

SUSTAINABILITY-RELATED DISCLOSURES

QUINBROOK III SCSP AND QUINBROOK III (US) CO-INVESTMENT SCSP (“FUND”)

This disclosure is made pursuant to Article 10 of 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”) as supplemented by Commission Delegated Regulation 2022/1288 of 6 April 2022. This disclosure should not be used as a basis for a decision to invest in the Fund. Such a decision should be based on the Fund’s confidential information memorandum (together with any amendments or supplements thereto, the “**Memorandum**”) and the Fund’s limited partnership agreement (“**Agreement**”) (the Memorandum and the Agreement, together, the “**Offering Documents**”). Capitalized terms not otherwise defined herein shall have the meaning given to them in the Offering Documents.

(a) Summary

- i. **No sustainable investment objective:** This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.
- ii. **Environmental or social characteristics of the financial product:** The Fund will target investments in the following four defined thematic: energy supply solutions; industrial precincts; supply chain solutions for solar PV and batteries; and opportunistic investments (“Thematic Investments”). The Fund will focus on investments that can support positive environmental or social outcomes.
- iii. **Investment strategy:** The Fund will apply a thematic investment strategy to achieve the environmental and/or social characteristics. Quinbrook invests in markets where team members have long term experience and where, fundamentally, Quinbrook believes it can provide and maintain strong governance procedures and oversight.
- iv. **Proportion of investments:** The Fund is expected to apply the promoted environmental characteristics to a minimum of 80% of the Fund’s investments, to be determined by invested capital at the end of the investment period and not necessarily met and/or maintained year-on-year during the Fund’s ramp-up and wind-down phases.
- v. **Monitoring of environmental or social characteristics:** The following sustainability indicators will be used to measure the attainment of the environmental characteristics promoted relevant to Thematic Investments:
- vi. Scope 1-3 greenhouse gas emissions (tCO₂e);
- vii. Avoided emissions (measured in tonnes of carbon dioxide emissions equivalent);
- viii. Investment in assets or businesses supporting the energy transition (measured by the value of assets invested in US\$m across the four defined thematic).

Sustainability indicators used to measure the attainment of the characteristics promoted relevant to the environmental or social outcomes will be determined on an investment-by-investment basis, depending on the nature of the investment, and reported to investors in annual periodic disclosures.

- ix. **Methodologies:** The following methodologies will be used:
- x. Scope 1-3 greenhouse gas emissions (tCO₂e) – measured in line with the GHG Protocol.
- xi. Avoided emissions - measured in tonnes of carbon dioxide emissions equivalent.
- xii. Investment in assets or businesses supporting the energy transition - measured by the value of assets invested in US\$m across the four defined thematic: energy supply solutions; energy intensive industry and industrial precincts; supply chain solutions for solar PV and batteries; and opportunistic investments.

The calculation methodologies of the metrics align to the GHG Protocol for Project Accounting and the Partnership for Carbon Accounting Financials (PCAF) methodology or sector-specific guidance.

- xiii. **Data sources and processing:** Data is collected directly from portfolio investments on a quarterly basis. Data quality is ensured through manual checking of data across all reported metrics and data inputs, regular

training with portfolio companies and alignment to industry-best practice frameworks which seek to ensure consistency across reporting entities and to bolster data quality.

- xiv. **Limitations to methodologies and data:** GHG emissions data is inherently uncertain, particularly in relation to Scope 2 and Scope 3 emissions, and there are significant limitations in data provision, accuracy and requirement for use of estimations.
- xv. **Due diligence:** All Fund investments are required to align with the Fund's strategy to invest in energy transition-focused infrastructure aligned with the four defined thematic and will be made in line with Quinbrook's Responsible Investment & Environmental, Social and Governance Policy ("RI & ESG Policy"). All investments are expected to have the primary positive environmental impact of reducing or displacing harmful emissions and pollution and/or supporting the transition to lower carbon energy economies, in line with Quinbrook's RI & ESG Policy. Positive and negative screening is employed at the initial phase of the investment process, seeking to identify potential investments that have the most attractive risk/reward characteristics within the parameters of the Fund's investment scope and strategy. Investment sourcing is pursued by members of the investment team at all levels of seniority as well as Quinbrook's Operating Partners.
- xvi. **Engagement policies:** Quinbrook's funds are typically sole or majority equity investor and owner, which can enable significant voting control, Board oversight and management of key agenda-setting discretions along with day-to-day engagement with investees. Therefore, Quinbrook can be capable of active engagement and in driving outcomes over the short and long-term.
- xvii. **Designated reference benchmark:** No index has been designated as a reference benchmark to meet the Characteristics.

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

(c) Environmental or social characteristics of the financial product

The Fund will target investments in the following four defined thematics with a common thread of creating and delivering decarbonisation solutions for energy and carbon-intensive customers enabled by large-scale renewables, storage, grid support and related infrastructure: energy supply solutions; industrial precincts; supply chain solutions for solar PV and batteries; and opportunistic investments (“Thematic Investments”).

Within the four defined thematics, the Fund will focus on investments that can support positive environmental or social outcomes, for instance, through delivering direct carbon emissions reductions to contribute to Net Zero targets, biodiversity net gain, job creation/preservation in construction and operation phases, numerous community benefits and both local and regional economic stimulus from construction and long-term asset operations.

(d) Investment strategy

(i) Investment strategy used to meet the environmental or social characteristics.

The Fund will apply a thematic investment strategy to achieve the environmental and/or social characteristics.

The Fund’s strategy will focus on investments driving the energy transition across four defined thematics (energy supply solutions; energy intensive industry and industrial precincts; supply chain solutions for solar PV and batteries; and opportunistic investments) with a common thread of creating and delivering solutions for energy and carbon-intensive customers enabled by large-scale renewables, storage, grid support and related infrastructure with revenues secured under long-term contracts with those customers. The Fund’s strategy is considered and implemented on a continuous basis throughout the course of the investment process.

For more information, please refer to Section 6. Investment Strategy in the Private Placement Memorandum of the Fund.

(ii) Policy to assess good governance practices.

Quinbrook invests in markets where team members have long term experience and where, fundamentally, Quinbrook believes it can provide and maintain strong governance procedures and oversight. Quinbrook seeks to uphold a culture through its asset management and portfolio company operations that is inclusive and diverse, encouraging transparency, integrity, and responsibility. Quinbrook’s commitment to RI is formalised in its investment process, Investment Committee and Board policies and in the longer-term operations, reporting, remuneration structures and performance reviews of our portfolio companies. Through majority Board representation, direct ownership and/or voting controls, Quinbrook commonly retains the ability to implement and maintain its principles across the life of the asset – not just in relation to emissions, but across a wide range of governance, OH&S, job creation and training, environmental and social issues.

Good governance practices are assessed for investments by considering the following:

- Compliance with regulatory and legal requirements;

- The detection and, where applicable, the reporting of corruption and bribery;
- Environmental or health and safety standards in the workplace and/or at project sites, aligned through incentive structures, training and procedures;
- Conflicts of Interest; and
- Safeguarding of personal information.

This may include assessing various factors including policy documentation, board transparency, labour practices, supplier codes of conduct, and tax transparency.

(e) Proportion of investments

The Fund is expected to apply the promoted environmental characteristics to a minimum of 80% of the Fund's investments, to be determined by invested capital at the end of the investment period and not necessarily met and/or maintained year-on-year during the Fund's ramp-up and wind-down phases. The Manager has opted to determine asset allocation by reference to the amount invested in the asset (a static value) instead of using a dynamic value, such as Net Asset Value. This is because the Fund is closed-ended and the Manager is unable to rebalance the portfolio in the same manner as for an open-ended fund, meaning that it may be unable to meet asset allocation thresholds due to the changing valuation of portfolio assets if a dynamic value were used. The Manager's approach has been designed in good faith according to the latest available regulatory interpretation and/or clarifications of the requirements of SFDR. Should further clarifications be issued, the Manager reserves the right to review its approach and commitments and will inform investors accordingly.

The remaining portion of investments may consist of certain risk or hedging transactions to mitigate interest rate or currency risk or hold cash or cash-equivalent instruments. No environmental or social safeguards will be applied to these investments.

(f) Monitoring of environmental or social characteristics

The following sustainability indicators will be used to measure the attainment of the environmental characteristics promoted relevant to Thematic Investments:

- Scope 1-3 greenhouse gas emissions (tCO₂e);
- Avoided emissions (measured in tonnes of carbon dioxide emissions equivalent);
- Investment in assets or businesses supporting the energy transition (measured by the value of assets invested in US\$m across the four defined thematics).

Sustainability indicators used to measure the attainment of the characteristics promoted relevant to the environmental or social outcomes will be determined on an investment-by-investment basis, depending on the nature of the investment, and reported to investors in annual periodic disclosures. The following sustainability indicators may be used:

- Renewable energy capacity (MW)
- Renewable energy generation (GWh)
- Power usage effectiveness (Total facility power / IT equipment energy)
- Water saved (liters/MW)
- Water recycled (m³)

- Water usage effectiveness (m3/MWh)
- Waste recycled (kg)
- Waste diverted from landfills (kg)

Pre-investment due diligence will focus on identifying key sustainability risk factors, including physical climate risk, transition risk, biodiversity, and social aspects.

Following the decision to invest, sustainability metrics are monitored across all portfolio investments on a quarterly basis, based on a standardised Quinbrook methodology in line with the GHG Protocol, PCAF, Task Force on Climate-Related Disclosures (TCFD) among other frameworks. In addition to these portfolio wide metrics, investment specific indicators are developed following the investment decision to monitor key sustainability outcomes, risks and opportunities most material to each business.

Key sustainability indicators are monitored at the Board or management level and through ongoing stewardship by Quinbrook. Fund-wide metrics are reported back to investors through quarterly Fund reporting.

(g) Methodologies

The following methodologies will be used:

- Scope 1-3 greenhouse gas emissions (tCO2e) – measured in line with the GHG Protocol.
- Avoided emissions - measured in tonnes of carbon dioxide emissions equivalent. The metric aims to quantify the emissions avoided by the operation of a low-carbon asset used to generate electricity compared to the displacement of other assets in the generation stack which may be higher carbon intensity. The renewable generation of an asset (in megawatt hours (MWh)) in a given reporting period is multiplied by the average grid intensity of a country or regional market (tonnes of carbon dioxide emissions equivalent per MWh) which produces an estimated avoided emissions (tCO2e) figure as the renewable generation of the clean energy asset has displaced the emissions which would have otherwise occurred. The calculation methodology aligns to the GHG Protocol for Project Accounting and the PCAF methodology or sector-specific guidance. In aligning with PCAF, avoided emissions are reported as financed emissions which only include avoided emissions attributable to Quinbrook, and thus do not include avoided emissions attributable to debt holders or other equity investors, including equity invested through other Quinbrook vehicles.
- Investment in assets or businesses supporting the energy transition - measured by the value of assets invested in US\$m across the four defined thematics: energy supply solutions; energy intensive industry and industrial precincts; supply chain solutions for solar PV and batteries; and opportunistic investments.

(h) Data sources and processing

Data Sources used to attain each of the environmental or social characteristics

Data is collected directly from portfolio investments on a quarterly basis.

Measures taken to ensure data quality

Data quality is ensured through manual checking of data across all reported metrics and data inputs, regular training with portfolio companies and alignment to industry-best practice frameworks which seek to ensure consistency across reporting entities and to bolster data quality. In 2023, Quinbrook undertook a consulting engagement with Carbon Intelligence (Accenture) to assess alignment with industry best practice frameworks

including GHG Protocol, PCAF, SFDR, TCFD, etc. This exercise confirmed that Quinbrook was aligning with the calculation methodologies stipulated by these frameworks and recommended a few minor adjustments which were implemented immediately following the engagement.

How data are processed

Data is collected by portfolio companies and assets. Data is then collected by Quinbrook from the assets. Quinbrook then uses these data inputs in its ESG and carbon accounting models and aggregates asset-level data to fund-level data, as well as adding Quinbrook data inputs which are mainly financial inputs (for example on equity invested) to produce final reported metrics. These metrics are typically then reported in quarterly fund reporting to limited partners.

Proportion of data that are estimated

Proportion of data estimated varies metric-by-metric. Reported data is typically underpinned by actual physical activity data, for example renewable energy generation (MWh) or revenue recognised (USD), however, reported metrics may use other data inputs which are estimates. For example, scope 3 data often relies on industry estimates for upstream emissions intensity of extraction of raw materials used.

(i) Limitations to methodologies and data

GHG emissions data is inherently uncertain, particularly in relation to Scope 2 and Scope 3 emissions, and there are significant limitations in data provision, accuracy and requirement for use of estimations. There are also limitations in methodology as reporting standards and protocols are revised or updated on an ongoing basis. This may lead to significant changes in calculations, methodologies, reporting and outputs, in addition to the inherent volatility due to asset operations, sales, construction and life cycle stages that are embedded in emissions reporting.

(j) Due diligence

All Fund investments are required to align with the Fund's strategy to invest in energy transition-focused infrastructure aligned with the four defined thematics and will be made in line with Quinbrook's Responsible Investment & Environmental, Social and Governance Policy ("RI & ESG Policy"). All investments are expected to have the primary positive environmental impact of reducing or displacing harmful emissions and pollution and/or supporting the transition to lower carbon energy economies, in line with Quinbrook's RI & ESG Policy.

Positive and negative screening is employed at the initial phase of the investment process, seeking to identify potential investments that have the most attractive risk/reward characteristics within the parameters of the Fund's investment scope and strategy. Investment sourcing is pursued by members of the investment team at all levels of seniority as well as Quinbrook's Operating Partners.

Investments are also screened on their compatibility with Quinbrook's Fund documentation, regulatory and various policy guidelines, and opportunities may be immediately rejected based on misalignment with Quinbrook's sustainability principles.

During the next stage of diligence, the team conducts extensive assessment, both bottom up and top down, through models, reports and analysis, interrogating the underlying asset and its interaction with the broader economic, political and social environment that is critical to the demand, supply, revenue and regulation of energy assets and related businesses. During this stage, all investments are assessed for overall fit with the Fund's strategy.

(k) Engagement Policies

Quinbrook's funds are typically sole or majority equity investor and owner, which can enable significant voting control, Board oversight and management of key agenda-setting discretions along with day-to-day engagement with investees. Therefore, Quinbrook can be capable of active engagement and in driving outcomes over the short and long-term.

Quinbrook's investee engagement strategy is founded on the principles of a regular, formal and comprehensive scope of active management, constructed around robust governance practices which typically include sole or majority voting and ownership controls and discretions. Governance oversight is implemented through Board representation and control along with long-term alignment structures with the management teams of investee companies. Quinbrook's senior executives, dedicated Sustainability team members and the broader investment team, seek to work in an integrated way with investee teams to improve overall decision making through clear demarcation of authority and approval delegations, adoption of a clear risk mitigation framework, the adoption of specific responsible investment and ESG practices and their implementation, and the fostering of a compliance culture focused on transparency and accountability. Through this direct control, influence and engagement framework, Quinbrook aims to improve not only financial but broader responsible investment and environmental and social outcomes for our investors.

More information on Quinbrook's engagement policies is set out in Quinbrook's Stewardship Policy and RI & ESG Policy.

(I) Designated reference benchmark

No index has been designated as a reference benchmark to meet the Characteristics.

Update History

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