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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. 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 2020².

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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). © 2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results (scores as of 31.12.2020). ©2021 MSCI ESG Research LLC. Reproduced by permission (scores as of 31.12.2020).
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.

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.

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.

<table>
<thead>
<tr>
<th>Funds</th>
<th>Conser Portfolio ESG score</th>
<th>Morningstar Sustainability Rating</th>
<th>MSCI ESG Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCF (Lux) – Infrastructure Securities</td>
<td>B</td>
<td>4 globes</td>
<td>AA</td>
</tr>
<tr>
<td>QCF (Lux) – Cullen ESG US Value</td>
<td>A</td>
<td>5 globes</td>
<td>AA</td>
</tr>
<tr>
<td>QCF (Lux) – Accessible Clean Energy</td>
<td>A+</td>
<td>5 globes</td>
<td>A</td>
</tr>
</tbody>
</table>

Graph 3: ESG scores for QUAERO CAPITAL funds
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.

<table>
<thead>
<tr>
<th>QUAERO CAPITAL Funds</th>
<th>Weighted average carbon intensity (tCO2 / USDm sales)</th>
<th>Benchmark³</th>
<th>Benchmark carbon intensity (tCO2 / USDm sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCF (Lux) - Accessible Clean Energy</td>
<td>224.6</td>
<td>IShares Global Clean Energy ETF</td>
<td>233.8</td>
</tr>
<tr>
<td>QCF (Lux) - Infrastructure Securities</td>
<td>523.6</td>
<td>S&amp;P Infrastructure</td>
<td>983.0</td>
</tr>
<tr>
<td>QCF (Lux) - Cullen ESG US Value</td>
<td>75.6</td>
<td>Russell Value 1000</td>
<td>249.0</td>
</tr>
<tr>
<td>QCF (Lux) - Argonaut</td>
<td>81.8</td>
<td>MSCI Europe Mid</td>
<td>196.7</td>
</tr>
<tr>
<td>QCF (Lux) - Bamboo</td>
<td>148.1</td>
<td>MSCI AC Asia Pacific</td>
<td>127.5</td>
</tr>
<tr>
<td>QCF (Lux) - China</td>
<td>42.4</td>
<td>MSCI China</td>
<td>141.0</td>
</tr>
<tr>
<td>QCF (Lux) - New Europe</td>
<td>490.0</td>
<td>MSCI Eastern Europe</td>
<td>652.3</td>
</tr>
<tr>
<td>QCF (CH) - Swiss Small&amp; Mid Cap</td>
<td>24.8</td>
<td>SPI Extra</td>
<td>116.0</td>
</tr>
<tr>
<td>QCF (Lux) - Taiko Japan</td>
<td>64.6</td>
<td>Topix</td>
<td>75.0</td>
</tr>
<tr>
<td>QCF (Lux) - Global Convertible Bonds</td>
<td>82.1</td>
<td>Refinitiv GCB ETF</td>
<td>135.8</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Avoid companies in severe and systematic breach of international norms, and weapons excluded by international conventions</td>
<td>• Assess investment opportunities along ESG criteria, focusing on those most financially material</td>
<td>• 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</td>
<td>• Vote - a key element of responsible investment - according to internal guidelines with the support of third-party research</td>
</tr>
<tr>
<td>• 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</td>
<td>• 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</td>
<td>• Collaborate with organisations such as CDP with a focus on climate change transparency and reporting</td>
<td>• Fund managers responsible for voting, with input and support from the ESG team</td>
</tr>
<tr>
<td>• Exclusion lists compiled by ESG team using both external sources and through discussion with internal analysts and fund managers</td>
<td>• Analysis completed between investment team and ESG team, which enables sharing of best practice and development of specialist expertise</td>
<td>• All dialogue are channelled and logged through ESG team</td>
<td>• Voting history published in Annual Sustainability Report, and voting guidelines available on website</td>
</tr>
</tbody>
</table>

### 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.

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

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

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.

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* 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.

The fund has the following objectives:

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7 We plan to report specific KPIs by next year.
9. Improve the technical quality of buildings

11. Ensure access to quality buildings and services for all

13. Improve energy and carbon performance through proactive improvements

16. 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.