CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Governance, Strategy, Risk Management and Process Framework

Introduction

The following report provides a summary of Quinbrook's climate-related governance structures, strategy, risk management processes and assessment methodologies.

This document is not intended to provide an assessment of these risks, and instead, provides an introduction to Quinbrook's climate assessment framework, governance and oversight.

Climate factors, metrics and assessments or risks specific to investments and funds may be available to investors in fund-specific reports.

Climate Strategy And Alignment

In August 2021, the Intergovernmental Panel on Climate Change (IPCC) published its Sixth Assessment Report, reinforcing the unprecedented scale of widespread and rapid changes in the atmosphere, ocean, cryosphere, and biosphere due to current and projected changes in climate systems. The report projected that surface temperatures will continue to increase until at least the mid-century under all emissions scenarios, and that global warming of 1.5°C and 2°C will be exceeded during the 21st century unless deep reductions in carbon dioxide (CO2) and other greenhouse gas emissions occur in the coming decades.

Climate change represents significant challenges, but also critical need and opportunity for ongoing investment, resilience, mitigation and decarbonisation across electricity markets, communities, and industry. Alongside this, there is crucial need for investment to support a just transition, boosting accessibility, affordability and security of clean energy and the creation of fair work, training, and broader positive economic impacts.

Aligned with the IPCC report, the Manager continues to support both direct and material impact, driving investment and acceleration in decarbonisation, and the work and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) seeking to better govern, monitor and reduce carbon emissions, forward-looking assessment and planning to minimise risk to investors and stakeholders arising from physical and transition risks.

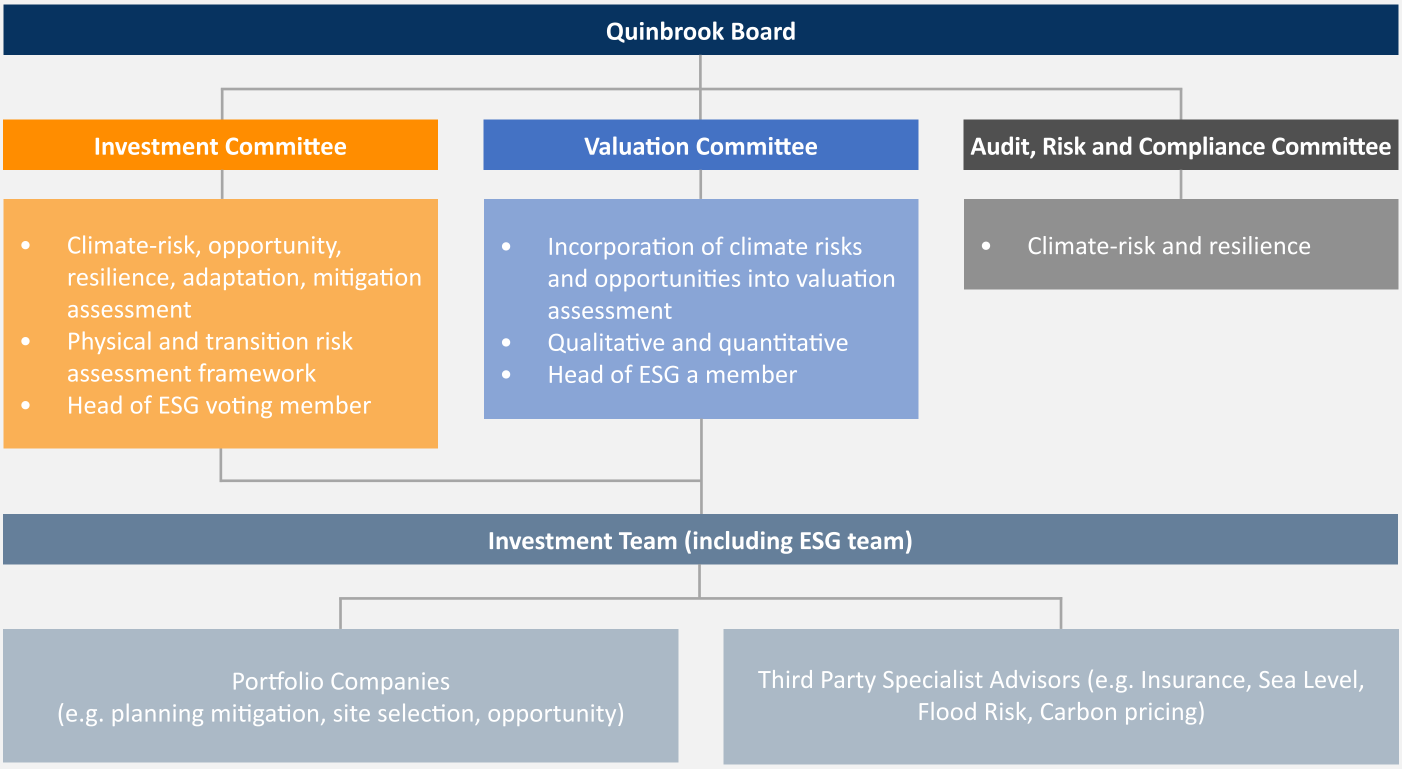
Investments of Quinbrook's managed funds are dedicated to building and growing sustainable energy infrastructure, businesses technology and real asset-based solutions that have a long-term, positive impact on our climate, the environment, local economies, and communities and actively support the transition to Net Zero. This includes solar PV, battery storage, onshore wind, demand response, digitalization and energy efficiency measures and, in funds where the mandate allows, peaking natural gas that supports the ability for grids to decarbonise and increase in intermittent renewables growth while also providing energy security, reliability and dispatchability during peak demand or other critical instances. Mobilizing investment in low carbon infrastructure technologies, such as renewable power generation, is central to meeting the 2015 Paris Agreement commitments to "holding the increase in the global average temperature to below 2°C above pre-industrial levels".

Quinbrook's managed funds invest directly into assets and businesses that mitigate climate risks, support the transition to Net Zero and enable greater resilience to climate change, as well as supporting broader climate needs such as job creation, training and economic impact including to communities negatively impacted by climate change policy.

TCFD Governance, Implementation And Methodology

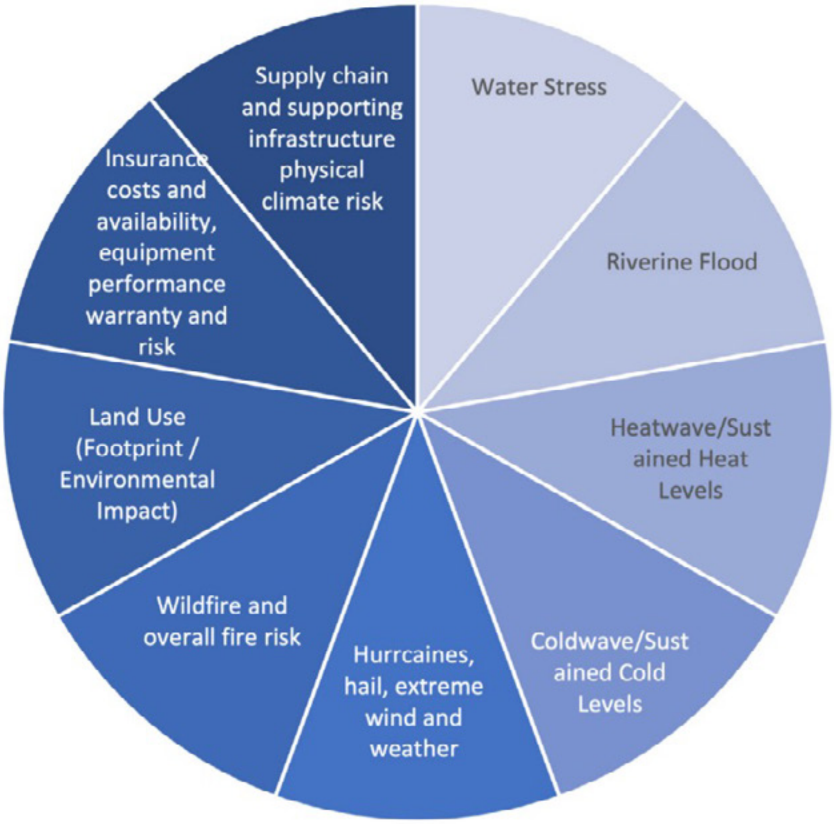
Quinbrook's overall business is committed to driving acceleration in the net zero transition, through direct investment, active management and broader industry group participation. Quinbrook can help shape and drive progress in clean energy build-out, alignment within portfolio companies with net zero and decarbonisation aims, and broader activities in energy efficiency, carbon footprint reduction and other related activities such as water usage reduction and circular economy.

TCFD and climate assessment is undertaken at initial investment stages and reviewed in ongoing valuation and investment decisions, incorporating where feasible both qualitative and quantitative assessment. This approach is continuously refined to better incorporate asset and company specific climate risks and opportunities, and with public guidance from industry groups such as GRESB, S&P, Moody's and UNPRI and other bodies.



Quinbrook has established structured climate-risk framework and scoring systems under which investments are assessed across the projected asset or business life. Quinbrook has implemented TCFD recommendations in governance, risk management, metrics and targets and continues to work to improve both the scale of direct emissions avoidance through material renewable energy operations, as well as seeking methods of further emissions reduction in portfolio companies.

Quinbrook Climate Physical Risk Materiality Scoring Categories In Investment Committee Assessment



Quinbrook has worked with KPMG in 2021/2022 to assess, improve and support climate-related governance, methodology selection and overall scenario analysis. Key findings and outcomes of this report relevant to the portfolio are discussed below and have been taken into consideration in end-of-year valuations and assessments. They also support and have helped to guide Quinbrook's TCFD governance and implementation plans for 2022.

CORE ELEMENTS OF TCFD	IMPLEMENTATION AND PROGRESS DURING AND PLANNING BEYOND 2021
GOVERNANCE	Quinbrook has put in place robust governance structures seeking to align with the TCFD disclosure recommendations. This includes the Board's ultimate responsibility for over-sight of climate related risks, supported by Investment, Valuation and Audit, Risk and Compliance Committees. Quinbrook control and voting of investee boards and meetings are in place to ensure policy/operations alignment and discuss climate and ESG issues. Climate-related incentives are embedded into senior management bonus com-pensation. Active management of climate risk, mitigation and opportunity are core to Quinbrook's stewardship of portfolio companies. Reporting structures to the Board are a focus beyond 2021.

Quinbrook Climate Physical Risk Materiality Scoring Categories In Investment Committee Assessment

CORE ELEMENTS OF TCFD	IMPLEMENTATION AND PROGRESS DURING AND PLANNING BEYOND 2021
STRATEGY	Opportunity arising from climate transition is central to the Quinbrook's managed funds' investment strategies. In addition to this overarching thesis, Quinbrook identifies long and medium-term risks as part of its investment screening process, models or otherwise assesses sensitivities to a range of parameters including mitigation plans and project costs or performance impacts, and the approval of each investment considers climate risks specific to the asset and geography and provides a view on the materiality of these risks. During the year, Quinbrook further improved on its strategy assessment, by working with KPMG to undertake portfolio-wide climate scenario modelling and risk assessment, adding to beyond the core opportunity strategy.
RISK MANAGEMENT	Climate risk assessment is core to Quinbrook's risk management approach and robust processes are in place to support investment decisions. Quinbrook has implemented a well-defined process to identify and assess climate risks, as well as robust governance structures that allocate climate risk responsibility to senior management. Quinbrook is in the process of improving and developing a risk register to better monitor climate risks in assets more consistently across the portfolio and further work is being done to improve on asset-level metrics and reporting to the Quinbrook Board in assessing risk exposures. At a portfolio company level, Quinbrook has also, in many instances, for-malised remuneration linked KPIs within its portfolio companies through alignment structures that are reliant on the continuing build-out of renewable energy infrastructure. However, a focus area for 2022 is to expand alignment and risk management beyond emissions avoidance, water reduction and energy efficiency, and seeking KPIs aligned further with reduction in footprint and climate resilience.
METRICS AND TARGETS	Senior management hold carry in Quinbrook's invested funds and are directly incentivised to achieve climate-related targets. As Quinbrook is set up as a low carbon investor, there is significant alignment between Quinbrook's business and investment strategy as well as climate risks. Quinbrook has incorporated climate scoring and sensitivity analysis into the Investment Committee process and is maintaining data on Scope 1, 2 and 3 GHG emissions. Quinbrook is working to better define emissions reduction targets consistently across the portfolio.

Scenario Analysis, Climate Risks Assessment And Potential Financial Outcomes

Each fund portfolio is constructed with the aim of being resilient, well-positioned and adaptable to future climate scenarios and changing policies. Overall, Quinbrook believes that new climate policy and rapid renewable growth scenarios will: drive increasing demand for the purchase of renewable energy through a proliferation of increased purchase commitments, especially from corporate buyers; overall increase in renewable power demand to substitute carbon intensive supply source and heighten the critical need for more flexible, grid balancing and storage infrastructure to support accelerated decarbonization.

Climate scenario analysis has been undertaken across the portfolio, considering Quinbrook's climate risks and opportunities against two temperature pathways, 1.5°C Paris aligned and 4°C (business as usual). This has been supported by assessment by KPMG. This assessment included:

KPMG's assessment concluded that assets assessed are *"well aligned to a low carbon future, given its assets are predominantly renewable power generation and storage".* Overall outcomes of the portfolio wide climate risk and opportunity assessment conclude that there is significant opportunity and value uplift potential for all renewable assets. Specific portfolio impacts and risks are included in annual fund reporting, aligned with Quinbrook's belief that climate and financial outcomes should be considered. However, overall assessed assets (which represented >90% of invested assets) the conclusion was:

TRANSITION RISKS	**Portfolio companies are expected to experience potential upside in a 1.5°C** scenario, benefiting from lower costs and increased demand due to their position in markets expected to grow through energy transition. This assessment considered carbon pricing, changes in gas pricing, decarbonisation of grids, wholesale market pricing, related policies and changes to price of raw materials and water.
PHYSICAL RISKS	No assets were identified to have a high risk (measured as impacting over 1% of platform value) of physical climate hazards to their asset value. The inclusion of physical risk consideration in Quinbrook's investment decisions, has led to an assessment of low or heavily mitigated physical risk exposures. Similarly, none of the platforms with the portfolio have been identified as having potentially high risk (measured as impacting over 1% of platform revenue) of business interruption, such as site failure due to a climactic event based on geography and typology. Factors considered included extreme heat/cold, flood or sea level rise, extreme wind and weather and water supply

Net Zero Industry Collaboration, Advocacy And Policy

In addition to portfolio company stewardship, policy and other specific investee activities, Quinbrook further supports the goals of the IPCC and decarbonisation through involvement in industry innovation, policy and collaborative efforts to drive TCFD alignment, committing to principles and actions that support a move to 24/7 hourly matching of clean energy, advancements in technology to support decarbonization of grids, and climate related advocacy and policy.

April 2022