2020 ANNUAL SUSTAINABILITY REPORT

QUAERO CAPITAL

CONTENTS

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

DISCLAIMER

This report includes information regarding Quaero Capital SA (together with its affiliates, “QUAERO CAPITAL”) and its efforts on environmental, social, and governance performance. No part of this report constitutes investment, legal, tax, regulatory, accounting, or other advice of any kind. This document is confidential and is intended only for the use of the person(s) to whom it was delivered. It is neither directed to, nor intended for distribution or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. By receiving these materials, recipients agree to maintain all information contained herein strictly confidential and not to disclose the information to anyone, except within the recipient’s organization and limited to those who need to know such information and who are bound by duties of confidentiality or as otherwise required by law. The information presented and contained herein may not be reproduced or redistributed for any other purposes without the prior written permission of QUAERO CAPITAL.

This document does not constitute an offer to sell or a solicitation of an offer to purchase any security of any fund or any other investment vehicle or product sponsored or managed by QUAERO CAPITAL. Any offer to purchase or buy securities or other financial instruments will only be made pursuant to an offering document and the subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with any such offering. The prospectus, KIID, articles, annual and semi-annual reports (the "Legal Documents") may be obtained free of charge at the address mentioned below. Any investment decision in connection with Quaero Capital Funds (Lux), Quaero Capital Funds (Ireland) Plc and/or Quaero Capital Funds (CH) (collectively, the "Quaero Funds") should be based on the information contained in the Legal Documents.

Unless specified, any views, including any general discussions regarding the market or market conditions, reflected herein are those solely of QUAERO CAPITAL, dated as of December 31, 2019, and are subject to change without notice. Neither QUAERO CAPITAL nor any of its affiliates are under any obligation to update or keep current the information contained herein. The reported impact of initiatives is based on internal analysis of QUAERO CAPITAL and information provided by the applicable portfolio company. Impacts of such initiatives are estimates that have not been verified by a third party and are not necessarily reported according to established voluntary standards or protocols. QUAERO CAPITAL does not guarantee the accuracy, adequacy, or completeness of such information. They may also reflect the influence of external factors such as macro-economic or industry trends. Additionally, certain information contained in this presentation constitutes “forward-looking statements”. Due to various risks and uncertainties, actual events or results or the actual performance of any QUAERO CAPITAL investment may differ materially from those reflected or contemplated in such forward-looking statements.

There is no guarantee that results shown will be replicated in the future and actual results may be better or worse in future years. Past performance is not indicative of future results. Any information provided in this report about past investments is provided solely to illustrate the investment process and strategies previously used by QUAERO CAPITAL. No representation is being made that any investment or transaction will or is likely to achieve profits or losses similar to those achieved in the past or that significant losses will be avoided. Investment professionals and portfolio managers may use some or all of the techniques and/or processes described herein. The specific securities and portfolio companies identified and described in this report do not represent all of the securities or portfolio companies purchased, sold or recommended by QUAERO CAPITAL. The reader should not assume that investments in the securities and portfolio companies identified and discussed were or will be profitable.

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.

Notice for Swiss investors: The Legal Documents may be obtained free of charge in French from the Swiss representative of the Fund. Swiss representative: FundPartner Solutions (Suisse) S.A., route des Acacias 60, CH-1211 Geneva, Switzerland. Swiss paying agent: Banque Pictet & Cie S.A. route des Acacias 60, CH-1211 Geneva, Switzerland. Latest prices are available on www.swissfunddata.ch. **Notice for UK investors:** This document has been issued in the United Kingdom by Quaero Capital LLP (authorized and regulated aby the Financial Conduct Authority with registration number 434203)The Legal Documents may be obtained free of charge in English at the registered office of Quaero Capital LLP, 2-4 King Street, London SW1Y 6QL. **Notice for other investors**: 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.

Although **QUAERO CAPITAL'S** information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

A REFLECTION ON SUSTAINABLE INVESTMENTS IN 2020

2020 was a key year for responsible investing and ESG funds. As the pandemic raged for most of the year and investors remained cautious, sustainable investing became mainstream as it managed to grow by over 50% in an otherwise subdued fund market[1]. Whether this rate of growth will repeat itself in the coming years remains to be seen, but we can clearly see a paradigm shift in asset owners' attitude towards responsible investing. The superposition of 3 global problems – climate change, rising inequalities and corporate governance – with an increased realisation that finance has a massive responsibility in tackling these very pressing issues have initiated a Copernican revolution in the role that saving plays in shaping tomorrow's world. This change has percolated at every level: the political and regulatory environment, the financial industry and the savers who no longer ignore the impact that their collective pool of assets can have in defining the future.

In Europe, this change has given birth to the new regulations that are aiming at creating both common standards and a level playing field for responsible investing. The introduction of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) and several other national initiatives should help investors navigate through the maze of claims made by the investment management industry. It is clearly only a beginning, and it is easy to be critical of the first step in trying to regulate any claim that is being made by financial service firms. However, the direction of travel is now very clear, and we foresee a much healthier environment, where claims of adherence to ESG standards are now set in a clear framework and funds are classified according to their degree of commitment to integrating ESG criteria in their investment policy.

For boutique players like QUAERO CAPITAL, this has been a most welcome development. The asset management industry's role is to manage saving and maximize risk adjusted after fee returns for the savers. At the same time, we are also committed to key investment principles that are grounded in our core belief that our industry must have a positive contribution to some of the world's most pressing issues. Such principles drive our exclusion policy and our conviction for the need for good corporate governance. As a firm, we are also striving to improve on some metrics, such as carbon footprint and climate change. In 2020, we were very pleased to be awarded A+ in our PRI assessment for Strategy & Governance, reflecting the strong commitment and investment made in recent years to responsible investment.

At the same time, we have also made strong commitment to strategies and projects that have a meaningful impact on climate change and responsible investing. The QUAERO CAPITAL European infrastructure strategy has committed substantial capital to several clean energy projects and monitors closely the impact its target investments have towards the achievement of the UN SDG. Equally, the QCF (Lux) - Accessible Clean Energy has seen strong growth in 2020 and we are pleased that it meets the "article 9" criteria of the new SFDR regulations in Europe.

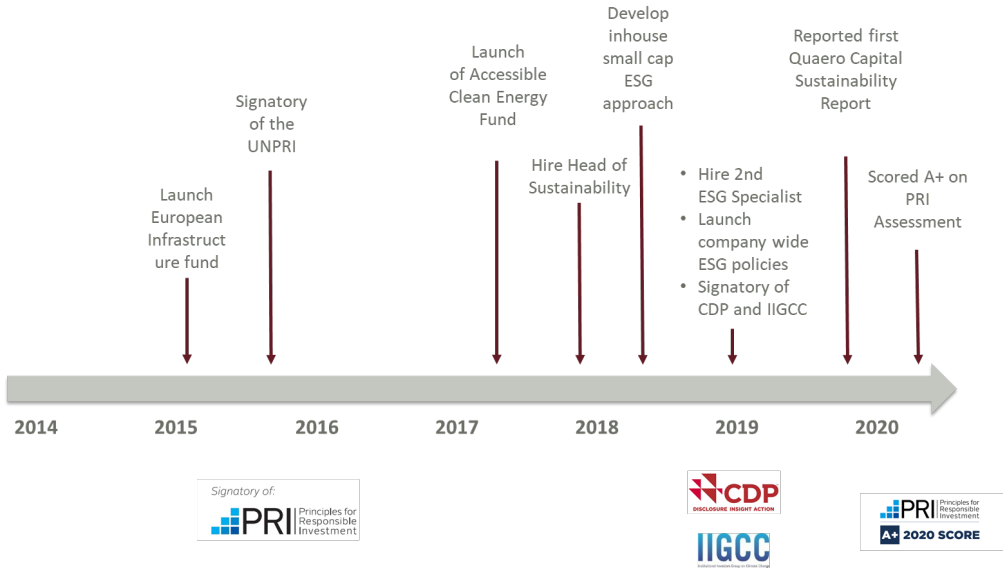
During this unusual year we managed to maintain a Business Continuity Plan in order to stay close to our clients and employees. Our IT infrastructure has always been designed to cope with such disruptions and allowed us to a smooth flexible working adaptation. We are thankful to our teams for the great work during the pandemic and we are proud of the resilience that our employees have shown during this difficult period.

Jean Keller
QUAERO CAPITAL
Chief Executive Officer

[1] Source: "Greenwashing in finance: Europe's push to police ESG investing", Financial Times, 10.03.2021.

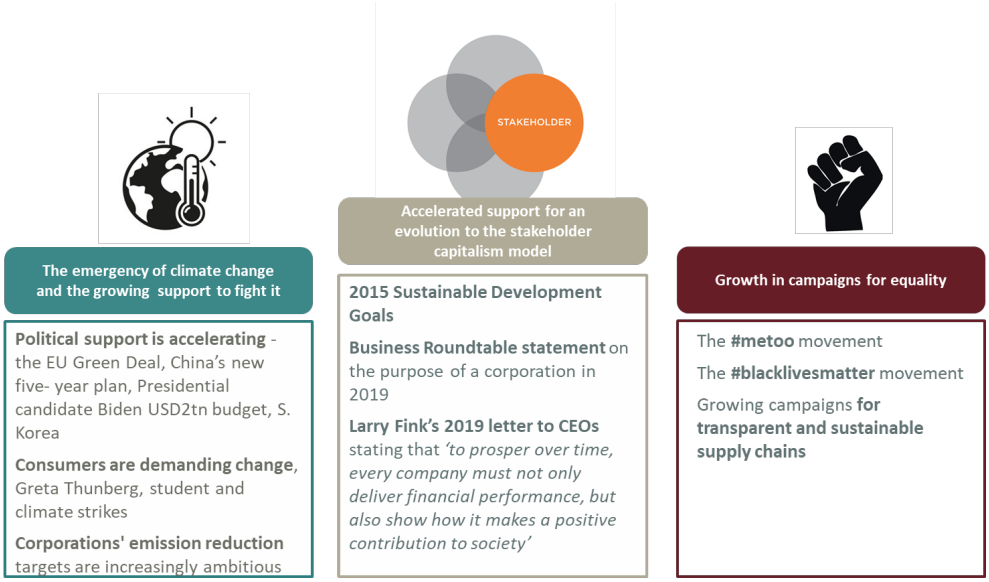
1. THE TRANSFORMATION AT QUAERO CAPITAL

Milestones from 2015 to 2020



Graph 1: Our history in responsible investment

Our history with responsible investment dates back a couple of years with the launch of the European Infrastructure strategy in 2015, a fund with a significant portfolio of renewable energy assets. As the responsible investment market has developed at an extraordinary pace since then, so too have we made great changes at QUAERO CAPITAL in both our investment processes and our own operations.



Graph 2: Critical campaigns are changing the face of the business

The last few years has seen major movements which are changing not just society and values but also affecting confidence in the shareholder capitalist model. The understanding and appreciation of the growing threats of climate change are fundamentally altering major industries far beyond previous expectations. Discussions around the role of business are evolving, incorporating sustainability into the responsibility of business as well as society and individuals. The interconnected threats of biodiversity loss, as well as developing science regarding changing weather patterns such as the weakening of the gulf stream could have even further impact that we currently understand.

In the face of these changes, we recognise the fundamental importance of considering sustainability risks in our investment processes alongside emerging opportunities.

The challenge for us is that our philosophy to invest away from the crowds leads us to areas of the market that are under appreciated and under covered by the market; by nature, companies that are not rated by ESG agencies.

In addition, our significant investments in small to mid-cap companies and emerging markets has meant less company disclosure of valuable ESG insights and data. We therefore recruited an in-house ESG team who could develop knowledge and expertise beyond what was known in the market. This led us to a bottom-up process for ESG analysis, leveraging our relationships with companies and combining it with extensive desk research across multiple sources, in line with our core philosophy for active, qualitative stock selection.

Through our active and long-term approach to investment, sustainability has always formed part of our analysis, but over the past five years we have built strong and specific expertise in responsible investment. This includes industry leading expertise in investments in the energy transition through the combination of experiences in the QUAERO CAPITAL European infrastructure strategy and in the teams behind the QCF (Lux) – Accessible Clean Energy and QCF (Lux) – Infrastructure Securities, all of which have a significant focus on the green energy transition and immense experience and knowledge.

As the company grows, and the variety of funds and asset classes increases, it is important that we develop our approach to responsible investment in a consistent and coordinated way. Thus, QUAERO CAPITAL has in place a dedicated ESG Committee which includes several senior partners of the company. The ESG Committee has oversight and responsibility for the development and integration of the ESG policy and for driving progress.

QUAERO CAPITAL's 2020 Achievements

PRI Assessment

QUAERO CAPITAL scored an 'A+' rating for 'Strategy & Governance' in the 2020 PRI Annual Assessment Report, reflecting the commitment and investment made in recent years to responsible investment. All modules in the annual assessment saw an improvement since last year. In particular, QUAERO CAPITAL achieved an 'A' rating for its active ownership and for the incorporation of ESG criteria in its listed equities strategies. Moreover, QUAERO CAPITAL's infrastructure strategy obtained an 'A+' score.

Fund Successes

We are delighted to see three of our funds stand out as best-in-class funds on sustainability metrics in 2020[2].

[2] Sources: Conser performs a quarterly sustainability check on each equity portfolio. Conser uses the intelligence of the sustainability market to rate each holding in the portfolio, aggregated to a portfolio score between A+ and D-. More information on the scores and methodology is available on request. https://www.conser.ch/en/ (scores as of 31.12.2020).

Funds	Conser Portfolio ESG score	Morningstar Sustainability Rating	MSCI ESG Ratings
QCF (Lux) – Infrastructure Securities	B	4 globes	MSCI ESG RATINGS AA
QCF (Lux) – Cullen ESG US Value	A-	5 globes	MSCI ESG RATINGS AA
QCF (Lux) – Accessible Clean Energy	A+	5 globes	MSCI ESG RATINGS A

Graph 3: ESG scores for QUAERO CAPITAL funds

These high recognitions are reflected by the funds specific objectives to allocate capital to companies that either demonstrate superior sustainability characteristics or actively pursue impact objectives. We are immensely proud of our early commitment to these funds and their subsequent success.

The launch of our new Climate policy end of 2020

In 2020, we have implemented a climate policy to reflect our commitment to the clean energy transition. QUAERO CAPITAL acknowledges the responsibility of the asset management industry in the fight against climate change and takes climate issues into account as an integral part of its responsible investment policy.

We see the integration of climate risk as a core part of our fiduciary duty to clients. We also believe that the climate transition provides great opportunity for enhanced financial returns as well as positive impact, and as such continue to innovate and develop opportunities for clients in this sphere.

We recognise the Paris Agreement ambition to keep global temperatures to 2 degrees above pre-industrial levels, and the further ambition to limit warming to 1.5 degrees as fundamentally important for society as well as our own investments.

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

One element of this policy is our new climate exclusion list, which excludes companies that continue to have a significant part of their business exposed to coal mining and coal powered energy without any public plans to significantly reduce this reliance to meet the 2-degree scenario. We have set this limit at 20% revenue exposure from coal mining and/ or coal thermal power generation.

Our Portfolios

As part of the climate policy we will be measuring, monitoring and reporting the carbon footprint of each of our public equity and fixed income funds. With the active integration of ESG analysis into all fund processes we actively avoid those companies with most exposure to climate change mitigation and therefore, with only one exception, report lower carbon intensity than relevant benchmarks.

The data reflects the different carbon intensities of industries, and the exposure to these industries in different geographies and benchmarks. For example, there are many carbon-heavy oil and gas companies and carbon intensive energy producers in Eastern Europe. For our QCF (Lux) – New Europe, we invest only in those that have made a commitment to reduce carbon intensity in line with the Paris agreement.

It is important to highlight the carbon intensity of the QCF (Lux) – Accessible Clean Energy and its clean energy benchmark. This is due to the inclusion of certain developers who, despite major investments in renewable energy and commitments to a zero-carbon future, are still divesting and/or retiring fossil fuel powered energy plants. We consider potential avoided emissions i.e. the future impact of these renewable energy investments a more important metric for this fund, alongside % green revenue.

QUAERO CAPITAL Funds	Weighted average carbon intensity (tco2 / USDm sales)	Benchmark[3]	Benchmark carbon intensity (tco2 / USDm sales)
QCF (Lux) - Accessible Clean Energy	224.6	IShares Global Clean Energy ETF	233.8
QCF (Lux) - Infrastructure Securities	523.6	S&P Infrastructure	983.0
QCF (Lux) - Cullen ESG US Value	75.6	Russell Value 1000	249.0
QCF (Lux) - Argonaut	81.8	MSCI Europe Mid	196.7
QCF (Lux) - Bamboo	148.1	MSCI AC Asia Pacific	127.5
QCF (Lux) - China	42.4	MSCI China	141.0
QCF (Lux) - New Europe	490.0	MSCI Eastern Europe	652.3
QCF (CH) - Swiss Small& Mid Cap	24.8	SPI Extra	116.0
QCF (Lux) - Taiko Japan	64.6	Topix	75.0
QCF (Lux) - Global Convertible Bonds	82.1	Refinitiv GCB ETF	135.8

Table 1: QUAERO CAPITAL funds carbon intensity – data as of 31.03.2021

[3] Note: the term "Benchmark" used in this report does not refer to the index benchmark used for investment purposes and measures.

2. OUR RESPONSIBLE INVESTMENT APPROACH

QUAERO CAPITAL Responsible Investment Framework

As a reminder, during 2018 we designed and implemented responsible investment policies to provide a framework in our ESG approach for our UCITS funds. This continues to be the framework we apply to UCITS funds[4].

1. Exclusion List	2. ESG Integration	3. Dialogue & engagement	4. Voting
• Avoid companies in severe and systematic breach of international norms, and weapons excluded by international conventions • Or companies that have a significant part of their business exposed to coal mining and coal powered energy without any public plans to significantly reduce it • Exclusion lists compiled by ESG team using both external sources and through discussion with internal analysts and fund managers	• Assess investment opportunities along ESG criteria, focusing on those most financially material • Using third-party ratings and data both as a first stage screen for sustainable characteristics funds and as an input for internal analysis across the group • Analysis completed between investment team and ESG team, which enables sharing of best practice and development of specialist expertise	• Active dialogue with companies when there is no sufficient disclosure and/or areas of real concern and been identified and need to be further discussed • Collaborate with organisations such as CDP with a focus on climate change transparency and reporting • All dialogue are channelled and logged through ESG team	• Vote - a key element of responsible investment - according to internal guidelines with the support of third-party research • Fund managers responsible for voting, with input and support from the ESG team • Voting history published in Annual Sustainability Report, and voting guidelines available on website

Graph 4: QUAERO CAPITAL ESG approach

Dialogue & engagement

Our engagement and dialogue opportunities vary by investment strategy, but our policy supports the pursuit of active dialogue with company management where possible in line with our commitment to sustainability. This may mean making sure that we ask questions about a company's approach to key sustainability risks during management meetings and that we ensure companies' management teams are aware of our broad commitment to sustainable, long-term investment. Disclosure and transparency of sustainability risk management are a central theme to these conversations. If we can be one of many voices repeating the same message, we believe executives will increasingly take notice.

We welcome opportunities to collaborate. We are a signatory to the IIGCC and co-sign their engagement letters to governments and companies on climate change issues.

[4] Note: this applies to all funds investing in listed securities except Quaero Capital Funds (Lux) – Yield Opportunities and Quaero Capital Funds (Lux) – World Opportunities which are sub-managed by asset managers outside of the QUAERO CAPITAL Group.

We started working with CDP (formerly Carbon Disclosure Project) in 2018. We recognise climate risk and impact as the most important issue for most industries and consider this a priority for our engagement across the group.

For two years, we have taken the role of lead investor and co-signatory, engaging with companies designated as those in industries with significant carbon risk profiles.

We request that companies start to disclose to CDP the full details of their climate strategy, including an assessment of climate risks and opportunities, a description of the structure of accountability and importantly Scope 1 – 3 carbon emissions. This information enables us and other investors to better understand the profile of the investment from a climate risk perspective.

We know this to be an important step in encouraging companies to take further steps forward in their management of the issue. According to CDP, in the first year of disclosure only 38% of companies have an emissions reduction target. By the third year of disclosure, that figure is up to 69%[5]. The process of addressing the risk, measuring the footprint and disclosing the strategy should ultimately result in targets to reduce and manage climate risk and footprint.

For our small cap funds, to date we have initiated a dialogue with 13 companies, resulting in five companies replying to the CDP for the first time. We continue to see this campaign as highly valuable and a project through which we can have real influence on companies and their climate strategy.

We participate to these campaigns also with our larger funds often as co-signatory, and up to now, we have signed more than 20 engagement letters.

Voting

We consider the voting process essential to responsible investment, paying a key role in the development and direction of the company, and influencing important corporate governance structure.

In late 2019, we invested in our voting process, enrolling Glass Lewis not to make our voting decisions for us, but to assist us with research which adds a great amount of value to our internal voting process.

This information included comparison with country and industry peers, in depths analysis of the balance of skills of a corporate board, and evaluation of compensation plans. Voting decisions are made by fund managers, assisted by the ESG team.

[5] Source: CDP's disclosure platform

Funds	Total votes	% of votes made	% against/ absentee	Reasoning
QCF (Lux) - Accessible Clean Energy	507	100%	5.7%	Against proposals shareholder dilution and about: audit/financials, board related, capital management, changes to company statutes, compensation elements
QCF (Lux) - Argonaut	904	97%	12.2%	Against proposals shareholder dilution and about: audit/financials, board related, capital management, compensation, and meeting administration elements
Atlantis Japan Growth Fund Limited	42	100%	11.9%	Against proposal about: board related, and compensation elements
QCF (Lux) - Bamboo	89	91%	11.1%	Against proposal about: board, changes to company statutes, and compensation elements
QCF (Lux) - China*	1	100%	0%	-
Essor Japan Opportunities	50	100%	10%	Against proposals about: board, and compensation elements
QCF (Lux) - Infrastructure Securities	375	100%	7.5%	Against proposals about: board, capital management, compensation, governance element, and social elements
QCF (Lux) - New Europe	391	100%	14.1%	Against proposals about: audits/financials, board, capital management, changes to company statutes, meeting administration elements
QCF (Lux) - Smaller European Companies**	785	100%	11.1%	Against proposals about: audit/financials, board related, capital management, and compensation elements
QCF (CH) - Swiss Small& Mid Cap	712	96.2%	12.4%	Against proposals about: board related, capital management, compensation elements
QCF (Lux) - Taiko Japan***	26	100%	3.8%	Against proposals about: board related elements
QCF (Lux) - Cullen ESG US Value ****	408	100%	7%	Against S/H Proposal on corporate governance

Table 2: QUAERO CAPITAL voting record 2020

* QCF (Lux) - China was launched in November 2020
** QCF (Lux) - Smaller European Companies merged with QCF (Lux) - Argonaut on 22 February 2021
*** The fund transitioned to a new platform during the year, resulting in some missed votes
****Funds not covered by QUAERO CAPITAL voting guidelines. Proxy voting is managed by the investment manager

3. OUR FUNDS

The Sustainable Finance Disclosure Regulation (SFDR), one of the first elements of the European Commission's Action Plan on financing sustainable growth, came into practice on 10 March 2021. This regulation includes transparency requirements and integration of sustainability risks for all funds. The SFDR requires that funds declare themselves to be either funds with a sustainable objective (article 9), funds that promote ESG characteristics (article 8), or 'standard' funds (article 6) and disclose sufficient information about the investment process for investors to understand how this is met, as well as additional disclosures about the impact of investments on sustainable objectives at organisation level.

Article 8

Two of our funds, QCF (Lux) – Infrastructure Securities and QCF (Lux) – Cullen ESG US Value, have been classified Article 8 funds.

These are funds that are committed to invest in companies that demonstrate a real appreciation and commitment to sustainability throughout their operations. Both funds aim to invest in companies with strong ESG profiles, meaning they manage ESG risks but also have more serious sustainability commitments in place than their peers and competitors. This may be down to the impact of their business on the environment and society, or their consideration of other stakeholders such as clients, employees, or suppliers.

Fundamental to this approach is management for the long-term, and alignment of the executive team with that time horizon.

The ESG commitment is demonstrated through exclusion of companies with low ESG ratings (i.e. below BBB) according to MSCI, as well as the bottom-up analysis by our ESG team which is integrated by the portfolio managers. In addition, industries or markets where business practice is controversial, and confidence is low in adherence to sustainability principles are underweighted or avoided.

QCF (Lux) - Infrastructure Securities

Infrastructure investments are intrinsically environmentally challenging in terms of greenhouse gas emissions, environmental pollution, habitat destruction and species extinction. Current announced infrastructure spending plans make it the number one sector for global capital investment over the next ten years. Consequently, there is an immense challenge to promote responsible investment in this sector.

The fund aims to support only those companies which are focusing on continuing their investments and activities in a sustainable way, reflected in the ESG best-in-class approach. These are companies that demonstrate good standards of governance, take into account and make effort to minimise negative externalities and who operate with social responsibility. We believe these companies have superior prospects for financial out-performance.

QCF (Lux) – Cullen ESG US Value

The QCF (Lux) – Cullen ESG US Value is unique in the market in its combination of a value-driven approach and prioritization of ESG principles. Portfolio holdings include high-quality companies for which market valuations do not accurately reflect long-term fundamentals. We aim to take advantage of market dislocations, namely times when the market undervalues a company's sustainable position and long-term earnings growth potential. The ESG analysis is an important part of our quality assessment, identifying companies with strong governance, stable and responsible stewardship and consistent management of environmental and social risks.

Article 9

Funds that pursue a sustainability objective are regulated as Article 9 funds. These are funds that are committed to allocate capital to companies that have a meaningfully positive impact on a sustainability objective, aligned with the UN Sustainable Development Goals (SDGs).

QCF (Lux) – Accessible Clean Energy

The fund has been classified as an Article 9 fund. As the name suggests, the fund has a clear sustainable objective from launch – to allocate capital to companies that will make clean energy accessible to all and meaningfully contribute to climate change mitigation. This is achieved by investing in companies that have proven clean technology.

The impact of this fund can be monitored by measuring the revenue exposure to green revenues involved in climate change mitigation – through industries such as renewable energy developers, battery technology, de-centralised grid management, energy efficiency and electric vehicle components.

76% of holdings have > 50% of revenue exposed to green activities[6]

100% of holdings in the portfolio have a clear vision and strategy in line with zero carbon future.

Small Cap Funds

A key part of the team's investment process is getting out and meeting companies, competitors and suppliers. Forming a long-term relationship with company management ensures we fully understand the company and has allowed us to influence holding companies in various ways.

This includes recommendations on capital structure, introducing management to brokers to help improve the financial market coverage, and encouraging a simplification of over-complex businesses to release value.

Increasingly we are encouraging companies to make sustainability a priority in company strategy, requesting greater disclosure of key ESG risks and metrics, communicating the growing priority this has become for QUAERO CAPITAL, and assisting the company as they embark on major improvements.

It has been surprising to hear during many of our engagements with companies that we are the first investor to raise these issues with the company. Some companies have welcomed this interaction, recognising that investor support is fundamental to enact real change. Others have been more reluctant, and we must work harder to press the issue at each meeting.

As we invest for the long term, our time horizon to influence change is also long.

Over the past two years we have sought to influence companies along three main themes – management of climate risk, transparency of ESG issues, and adaptation of strategies involving significant E&S risks. We have logged 34 engagements in total.

We are particularly proud of our engagement with CDP. We believe we differ from many other investors in doing so: we do not send an email to investor relations as part of a big group of investors as others may do, but instead send emails directly to the CEO or CFO with whom we often have a good relationship.

[6] Green activities are understood as primary business that lies along the clean energy value chain including (i) clean energy technology development and production including solar, wind, bioenergy, hydraulic, geothermal energy; (ii) renewable energy transmission and distribution; (iii) smart grid management; (iv) energy storage technologies including hydrogen and batteries; (v) carbon capture and renewable energy services; (vi) raw materials used in the clean energy value chain; (vii) and energy efficiency including energy efficient products, systems and processes. (% green revenue as of 31.03.2021).

For most of these engagements, we receive a prompt direct reply, which usually results in further dialogue between our Head of Sustainability, our fund managers and the company.

Private Equity Funds

The investment time horizon for our investments in real assets is long, and our influence on projects is considerable as we usually take majority ownership positions.

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.

KPIs are collected on an annual basis for projects, using the Sustainable Development Goal (SDG) framework to identify those that are most material, and objectives are agreed over time to align the projects to contribute towards the achievement of the SDGs more meaningfully.

European Infrastructure Strategies

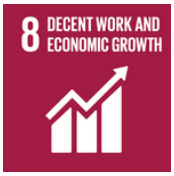
The team strives to incorporate ESG considerations into their decision-making and management practices.

To date, the team has selected investments in renewable energy, social infrastructure such as hospitals and universities, optic fibre, data centres and water efficiency projects.

A framework based on the SDGs is used to measure the positive contribution of the strategy.

> 604’089 medical treatments for patients in Spain and Italy in 2020

102 wind turbines and 5 hydro turbines built and in operation.
452’856 MWh clean energy generated (wind and hydro) in 2020



213 new jobs created in 2020
7’364 jobs across all projects, directly and indirectly

EUR 369m Capex invested in 2020
More than EUR 278m of local tax contribution over project lifetimes

Real Estate

QUAERO CAPITAL French Real Estate follows the evolution of working methods to offer new generation office buildings, but also real estate services whose needs are growing, such as nurseries, post-secondary schools and nursing homes[7].

The fund has the following objectives:

[7] We plan to report specific KPIs by next year.

Improve the technical quality of buildings

Ensure access to quality buildings and services for all

Improve energy and carbon performance through proactive improvements

Engage stakeholders, including tenants and suppliers, in a collaborative approach

4. OTHER PUBLIC COMMITMENTS

Over the recent years, QUAERO CAPITAL has become signatory or a member of various organisation and associations.

2015 – UN Principles for Responsible Investment (PRI)

2016 – France Invest

2018 – The Carbon Disclosure Project (CDP)

2018 – The Institutional Investor Group against Climate Change (IIGCC)

2018 – Sustainable Finance Geneva

2018 – Swiss Sustainable Finance

2020 – Task Force for Climate-related Financial Disclosures. We have publicly pledged our support to the aims of the TCFD

5. CORPORATE SOCIAL RESPONSIBILITY AT QUAERO CAPITAL

Our Offices

At QUAERO CAPITAL we hold ourselves accountable for making every effort to ensure that our business positively impacts society, while simultaneously achieving our business objectives.

In 2020, we continued and solidified the policies we have put in place in 2018 in our offices – in Geneva, Zurich, Luxembourg, London, and Paris – to offer comfort to our teams as well as features that help us improve our environmental efficiency.

- Eliminate our use of unnecessary single-use plastics. We no longer offer staff and client drinking water in plastic bottles. We instead provide each employee with a glass bottle that they can refill as often as they like at filtered water sources in our offices. We estimate that by eliminating single-use water bottles, we have reduced our global output by about 500 plastic bottles a week.
- Promote recycling. We ask our staff to recycle all material possible across our offices, including (but not limited to) paper, plastics, aluminium, glass, and ink cartridges.
- Use renewable energy. Our Geneva headquarters runs on 100% renewable energy, and we are looking to implement the same in our other offices and we plan to do the same for our office in London by 2021.
- Limit business travel. We actively encourage our employees to participate in video conferences as an alternative to business travel wherever possible. To this end, we have invested in video conferencing technology for every office.
- Reduce our carbon footprint. In line with our climate policy recently launched, in 2020, we undertook an extensive process of mapping our principal carbon emissions in line with the GHG protocol. This includes scope 2 emissions (electricity used in offices) and scope 3 emissions (business travel and employee commutes). For the coming years, the priority is to reduce our footprint through minimising business travel emission where possible, encourage employees to commute by public transport and bicycle and maximise energy efficiency in office building. Alongside these efforts we commit to offset remaining carbon emissions through carbon offset projects. We believe this is a valuable and meaningful tool only if it is with fully audited and verified programs to ensure the projects are additive, meaningful, and permanent.

Our Staff

We recognise that we can deliver positive value for our investors thanks to the dedication of our team, and therefore it is 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 our employees and job applicants regardless of (amongst others) their gender, religion, race, nationality, age or sexual orientation.

- In 2019, we implemented a paternity leave policy offering 2 weeks of paternity leave to our employees in the year following the birth of the child. We continue to review these policies, with an aim of supporting both men and women in the workplace.
- In 2020, just before the pandemic started, we put in place a flexible working policy where employees can work from home one day per week.

Charity

We donate annually to:

- The EPIC Foundation, which works with disadvantaged youths globally.
- SOS Enfants, which provides free psychological and educational support to children, adolescents and their parents.
- Fondation Dr Henri Dubois-Ferrière Dinu Lipatti, which contributes to scientific research on leukaemia and other blood diseases.

QUAERO CAPITAL on behalf of its infrastructure projects supports local community by sponsoring charity projects in various leisure programs. We strongly believe that it is important to participate to the economic as well as social development of communities in which we operate.