

# QUAERO CAPITAL INFRASTRUCTURE INVESTMENT CHARTER

August 2023

Quaero Capital Infrastructure identifies and finances infrastructure projects that distribute an attractive and regular return to its investors while having a positive impact on the environment and society. The scope of investment primarily covers Europe, a market favoured for its robust fundamentals, and stable and protective legal and institutional systems.

Quaero Capital Infrastructure wishes to put its action in the context of the **Sustainable Development Goals (SDG)** defined by the United Nations (UN) in 2015, by adopting a universal impact analysis model. Quaero Capital Infrastructure adheres 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.



Asset selection based on sector-specific sustainable development goals

Quaero Capital Infrastructure chooses assets based on their contribution to the environmental or social sustainable investment objectives set by QUAERO CAPITAL. A sustainable investment objective is defined as a positive contribution by an asset to one of the sustainable development goals, as listed below.

Since the impacts generated by the investments vary depending on the type of assets, for each sector and type of asset selected by QUAERO CAPITAL, specific goals have been identified.

Given the nature of QUAERO CAPITAL’s infrastructure investments, all investments must contribute to the SDG 9 ‘Industry, Innovation and Infrastructure’.

In addition, the following goals have been set depending on the sector of activity of the asset:



- **Investing in the water sector** aims to improve access to drinking water and water use efficiency, contributing to SDG 6 ‘Clean water and sanitation’
- **Investing in renewable energy** increases the supply of renewable energy and contributes to SDG 7 ‘Affordable and clean energy’
- **Investing in the telecom sector** improves access to the internet and builds eco-friendly data centres, contributing to SDG 13 ‘Mitigation of climate impacts’
- **Investing in the waste management sector** aims to increase the volume of waste collected, and/or the recycling percentage of key materials in the waste stream, and/or generating waste-to-energy, contributing to SDG 11 ‘Sustainable cities and communities’ and SDG 12 ‘Responsible consumption and production’
- **Investing in social infrastructure** promotes access to social infrastructure while reducing environmental impacts, contributing to SDG 3 ‘Good health and well-being’ and to SDG 4 ‘Quality education’
- Finally, **investing in transportation** helps to create economic opportunities and connectivity between municipalities, contributing to SDG 11 ‘Sustainable cities and communities’

During the selection and holding phase of assets, QUAERO CAPITAL is committed to analysing the contribution that each asset has to the previously listed goals. This is done by identifying specific key performance indicators (KPIs) for each asset, by collecting and analysing relevant data and reporting on these KPIs.

Projects contributing to employment with good social practice



Quaero Capital Infrastructure is involved in operations that sustainably boost business, growth and economic development, thereby helping to stimulate long term employment. Assets requiring local employment are favoured, both in construction and operation.

Quaero Capital Infrastructure works with industrial partners who share its long-term vision and responsible investment approach, ensuring in particular that they promote good social practices by guaranteeing the health and safety of their employees, conducting an active vocational training policy, and promoting fair hiring practices to enable the professional integration of disabled workers or those in social difficulty.

The objectives are part of the sustainable investment objectives defined by the fund Quaero European Infrastructure fund III ("QEIF III"), which is classified Article 9 under Sustainable Finance Disclosure.

Active management



Quaero Capital Infrastructure actively manages assets in order to minimise any negative environmental and social impacts of our assets.

An **ESG annual framework** to monitor social and environmental progress of the assets will be used to identify any potential risks during the investment period, and the investment team will collaborate with other stakeholders to improve the approach taken.

In each participation of QEIF III, QUAERO CAPITAL takes equity stakes giving governance rights that will enable to implement this strategy. The investment participation of QEIF III will range from 25% to 100% of the companies. Environmental footprints and any negative social impacts will be managed mainly through:

1. Initial findings during the due diligence phase and
2. Monitoring of the different KPIs.

A transparent and participative governance at the investment and fund level



Quaero Capital Infrastructure considers the establishment of good governance an essential prerequisite for the success of its funds and operations financed.

Thus, in terms of investments, Quaero Capital Infrastructure is committed to promote a sustainable governance, efficient asset management, and a scrupulous approach to risk analysis and management.

In this context, Quaero Capital Infrastructure acts as an active shareholder, whether it has a majority or minority ownership. Quaero Capital Infrastructure invites its industrial partners to enter or remain invested in the project companies the longest time possible.

Quaero Capital Infrastructure's governance is organized around two bodies, which regularly monitor ESG criteria.

- An **advisory committee** composed of the principal investors. This committee meets about at least once a year and can notably verify the consistency of the investments with the fund's strategy and preventing conflicts of interest
- An **investment committee** responsible for investment decisions. It includes members of the investment team, the ESG team, the risk team as well as independent members.

Good business practice

More generally Quaero Capital Infrastructure is particularly attentive to the respect of good business practice against conflict of interest, corruption, money laundering and to the follow-up of a process of constructive dialogue with projects stakeholders. Quaero Capital Infrastructure is frequently in consultation with public authorities, at local, regional or national level, considering that this approach will contribute to strengthen support from all

parties involved, by allowing them to understand more directly the positive externalities of investments. We see this as a guarantee of success for our operations.

**Controversy**

By their nature, infrastructure projects can be controversial, and we pay particular attention to their added value and acceptance by local communities. We can notably carry out an analysis of the risk of controversy during the pre-investment, due diligence and holding phases. This includes labour due diligence, monitoring of controversies.

More details can be found in our regulatory documents.

**Engagement**

The fund engages often with the management of the different projects in order 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, in order to reduce all negative impacts detected.

**These principles are applied throughout the investment process**

- An ESG analysis is systematically conducted to identify the ESG risks and opportunities, the SDGs that are impacted (positively and negatively) and more generally the eligibility of assets to the sustainable investment objectives (defined in the previous section). Managers are directly responsible for producing this analysis together with the ESG team. The sustainable investment objectives are monitored after the acquisition of the asset through indicators previously defined and are the subject of an annual report addressed to investors.
- If impacts on sustainability factors are identified prior to the investment decision, QEIF III evaluates if the impacts can be mitigated. If it is the case, QEIF III and the asset construct a mitigating action plan to reduce all negative impacts generated by the investment.
- The role of the QUAERO CAPITAL ESG team is to centralize and coordinate ESG and impact analysis.
- Finally, at the management company level, the Quaero Capital Infrastructure team naturally applies the ESG principles set out in this Responsible Investment Charter to itself.

SFDR Compliance

QUAERO CAPITAL’s Responsible Investment Charter includes the integration of sustainability risks.

In line with Regulation (EU) 2019/2088 of the European Parliament and the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, QUAERO CAPITAL discloses the following information:

- The integration of sustainability risks policies in their investment decision-making process (‘Article 3’)
  - QUAERO CAPITAL excludes investing in projects in oil, coal and mining. This exclusion is made even before starting the pre-investment analysis.
  - During the pre-investment phase, QUAERO CAPITAL uses a pre-investment grid to identify ESG risks and opportunity.
- The consideration of principal adverse impacts (PAIs) of investment decisions on sustainability factors (‘Article 4’): QEIF III consider PAIs. They are taken into account through the pre-investment grid:

Item	PAI Indicators
Greenhouse gas emissions	1. GHG emissions <ul style="list-style-type: none"> <li>• Scope 1 GHG emissions</li> <li>• Scope 2 GHG emissions</li> <li>• Scope 3 GHG emissions</li> <li>• Total GHG emissions</li> </ul>
	2. Carbon footprint
	3. GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production
	6. Energy consumption intensity per high impact climate sector
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas
Water	8. Emissions to water
Waste	9. Hazardous waste and radioactive waste ratio
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
	12. Unadjusted gender pay gap
	13. Board gender diversity
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

- The transparency of remuneration policies in relation to the integration of sustainability risks ('Article 5'). The remuneration policy of the Asset Manager can be viewed on the website following this [link](#).

### Quaero Capital

Investing responsibly is at the centre of QUAERO CAPITAL's investment philosophy and process.

In 2015, QUAERO CAPITAL became a signatory to the UN PRI (United Nations Principles for Responsible Investment) to demonstrate our commitment to responsible investment. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society. We are proud to share the very high score for the Infrastructure strategy from the 2021 PRI assessment. We received a score of 94/100. QUAERO CAPITAL as a group on the Investment & Stewardship policy module was rated 79/100, representing four stars.

Since 2018, QUAERO CAPITAL has been a member of the Institutional Investors Group on Climate Change (IIGCC) and a signatory to the Carbon Disclosure Project (CDP) since 2019.

We have also signed the statement of support for the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) in 2020.

QUAERO CAPITAL has been a member of France Invest since 2016 and Swiss Sustainable Finance and Sustainable Finance Geneva since 2019.

In 2022, QUAERO CAPITAL became member of l'Institut de la Finance Durable previously Finance for Tomorrow.

In 2022, QUAERO CAPITAL joined the Net Zero Asset Manager initiative.

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