2 emissions in the commercial property sector. In 2024, we reported energy consumption on the OPERAT platform for all the property assets in the Fund's portfolios.

4. Engage with investee companies to address climate risk and report to TCFD recommendations

As part of the **Net Zero Asset Managers initiative**, we set targets using the Science-Based Targets initiative (SBTi) approach, setting targets for the proportion of our investments that have set their own approved Science-Based Targets (SBTs). We chose this methodology as it focuses the energy of the portfolio managers and the ESG teams on engaging with companies to integrate climate risk fully into their business models, and in doing so setting themselves greenhouse gas (GHG) emission reduction targets that are in line with the best climate science. SBTs are reviewed and approved by the initiative, ensuring that the targets are sufficient to meet a 1.5-degree scenario.

In 2023, we set an interim target for at least 45% of our assets under management to be managed in line with the attainment of net zero emissions by 2050 or sooner, with a target of 70% of investments setting their own Science-Based Targets by 2030.

We have seen significant progression in the number of companies that have set Science-Based Targets since last year which keeps us on track for original target. However, since we set our targets, we have seen some changes in our asset mix which we need to reflect in our targets.

We therefore updated in 2024 our interim target for at least 40% of our assets under management to be managed in line with the attainment of net zero emissions by 2050 or sooner (reduced from previous 45%), with a target of 70% of investments setting their own Science-Based Targets by 2030.

We will continue to focus engagement on climate-related disclosures through the CDP disclosure campaign and we put in a place a second engagement campaign to encourage companies to set carbon emissions reduction targets validated by the Science Based Targets initiative (SBTi).

We already monitor the carbon intensity of the public funds relative to their relevant universes. This is shared internally with fund managers and the Management Committee monthly, and at least annually to clients in our Annual Sustainability Report. We report this datapoint for each investment in each portfolio to the relevant fund manager, so it can better inform them of the impact each of their investments is having and prioritise their engagement efforts.

For the real estate investments, we have developed our own ESG grid with the help of a consultant. This grid is based on indicators such as carbon footprint, water consumption, biodiversity, accessibility to public transports, disability access, etc. from the best international benchmarks, including the Observatoire de l'Immobilier Durable (OID), SDGs, PRIs and Global ESG Benchmark for Real Assets (GRESB). With the help of this ESG grid, we can compare the ESG performance of our assets with previous years' results, identify areas for improvement, and define appropriate action plans. Our grid allows us to obtain a consolidated view of the ESG and climate performance of the asset.

For public equity investments, in 2024, while we offered to serve as lead investor for 30 companies, CDP did not select us for all due to our relative size. Nonetheless, we were appointed lead investor for seven companies, primarily within our small-cap funds. Notably, two of these companies agreed to disclose their data to CDP for the first time.

For private equity infrastructure funds, climate change mitigation forms a core part of stewardship activities for the infrastructure strategy, both at the project investment stage, as it relates to influencing the projects to shift to renewable energy sources, and through management of the project during the holding phase. Moreover, engagements are done at least annually with the projects when we collect ESG data helping us to monitor carbon intensity and the amount of renewable energy produced, key metrics to demonstrate the impact of the fund on the progression towards a 2°-degree scenario.

The third infrastructure fund, being an Article 9 fund, it explicitly commits to the sustainable objectives included in the Sustainable Development Goals. This includes a commitment for EU Taxonomy alignment, to operate at the highest levels of sustainability across important infrastructure assets and a particular focus on climate change and water efficiency. Moreover, we try as much as possible to acquire projects that are committed to be aligned with net zero commitments.

5. Report on each portfolio's environmental footprint and impact for selected strategies

We report the carbon intensity of Article 8 and 9 portfolios in their monthly factsheet and report the carbon intensity of all QUAERO CAPITAL managed funds relative to their benchmarks in our Annual Sustainability Report .

The scope 1 & 2 carbon intensity of the ***Quaero Capital Funds (Lux) – Accessible Clean Energy*** portfolio does not sufficiently reflect the impact of the companies that we invest in on climate change mitigation and adaptation. While all businesses need to minimize their operational carbon footprint, these figures fail to demonstrate the extent to which these companies contribute to mitigating climate change. Consequently, we report the % of revenue that we identify as 'green activities' for the fund.

To quantify the impacts the fund's investments have on climate change mitigation, we use a variety of approaches as no individual sustainability indicator provides the full picture. We have worked with Carbone4, a climate and biodiversity expert, to help us measure the impact of the portfolio, incorporating different elements.

Quaero Capital Funds (Lux) – Accessible Clean Energy is aligned with a 1.6-degree scenario in 2024. We know the enormous impact our companies are having on decarbonisation and the efforts they are making to decarbonise, so while not surprised, we are pleased to see this assessment; few funds achieve this alignment. For an important reference, the MSCI World temperature trajectory is 3.7°C - using the same rigorous methodology.

The temperature alignment score from Carbone4 is based on both:

- A quantitative assessment of the carbon emission intensity and the progress on carbon emission reduction
- A forward-looking qualitative assessment of the company's strategy, CAPEX and R&D plans, emission reduction targets and climate governance

We value the fact that this assessment has a forward-looking element rather than basing the temperature alignment on a single datapoint already in the past.

Quaero Capital Funds (Lux) – Accessible Clean Energy	MSCI World Benchmark
1.6°C	3.7°C

Note: all data as of 31.12.2024

Quaero Capital Funds (Lux) - Accessible Clean Energy focuses on companies that have a significant impact on the pace of decarbonisation.

This impact is well demonstrated through the **potential avoided emissions (PAE)** indicator. While companies can and should work to reduce their own operational carbon emissions, their greater impact will be through the products and services they sell. These will result in emission reductions for customers for many years to come.

Avoided emissions are the measured difference between the company's emissions and a reference situation – either a scenario (e.g., IEA's 2DS scenario) or a reference product mix (such as electric vehicles compared to combustion vehicles). The estimates consider the value chain and all elements of the product life cycle, and each economic sector has its own set of scenarios and indicators for comparison. Due to the complexity of estimating potential avoided emissions for some companies, only c86% of the portfolio has an estimation from Carbone4.

For the c86% of companies covered,
their 2024 business will result in
311 million tonnes of CO_2e avoided.

Note: all data as of 31.12.2024

6. Commit to a zero-carbon operating footprint from 2021

We measured our carbon footprint in line with GHG protocol for 2021 by collecting data from our staff on their annual travel, their commute to work and the energy use of our offices. Our intention is to take steps to reduce our operational emissions as much as possible. We will compensate for the emissions we cannot avoid by using carbon offsets linked to projects that are additive, meaningful and permanent.

	2019	2020	2021	2022	2023	2024
Carbon footprint in tCO2e	109.0	34.5	36.8	68.6	70.5	63.35
% change YoY		*-68%*	*+7%*	*+86%*	*+3%*	*-11%*

Table 2: QUAERO CAPITAL carbon footprint since 2019
Source: QUAERO CAPITAL, June 2025

The significant reduction in emissions in 2020 and 2021 was due to travel restrictions during the COVID-19 pandemic. Our business activity significantly increased in 2023, yet we limited emission growth to only 3%. This year, we are proud to note a reduction of 11% carbon emissions compared to 2023.

There are a few elements to highlight:

- **We continue to make better choices in terms of commuting**, keeping a lower carbon footprint for the km travelled than in previous years. Our commutes resulted in 12 tonnes of CO_2, a 35% decrease from 2023. 40% of employees come to work by public transports, either by Bus, tram, metro or train, 25% of employees cycle and 16% walk to work
- **Business travel emissions slightly decreased in 2024 compared to 2023**, this resulted in carbon emissions of 48.6 tonnes of CO_2 from business travel in 2024. While more flights have been taken vs. 2023, the proportion of travel done by plane remains significantly lower than pre-COVID; plane travel in 2019 accounted for 80% of distance travelled vs. 66% in 2024. We know that where possible we are increasingly choosing to take the train vs. plane; for example, over 45% of trips between Paris and Geneva are now made by train. We want to keep encouraging employees to take the train instead of flying whenever possible
- Our **renewable energy contracts** across offices in Luxembourg, London and Geneva have ensured the footprint from our energy consumption in offices remains low at 2.72 tons but we note 56% increase due to an increase of electricity consumption in our Paris office and a less green electricity mix from our London office this year. We aim to subscribe to renewable energy contracts for our Paris office next year

myclimate shape our future

Last year, we offset our operational emission with the foundation myclimate regarding the project Moor Program which aim to restore peatland in the nature reserve La Gruère in Jura, Switzerland. Thanks to this climate protection project, various areas of the unique raised bog in La Gruère from the canton Jura can be restored to its natural state, resulting in the release of less greenhouse gas into the atmosphere. But climate protection is not the only advantage of rewetting this moorland; it also benefits biodiversity, the water balance and the local construction industry[8].

This project contributes to 3 SDG.

- SDG 13 – 'Climate Action' by renaturalised peatlands which are large carbon reservoirs
- SDG 6 – 'Clean Water and Sanitation' as a renaturalised bog improves protection and water pollution control
- SDG 15 – 'Life on Land' as 15.27 hectares are going to be rewetted and provide a valuable habitat for rare animal and plant species.

[8] Restoration of peatland in the nature reserve La Gruère

5. FOCUS ON BIODIVERSITY

The Convention on Biological Diversity adopted in 1992 at the United Nations was developed to protect the intrinsic value of biological diversity and the ecological, genetic, social, economic, scientific, education, cultural, recreational and aesthetic values of biological diversity and its components. It reflected an acceptance that biological diversity is being significantly reduced by certain human activities and that it is vital to prevent the causes of significant reduction or loss of biological diversity at source.

1. General approach

We see climate change mitigation and biodiversity protection as aligned environmental objectives. Companies that contribute to climate change mitigation should help protecting biodiversity.

For our public equities and fixed income funds, we apply an exclusion policy which excludes companies in severe and systemic breach of UN Global Compact principles, one of which is the environment. As a source among others, we refer to exclusions by the Norwegian State Pension Fund, and their ethics committee, to compile this list. Currently, we exclude 18 companies based on their impact on biodiversity or environment. This list includes companies that are destroying tropical rainforest, companies mismanaging mines, companies responsible for major oil spills, companies constructing in areas of important biodiversity and companies selling threatened species.

We monitor both MSCI ESG ratings and controversy data. MSCI ESG ratings incorporate the impact a company has on biodiversity including the impact on rare species and species diversity, over-exploitation and depletion of natural resources and land contamination. Our internal analysis considers these factors alongside. MSCI Controversies measure a company’s alleged involvement in adverse impact activities as reported by the media, NGOs and other stakeholders. One of the factors considered is biodiversity and land use.

For our investments in private equity infrastructure, biodiversity is of high importance in both the due diligence phase and the management period of the asset. Many of our investments are greenfield projects, which require in-depth studies on the impact of the nature on the biodiversity of the area. During management of assets this is also particularly important. Especially so for the wind turbines, where prevention of birds and bats colliding with the turbines is of high importance.

For our investments in real estate, biodiversity is high on the agenda in regulation for both new construction and building renovation, so it is carefully considered. Biodiversity is an element of the ESG grid used to evaluate each asset, it includes a rating on whether an ecological study has been performed, whether habitats have been protected, and whether action has been taken to preserve of both flora and fauna.

2. Contribution to the reduction of key pressures and impacts on biodiversity

Private equity infrastructure

In 2021, after having witnessed several bird and bat fatalities and being aware of the importance of protecting biodiversity around our projects, we decided to use the services of specialized companies developing, installing and operating artificial intelligence-based wildlife detection systems, Biodiv-Wind SAS, for wind farms.

Since 2015, Biodiv-Wind SAS has equipped nearly 250 wind turbines in western Europe, including France, Germany, Spain, Austria, Belgium and carried out wildlife studies in several other countries (Finland, Iceland etc). The system detects moving targets around wind turbines and sends a signal to automatically stop the turbines in case of potential collision. These have been very effective at protecting local wildlife.

Finally, we also offer residents local to our wind assets the planting of hedges or fruit trees and offer apiaries for the communities in the parks. Hedges and hedgerows provide refuge for many species of fauna and flora and also serve as ecological corridors. They are planted along paths or between plots.

The micro-hydro power plants in France are equipped with installations that allow fish migration up and down the river. We also pay yearly contributions to local water associations that contribute to the financing of projects that improve the ecological continuity of the surrounding rivers.

For our portfolio of photovoltaics projects in the northern France, environmental studies were conducted during the pre-construction phase and confirmed the limited negative impact of the solar plants on the environment during the operational phase. Compensatory measures have been adopted to ensure the ecological continuity of the sites, particularly for birdlife. These measures include maintaining ecological corridors along the edges of the sites and near forests, and preserving dead wood on certain sites, as this provides a favourable habitat for certain insects. At the end of the operating period, all the sites will be dismantled and returned to their original state. At the very least, the various materials will be recycled in accordance with the regulations in force on the day of dismantling.

Moreover, for some construction sites of our power generation asset in Mayotte, we have signed agreements confirming that we would help the reforestation of specific indigenous species of trees as well as various compensatory measures contributing to the maintenance of the ecosystem. We also conducted thorough impact studies with well recognised NGOs in the region.

For our highway construction project in France, important measures to protect biodiversity have been taken. Thanks to a complete fauna/flora study carried out between 2019 and 2020, the motorway's route has been optimised to avoid the areas of major ecological concern. The project includes 155 structures favourable to small fauna and 24 structures for large fauna which will ensure ecological continuity and preserve biodiversity. Similarly, numerous hydraulic structures will help to avoid aggravating flooding in the event of flooding, or even to improve the existing situation in certain sectors. The project took reduction and compensatory measures through the reconstitution of biodiversity reservoirs that contribute to the natural storage of carbon. Finally, the project will reconstitute more than 40ha of rehabilitated wetlands on former quarry land, creating compensatory afforestation and dense planting in landscaping, ponds, and wildlife corridors to favour the habitats of protected species.

For real estate assets, the strict regulation applied in France, where we currently invest, requires that the impact of the building and any renovation on biodiversity be carefully managed and minimised. We work hard to ensure that we always at minimum meet those already high regulatory standards. For assets that are in construction or renovation with some work ongoing accounting for more than 300k€ a ‘charte de chantier vert’ is signed. The aim of the charter is to meet the requirements of sustainable development to reduce as much as possible the impact of the work on the workers, the neighbourhood and the environment as well as biodiversity.

For our public equities and fixed income funds, through principal adverse impact (PAI) data monitoring with MSCI, we can monitor certain KPIs for our portfolios.

The KPIs are:

- The share of investment in companies with sites/ operations located in or near biodiversity sensitive areas
- The share of investments in companies whose operation affect threatened species
- The share of investments without a biodiversity protection policy covering operational sites to a protected area or an area of high biodiversity

As of 31.12.2024, certain portfolios were invested in issuers located in biodiversity sensitive areas according to MSCI. The exposure ranged between 0% to 18%.

Certain portfolios were invested in issuers with operations that affect IUCN Red List species and/or national conservation list species. The exposure ranged between 0% to 28%. Between 0% and 12% of our investments were exposed to issues that operate near protected areas without a biodiversity protection policy.

It is still challenging to effectively monitor the impact each company has on biodiversity. The data reported may be inconsistent, unaudited and often missing entirely. We do, however, monitor controversies as they become public, and avoid those that are having a significantly negative impact on biodiversity and the environment in general.

3. Challenges regarding biodiversity-related measure

For investments in **infrastructure real assets**, we consider the impact on biodiversity of each asset considerably. During the due diligence phase, we assess the level of potential impact the asset may have on local biodiversity, and the level of risk in the area. If we consider the risk manageable, we will take every step to moderate the negative impact during the investment phase.

Moreover, for the private equity infrastructure strategy, we recently subscribed to Altitude platform from Axa Climate which provides us with specific assessment on biodiversity.

For our **real estate investments**, the team assesses the impact on biodiversity as required by regulation and ensures that the project creates green spaces and protects local wildlife. The regulation in France already sets a high standard for protection of biodiversity.

In **listed assets**, we continue to assess the indicators available in the market and as of yet do not consider them sufficiently informative and valuable on top of our own due diligence. The coverage is also limited which prevents widespread comparisons. As active asset managers, we research each investment, incorporating such issues as whether the industry is nature intensive and how the business is managed.

Within the MSCI ESG framework, biodiversity risk is assessed and therefore incorporated for many of our strategies. We review sell-side research on the topic and will continue to assess data providers as they improve their offering on the issue.

Objective

QUAERO CAPITAL is not in a position at this stage to provide a quantitative biodiversity target.

6. QUAERO CAPITAL'S ESG COMMITMENTS & ACCOUNTABILITY

1. ESG commitments

Collective initiatives

QUAERO CAPITAL adheres to:

- The UN Principles for Responsible Investment (PRI) since 2015
- The Carbon Disclosure Project (CDP) since 2019
- The Institutional Investor Group against Climate Change (IIGCC) since 2018
- Task Force for Climate-related Financial Disclosures (TCFD): we have publicly pledged our support to the aims of the TCFD since 2020
- L'Institut de la Finance Durable previously Finance for Tomorrow since 2022
- The Net Zero Asset Managers initiative since 2022
- Sustainable Finance Geneva since 2019
- Swiss Sustainable Finance since 2019
- France Invest since 2016

We joined the CDP and IIGCC in recognition of the growing threat of climate change and the need for the investment community to act to finance the solutions. It is also in our capacity to engage with companies and steer them to respond more meaningfully to the issue of climate change, and we work with CDP and the IIGCC to engage with companies on these issues.

We signed the Net Zero Asset Managers Initiative in 2022 and we have set our first target for our investments to be in line with the Paris Agreement by 2050. Our intention is to increase our engagement efforts with companies in which we invest to encourage them to set carbon emissions reduction targets validated by the SBTi.

We are proud to share high scores in the **2024 PRI assessment**.

For the Policy, Governance and Strategy module which assesses the overall approach of each signatory, we were scored four stars out of five. This is a very strong score for a company of our size.

The evaluation was particularly strong for our Direct Listed equity, Real Estate and Infrastructure strategies, whici received outstanding scores of 94, 94 and 98 out of 100 repecetively, giving a five star score for these three strategies.

As ever there are areas to work on and improvements to be made, but we are very happy with our progress and our successes.

Certifications

INVESTISSEMENT • SOCIALEMENT • RESPONSABLE • Label ISR
RÉPUBLIQUE FRANÇAISE

Three QUAERO CAPITAL funds have been certified with the ISR Label: our *real estate fund dedicated to Education*, *Quaero Capital Funds (Lux) – Bond Investment Opportunity* as well as our *third real estate fund launched at the beginning of 2025*.

Obtaining the ISR Label is the result of an in-depth audit of each stage of the fund's investment process, ensuring the robustness of the stock selection methods and the adherence to demanding ESG standards.

This implies that within the investment universe for listed assets, 25% of companies are excluded from allocation decisions due to poor performance on ESG criteria. In addition to these initial criteria, the fund commits to maintaining a portfolio with a stronger profile on certain sustainability indicators as well as proactively engaging with companies on the associated issues.

2. Accountability & transparency

The ESG team provides a report on the ESG quality of every Article 8 and 9 funds every month using the MSCI ratings platform. This is shared with the investment team as well as the marketing team to distribute to clients on monthly factsheets. This includes a portfolio ESG score relative to the universe, certain specific ESG KPIs, as well as a breakdown of the ESG scores of each individual holding.

All policy documents related to our UCITS Quaero Capital Funds (Lux), are available on our website which ensures they are available to all clients and prospects. In addition, ESG policies for each individual fund are stated in regulatory documentation including the prospectus, KIIDs (Key Investor Information Document). Regulatory documents are also available on the website.

In addition to the Annual Sustainability Report, we publish annual reports including:

- Private equity infrastructure impact report
- Real estate impact reports
- Article 9 fund impact report
- Small cap engagement report

Please contact us to receive a copy of the above reports.

The monthly factsheets of Article 8 and 9 funds integrate ESG data including MSCI ESG fund ratings, MSCI fund ratings for E, S and G separately, the distribution of ESG scores within the fund, the weighted average carbon intensity as well as the ratings for the top five holdings.

We also report KPIs that are most relevant to the strategy for certain funds:

- *Quaero Capital Funds (Lux) – Accessible Clean Energy* reports % green revenue
- *Quaero Capital Funds (Lux) – Infrastructure Securities* reports board independence percentage (with a commitment to maintain a better score than the universe), carbon intensity (with a commitment to have a lower footprint than the universe) and female director percentage and UN Global Compact signatory percentage
- *Quaero Capital Funds (Lux) – Bond Investment Opportunity* reports carbon intensity (with a commitment to have a lower footprint than the universe), CEO pay ratio, female director percentage and UN Global Compact signatory percentage (with a commitment to maintain a better score than the universe)

We publish regular newsletters and articles on ESG topics, covering both themes relevant for sustainable investments and strategies of our products.

7. SUSTAINABLE INVESTMENTS AND INVESTMENTS IN FOSSIL FUELS

Sustainable investments and fossil fuels investment

Sustainable investments

The internal methodology to evaluate sustainable investments for our SFDR assessment differs between real assets and liquid assets and is outlined in detail in the QUAERO CAPITAL's ESG Handbook.

For the Investment Manager's internal methodology to evaluate sustainable investments in liquid assets, the company must meaningfully contribute to an environmental and/or social objective analysed using both a quantitative metric for 'green revenue' as well as an in-depth qualitative assessment of the potential for meaningful contribution to the objective(s). For the Do No Significant Harm (DNSH) and good governance assessment we exclude:

- Companies with 10% or more revenue from coal or electricity production companies with coal-powered plants contributing ≥ 10% generation and whose carbon intensity is not in line with the objectives of the Paris Agreement (unless the ESG team assess that the company is sufficiently committed to the transition. This may be made clear through a commitment to exit coal by 2030 or by committing to reduce emissions sufficiently to see carbon intensity of power produced move in line with the decarbonisation path required to meet the Paris Agreement)
- Companies operating upstream in unconventional oil & gas for which either:
  - Have a share of unconventional fossil hydrocarbons production >30%
  - Have short-term expansion plans in unconventional fossil fuel hydrocarbons >0%
- Companies in severe and systemic breach of UN Global Compact principles
- Companies with over 5% revenue from tobacco, either as a producer or distributor
- Companies involved in controversial weapons
- Companies with a high controversy level according to third party providers
- Companies with an MSCI ESG rating lower than BB, or when not available an internal ESG rating of 'very poor'

Fossil fuels investments

Regarding the exposure to companies active in the fossil fuel sector, QUAERO CAPITAL has a strict exclusion rule, which excludes companies with 10% or more revenue from coal or electricity production companies with coal-powered plants contributing ≥ 10% generation and whose carbon intensity is not in line with the objectives of the Paris Agreement (unless the ESG team assess that the company is sufficiently committed to the transition. This may be made clear through a commitment to exit coal by 2030 or by committing to reduce emissions sufficiently to see carbon intensity of power produced move in line with the decarbonisation path required to meet the Paris Agreement)

QUAERO CAPTIAL's listed funds that are Article 9 exclude unconventional oil & gas. The exclusion policy excludes companies operating upstream in unconventional oil & gas for which either:

- Have a share of unconventional fossil hydrocarbons production >30%
- Have short-term expansion plans in unconventional fossil fuel hydrocarbons > 0%

APPENDIX - CLASSIFICATION OF FUNDS MANAGED BY QUAERO CAPITAL (FRANCE) SAS AS OF 31.12.2024

Funds	SFDR classification	Sustainable investments[9]	Taxonomy aligned – climate objectives [10][11]	Fossil fuel exposure[12]
ATD Quart Monde[13]	Article 6	0%	N/A	N/A
Aviva Alpha Taux	Article 8	6.4%	6.4%	4% (fund coverage 89.4%)
Real Estate I	Closed fund when the regulation came into force but reports as article 8	0%	0%	0%
Real Estate II (Education)	Article 8	0%	0%	0%
European Infrastructure Fund (unlisted)	Closed fund when the regulation came into force but reports as article 8	0%	0%	0%
European Infrastructure Fund II (unlisted)	Closed fund when the regulation came into force but reports as article 8	44%	44%	5%
Social European Infrastructure Fund	Article 8	0%	0%	0%
European Infrastructure Fund III (unlisted)	Article 9	99%	95%	0%
Green-Co invest European Infrastructure Fund	Article 9	99%	99%	0%
Quaero Capital Funds (Lux) – Bond Investment Opportunity	Article 8	8%	8%	4% (fund coverage 87.8%)
Quaero Bonds Impact Opportunities	Article 8	12%	12%	0% (fund coverage 92%)
Quaero Capital Funds (Lux) – Accessible Clean Energy	Article 9	98%[14]	12%	14.56% (fund coverage 98%)

[9] See our definition of sustainable investments on page 31
[10] Source: MSCI for listed funds and internal data for European Infrastructure funds (unlisted)
[11] We do not currently estimate the taxonomy alignment for the remaining 4 non-climate related objectives due to a lack of data. We expect European companies to start reporting alignment next year and will report the fund alignments accordingly.
[12] Source: MSCI for listed funds and internal data for European Infrastructure funds (unlisted)
[13] Platform fund
[14] The percentage represents the amount invested excluding cash

APPENDIX – CROSS REFERENCING TABLE WITH ARTICLE 29 OF THE FRENCH ENERGY - CLIMATE LAW

Required information under decree N°. 2021-663		Related section
General approach of the entity	Presentation of the entity's general approach to taking ESG criteria into account, particularly in its investment policy and strategy	1. ESG general approach & strategy of QUAERO CAPITAL p.7-12
	Content, frequency and means used by the entity to inform members, contributors, on the criteria related to ESG objectives considered in the investment policy and strategy	6. QUAERO CAPITAL's ESG commitments & accountability p.33-34
	List of financial products mentioned under Article 8 and Article 9 of Regulation (EU) 2019/2088	Appendix-Classification of funds managed by Quaero Capital (France SAS) p.36
	The entity's adherence to a charter, a code, an initiative or obtaining a label on the consideration of ESG criteria, as well as a summary description of these	6. QUAERO CAPITAL's ESG commitments & accountability p.33
Internal means to contribute to the transition	Description of the financial, human, and technical resources dedicated to taking ESG criteria into account in the investment strategy in relation to the total assets managed or held by the entity	2. Resources dedicated to ESG at QUAERO CAPITAL p.13-15
	Actions taken to strengthen the entity's internal capacities	2. Resources dedicated to ESG at QUAERO CAPITAL p.13-15
ESG governance within the financial entity	Knowledge, skills, and experience of governance bodies	2. Resources dedicated to ESG at QUAERO CAPITAL p.13-14
	Inclusion in remuneration policy of information on how this policy is tailored to incorporate sustainability risks	2. Resources dedicated to ESG at QUAERO CAPITAL p.16-17
	Integration of ESG criteria in the internal rules of the entity's board of directors or supervisory board	2. Resources dedicated to ESG at QUAERO CAPITAL 1. ESG in QUAERO CAPITAL's governance p.13-14
Engagement strategy with issuers or managers	Scope of companies concerned by the engagement strategy	3. QUAERO CAPITAL'S engagement strategy p.18
	Presentation of the voting policy	3. QUAERO CAPITAL'S engagement strategy. p.18-19
	Assessment of the engagement strategy implemented, which may include the proportion of companies with which the entity has initiated a dialogue, the themes covered, and the actions taken to follow up this strategy	3. QUAERO CAPITAL'S engagement strategy. 3. Engagement policy p.20-23
	Report on the voting policy, on the tabling and voting of resolutions on ESG issues at general meetings	3. QUAERO CAPITAL'S engagement strategy. 2. Voting policy p.18-20
	Investment strategy decisions, including sectoral disengagement	3. QUAERO CAPITAL'S engagement strategy. 3. Engagement policy p.20-23
Sustainable investments and investment in fossils	Share of AuM related to sustainable activities	Appendix-Classification of funds managed by Quaero Capital (France SAS) p.36
	Share of exposure to undertakings active in the fossil fuel sector	7.Sustainable investments and investments in fossil fuels, p. 35

Strategy for alignment with the Paris Agreement	Quantitative target by 2030, reviewed every five years until 2050	4. Focus on climate change p.24
	Where the entity uses an internal methodology, elements on it to assess the alignment of the investment strategy with the Paris Agreement	4. Focus on climate change – p.24-29
	Quantification of results using at least one indicator	4. Focus on climate change – p.24-29
	Role and use of evaluation in investment strategy	4. Focus on climate change – p.24-29
	Changes in investment strategy related to the Paris Agreement alignment strategy	4. Focus on climate change – p.24-29
	Possible follow-up actions on results and changes	4. Focus on climate change - 2. 2024 achievements – p.24-29
	The frequency of the evaluation, the projected update dates and the relevant development factors selected	1. ESG general approach & strategy of QUAERO CAPITAL p.6-10 4. Focus on climate change – p.23
Biodiversity alignment strategy	A measure of compliance with the objectives of the Convention on Biological Diversity adopted on June 5, 1992	5. Focus on Biodiversity – p.30-32
	An analysis of the contribution to the reduction of the main pressures and impacts on biodiversity	5. Focus on Biodiversity – p.30-32
	Mention of support for a biodiversity footprint indicator	5. Focus on Biodiversity – p.30-32
Integration of ESG risks in risk management	Processes for identifying, assessing, prioritizing, and managing risks related to the consideration of ESG criteria, and the way risks are integrated into the entity's conventional risk management framework	Focus on Biodiversity – p.30 Focus on Climate Change – p.24 ESG Integration into our investment strategy – p.10-11 ESG risk management – p.11-12
Measures for improvement	If the entity does not disclose some of the required information, it shall, where appropriate, disclose a continuous improvement plan	NA

GENEVA

QUAERO CAPITAL SA

Rue de Lausanne 20bis
1201 Genève

Tel: +41 22 518 83 00

ZURICH

QUAERO CAPITAL SA

Dreikönigstrasse 8
8002 Zürich

Tel: +41 44 200 48 40

PARIS

QUAERO CAPITAL (FRANCE) SAS

4-8, Rue Daru
F-75008 Paris, France

Tel: +33 1 87 39 11 00

Quaero Capital (France) SAS est une société de gestion d’actifs autorisée par l’Autorité des Marchés Financiers (www.amf-france.org) sous le numéro GP-14000016 au 17 juin 2014. Il s’agit d’une société par actions au capital de EUR 1’000’000, ayant son siège social au 4-8, rue Daru, F-75008 Paris, France. Elle est inscrite au registre du commerce de Paris sous le numéro 802 673 491.

LONDON

QUAERO CAPITAL LLP

2-4 King Street, SW1Y 6QL
London, United Kingdom

Tel: +44 207 747 5770

Quaero Capital LLP is registered in England as a limited liability partnership (No. OC314014).
A list of members' names is available for inspection at the registered office address shown above.
Quaero Capital LLP is authorised and regulated by the FCA

LUXEMBOURG

QUAERO CAPITAL (LUXEMBOURG) SA

Rue de l’Eau 4
L-1449 Luxembourg

Tel: +352 27 86 38 66

Please direct all enquiries to
info@quaerocapital.com