Responsible Investment & Environmental, Social and Governance Policy

3rd Update 2020

Contents

1. Purpose

Commitment to Responsible Investment and Environmental, Social and Governance Practices

Quinbrook Infrastructure Partners Group ("Quinbrook") is a specialist low carbon and renewable infrastructure asset manager, that aims to protect and enhance the value of investments over the short and long-term for the benefit of our investor clients.

Quinbrook believes that responsible investment ("RI") requires an active consideration of climate related and specifically, environmental, social, governance ("ESG") issues, risks and opportunities, as a core element of our practices as an investment manager. It is also core to the commitment we make to our investors, employees, and stakeholders to deliver long-term value, and to support or protect the broader communities within which Quinbrook and its portfolio companies operate.

We believe that ESG risk management is intrinsically tied to both short and long-term risk mitigation and therefore the sustainable value of each of our investments. This view is increasingly backed by empirical data and estimates have shown that attention to ESG risks can reduce the cost of capital and that up to 50% of company valuations may be at risk due to ESG related issues, such as water resources, changing weather patterns and climate change, environmental destruction and breaches in human rights[1]. There is further empirical evidence to suggest the beneficial impacts of strong governance, alignment of interests and aspects such as diversity in management[2].

As such, we take significant measures to better assure the delivery of positive financial returns to investors while working to ensure our commitment to ESG is formally embedded across our asset operations, management and governance structures, procedures, investment thesis, decision-making, business culture and responsibilities. Quinbrook seeks to integrate RI and ESG criteria into each of our investment and decision making processes and both qualitative and quantitative investment and portfolio strategy.

Responsible and Active ESG Risk Mitigation and Management

We aim to be an active and responsible manager of the assets in which we invest and by fostering a culture of ethical behaviour and integrity within our organisation and the wider network of people and organisations we interact with.

Quinbrook's objective is to work to consistently improve the formal integration of our commitment to ESG and responsible investment across our business functions and to improve on our systems, record keeping, data use, improvement mapping and reporting of our ESG processes and outcomes, and to iteratively and continually improve on how we communicate and integrate our commitment to responsible and active ownership within each portfolio company.

The purpose of this Policy is to outline Quinbrook's commitment and approach to integrating ESG issues, risks and opportunities into our investment analysis and decision making, stakeholder engagement and our contribution to the wider communities within which we operate.

[1] Tonello, M, "Corporate Investment in ESG Practices", August 2015. Whelan, T. and Fink, C., "The Comprehensive Business Case for Sustainability" Harvard Business Review, October 2016. Please refer to Appendix 2 for further details

[2] https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value, https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity

2. Scope

This Policy covers the core operations of Quinbrook, including all investment opportunities considered by the Investment Committee as well as the ongoing term asset management, operations and exit of portfolio companies in which we have invested on behalf of our investors.

Our ESG Policy will be interpreted in accordance with local laws and regulations in each market in which we operate and our contractual obligations. However, Quinbrook may set its own higher standards in many instances. In such cases, these will be applied in priority.

The implementation of this Policy by Quinbrook subsidiary businesses and our portfolio companies may need to be modified and considered on a case by case basis to comply with relevant local requirements and existing practices.

3. Commitment to RI and ESG

Quinbrook's core business is dedicated to building sustainable energy infrastructure and real asset based solutions having a long-term, positive impact on the climate, environment, local economies and communities. Mobilising 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 well below 2°C above pre-industrial levels"[3].

Quinbrook invests directly into low carbon energy supply infrastructure assets and related businesses and aims to build core infrastructure assets required to support households, businesses and governments transition smoothly to a new energy economy, founded on lower emissions and the provision of both flexible and reliable low carbon and renewable energy storage and supply. Quinbrook seeks to invest in and develop projects that can provide businesses and communities access to more secure, affordable, reliable power in the short and longer-term.

[3] http://www.oecd.org/g20/topics/financing-for-investment/clean-energy-infrastructure.htm

Quinbrook's Investment Universe

We achieve this by developing, financing and building at scale, lower carbon and renewable energy generating, supply and storage assets such as onshore wind, solar photovoltaic ("PV") power, battery storage and biomass. As part of our investment thesis, we may, if allowable under specific fund mandates, include critical grid support investments (such as peaking power assets) and energy storage solutions. A broad range of technologies is incorporated within the overall thesis including high efficiency gas turbines, large-scale battery storage, smart grid technologies, energy efficiency, energy retailing, 'smart' metering or other related assets or businesses.

Each of these business and asset types is considered as a means to improve the accessibility, usability and competitiveness of lower carbon energy supply and support the global transition to renewable energy.

Explicitly, we do not invest in other forms of infrastructure, nor energy generation that is powered by coal, nuclear or radioactive minerals, native woodlands or biomass that could otherwise be a source of food.

Our portfolio of investments is created to provide essential infrastructure and businesses that reduce environmental and community harm on a broader, global scale by reducing the need for uranium or coal mining, oil drilling, new-build fossil-fuel plants and by displacing greenhouse gas emissions and associated water and air pollution and by working within strict environmental parameters and procedures for each of our operating assets.

Where we reasonably are able to, Quinbrook seeks to assess and report on each of our investments, both at initial acquisition and throughout asset management life cycle to determine its:

- Climate related and Environmental risks or opportunities, including upfront assessments of site and construction impacts, climate mitigation impact or net carbon equivalency emissions, abatement, climate risk and vulnerability, or ongoing environmental impact monitoring, supply chains and end of life impact;

- Social risks or opportunities. Quinbrook seeks to create new infrastructure assets, that provide broader social benefits such as job creation, occupational health and safety, training and stimulation of economies, tax benefits, access to more reliable or cheaper energy, in particular in rural areas where many of our assets are located and where job prospects or industry may be relatively scarce; and
- Governance risks or opportunities. 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.

Our commitment to ESG factors is formalised in our 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, we commonly retain the ability to implement and maintain our ESG 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.

4. Commitment to the United Nations Sustainable Development Goals

The United Nations has highlighted climate change mitigation as one of its most important targets in its Sustainable Development Goals. Our aim is that our investment portfolios can quantifiably and at scale support many of the United Nation's Sustainable Development Goal targets. We pursue this objective by seeking to:

- Provide Affordable Clean Energy;
- Support Decent Work and Economic Growth;
- Build and maintain Innovation and Infrastructure;
- Build and maintain assets to support Sustainable Cities and Communities;
- Take direct Climate Action, and, more broadly,
- Support the growth in clean energy affordability and technological improvements, to help wider issues such as alleviation of poverty, reduce air and water pollution.

5. Commitment to the United Nations Principles for Responsible Investment

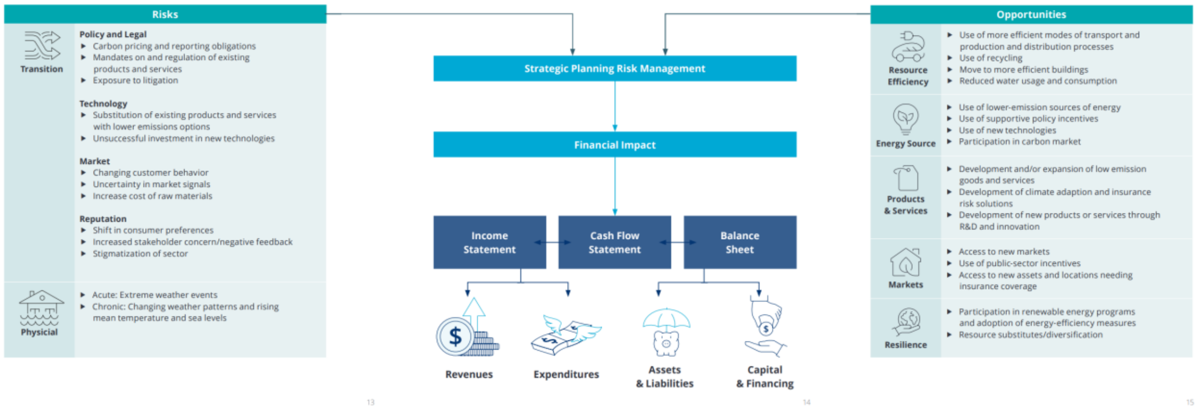
Quinbrook is a signatory to the United Nations Principles for Responsible Investment ("UNPRI"). Co-Founder David Scaysbrook is also a UNPRI Infrastructure Advisory Committee Member and each year we submit a report to the UNPRI explaining how we uphold their principles and investment requirements. To date, Quinbrook has been awarded the highest rating, an A+ for each mandatory reporting year.

6. Supporter of the Task Force for Climate Related Disclosures

Quinbrook is a supporter of the Task Force for Climate Related Disclosures ("TCFD") and believes, fundamentally, that Climate Change provides both an opportunity for Quinbrook's business and yet a financial risk to Quinbrook's invested assets. Quinbrook's investments help drive the transition to a low carbon economy. We recognise the potential climate-related implications and risks for Quinbrook managed assets and businesses and that such risks will likely accelerate and increase in severity over time.

The below illustrates some of the key categories of climate-related risk and opportunity that Quinbrook recognises and seeks to directly address through its investments and to provide better disclosure to its investors and stakeholders on the impact of such risks on those investments.

Task Force on Climate-related Financial Disclosures, 2020



7. RI and ESG in Quinbrook's Decision Making and Investment Process

7.1. RI and ESG Based Decision Making

Quinbrook's decision process is founded on our core thesis of value creation and capital protection through ESG-aligned investment and active asset management. Quinbrook's fundamental investment mandates are based on climate mitigation, sustainability, and ESG driven outcomes.

Quinbrook integrates awareness and management of ESG issues throughout the investment cycle, in due diligence, Investment Committee decisions, internal and portfolio company operations, ongoing ownership and exit of invested assets and businesses, and in our engagement with the wider community.

Quinbrook's ESG policies help inform, shape and support key decisions at all stages of the investment process. Investment related decision making relies on a combined assessment of materiality, probability and impact. We believe that assessing and monitoring ESG criteria is a key element of risk and opportunity analysis and should serve to improve value in invested assets and their long-term resilience to key risks.

We recognise that for these policies to be properly integrated, effective governance structures must be implemented at the deal structuring stage to ensure accountability, appropriate controls and transparency.

Relevant ESG risks and opportunities are considered at each stage of Quinbrook's investment and asset management process:

- Due diligence
- Investment Process and Investment Committee Decisions
- Investment Management Board Decisions
- Portfolio Company Active Management and ESG Risk/Opportunity Implementation
- Portfolio Company Training, Management, Board Reporting and Decision Making
- Capital Allocation Decisions
- Exit decisions

Quinbrook has historically and may in future elect not to complete an investment based on a consideration of ESG principles alone, where factors such as related party transactions, perceived or actual conflict of interest, or attributes of the investment are assessed by the Investment Committee to be out of accord with our ESG principles.

Importantly, as a direct investor, where issues arise over the course of due diligence (or post investment), Quinbrook often retains the ability to adjust the planning, development, incentivisation structures, procedures or operations of an investment to better align with our ESG principles. This could include actions such as changing proposed equipment providers if we feel equipment does not meet our safety, performance or social requirements, changing the business strategy, operating teams or processes, or changing the location of planning of a project such that any impact on local ecosystems is removed or minimised.

This also means that at any stage of the investment process or during asset ownership, if the investment team, Investment Committee, Conflicts and Compliance Officer or Board feel that an investment deviates from our ESG principles, the issues are formally presented and assessed to determine if the investment will go ahead or if it needs to be exited. In the past, this has led to the Investment Committee deciding not to pursue an investment based solely on a consideration of ESG issues.

Implementation Overview of ESG Risk Mitigation and Opportunity Analysis

Investment Screening	• Initial negative and positive screening • Consideration of fit with ESG principles and the broader investment strategy • Assessment of ESG issues in the underlying asset and/or key stakeholders • Assessment of political and reputational risk
Due diligence	• Site assessment, visits and planning • Third party expert assessments • Social impact assessments or consultation • Safety and environmental track records and policies of key participants • Compliance with local laws and regulations • Governance transparency • Social benefits, including job creation and community benefits
Investment Process and Investment Committee Decisions	• Formal ESG assessment alongside risks, benefits and overall target returns • Outcomes of Environmental Impact Assessment, community consultation, track record and third-party alignment where relevant • Assessment of key areas of Quinbrook value creation or ESG implementation • Post-investment ESG plan and asset management controls
Investment Management Board Decisions	• Conflicts and Compliance Officer and Board review and approval of ESG • Majority or other voting controls to enable long-term decision making control and ESG alignment • Contractual, operational or remuneration mechanisms established to align performance and ESG
Portfolio Company Active Management and ESG Risk/Opportunity Implementation	• Incentivise staff and contractors in alignment with ESG policy • ESG training • Responsible procurement • Continuous reporting and risk assessment obligations across ESG • Change of law tracking and monitoring
Portfolio Company Training, Management, Board Reporting and Decision Making	• Ongoing training, risk mitigation analysis (e.g. climate vulnerability, operational and governance planning for pandemic or other business continuity event) • Cybersecurity risk management, auditing and planning • 'Best practice' OH&S procedures • Track and measure improvements in ESG (e.g. OH&S, output)
Capital Allocation Decisions	• Board decision making factors in long-term ESG issues/outcomes
Exit decisions	• Assess impact on value of ESG improvements over the asset life • Review and mitigate negative ESG impacts or remediation closure of asset • Investment Committee and Board can elect to exit investments if not aligning with ESG principles

7.2. Negative Investment Screening

Through negative screening we automatically exclude certain investments that in our opinion do not fundamentally align with our commitment to responsible investment. We seek to avoid investments that we believe have a direct and material involvement in:

- Coal exploration, production, mining, or generation;
- Nuclear or uranium mining, exploration, production or energy generation;
- Any energy production that leads to extensive air or water pollution or destruction of the environment. This includes the destruction of native forests for biomass fuel;
- Any investment that we believe could exacerbate poverty or food security issues. This includes any investment using food crops for biomass fuel;
- Any investment that we believe leads to extensive negative impact on local flora, fauna or local communities. This is often assessed with the help of third party experts in the context of comprehensive Environmental Impact Assessment reports.

By nature of our investment thesis, we also avoid investment in businesses involved in the sale of munitions, tobacco, gambling, animal cruelty, or activities that directly violate human rights.

7.3. Positive Investment Screening

We actively invest in assets or businesses that have a positive environmental or social impact. All investments are expected to have the primary positive environmental impact of reducing or displacing harmful emissions and pollution and supporting the transition to lower carbon energy economies.

We actively seek to invest in and develop assets and businesses that:

- generate renewable energy from proven technologies such as solar PV, onshore wind, sustainable biomass, waste or geothermal energy;
- support the transition to a lower-carbon economy by providing more reliable, accessible or affordable energy supply;
- provide storage technology to improve the performance, competitiveness and reliability of renewable energy generating assets;
- provide grid support, smart grid rollouts or energy efficiency;
- provide associated de-carbonisation benefits, such as EV charging;
- reduce environmental damage by replacing the need for more damaging fossil fuel or nuclear energy sources.

To actively support growth in assets that support positive ESG outcomes, we seek to build and develop assets and grow businesses that:

- build, own and operate lower carbon and renewable energy generating assets;
- create beneficial, sustainable local employment and training, in particular in rural or regional areas;
- use equipment that shows greater transparency in the fair compensation and use of human labour and commitments to human rights and which work to reduce environmental impacts across their supply chains;
- create additional community benefits (such as the provision of renewable energy to schools, local community centres, or local businesses).

8. Implementation in Asset Management

Following completion of the investment process, it is critical that portfolio company operations are brought into alignment with Quinbrook's ESG principles as much as practicable.

As a direct investor, Quinbrook is able to actively implement and manage ESG strategies in its portfolio companies, establishing dedicated ESG training, incentivisation, procedures and policies. This is enabled by Quinbrook's strategy of investing during late stage development, construction or early operation, or following takeover of management in distressed asset situations. This provides us with the scope to effect change as needed.

Long-term alignment is created through voting controls, Board representation or management relationships that Quinbrook establishes in its portfolio investments, combined with the hands-on, long-term experience that the Founders and Senior Management have in building, owning and operating similar assets and businesses, and in creating contractual mechanisms to align the aims of Quinbrook with those of each portfolio company.

We also believe that a business culture where management behaviour, employee training, awareness, incentivisation and procedures, at every level, prioritise an awareness and active prioritisation of ESG principles is central to maintaining a positive environmental and social impact as responsible stewards.

Monthly or quarterly reporting to the Board on key ESG issues ensures ongoing risk assessment, risk mitigation and monitoring of ESG principles on an ongoing basis in portfolio companies. Changes and improvements are tracked across the asset life and included in investor reports.

Quinbrook will continually assess the markets in which we operate, progress of investments under our evaluation, and the ongoing operations of completed investments to assess if circumstances change or information becomes available suggesting that an investment may be or becomes inconstant with this Policy. If such a case arises, Quinbrook is committed to taking positive action to remedy that circumstance and restore consistency with this Policy. Should a decision be taken by Quinbrook that an investment cannot be remediated and its departure from this Policy is material and adverse to the interests of our investors and to the Principles of Responsible Investing more generally, a divestment of that asset will be proactively considered by Quinbrook.

9. Measurement and Assessment

9.1. Key Areas of ESG Measurement and Assessment

Investments presented to the Investment Committee are assessed on the merit of investment 'fit' and suitability, financial return, overall risk and ESG metrics. In the first instance, investments must be shown to meet Quinbrook's target allocation, risk and return hurdles specific to the Fund or investment vehicle.

Having demonstrated this, investments must also be shown to provide broader ESG benefits and not present unmitigated ESG risks or issues that conflict with our investment strategy. Discussion and assessment of specific ESG risk mitigation measures are often included in final investment papers presented for consideration by the Investment Committee and Board.

In our bid to continuously seek to improve our approach to ESG, in July 2017 we introduced more specific and measurable ESG due diligence practices into our investment and asset management process, to better report on and assess the ESG policies and principles in place.

This assessment now includes quantitative or qualitative assessment of ESG principles and often requires the input of third-party expert reports, or other data.

9.2 Key Environmental Considerations

Quinbrook is committed to reducing direct and indirect environmental impacts through the implementation of the following practices where practicable in underlying portfolio companies and project investments.

The following key environmental assessments are included in our formal due diligence investigations and may be monitored, assessed and reported on to align policies and procedures implemented in the ongoing investment assessment and annual reporting process:

Climate and Environmental
Direct and indirect GHG emissions, monitoring and reduction
Climate risks such as insurance premia costs and availability of cover, vulnerability to extreme weather, extreme weather preparation, modelling and sensitivity
Carbon intensity monitoring and reduction
Energy consumption
Primary fuel and energy source, sustainability, efficiency improvements and planning
Low carbon, renewable energy production
Water management monitoring and reduction
Waste management, assessment, recycling and reduction
Sustainability or resources, including assessment of raw inputs and equipment life expectancy
Environmental policy
Direct environmental impacts including on ecosystems, flora, fauna and communities
Indirect environmental impacts, including due to related third parties and in supply chains
Third party, expert assessments
End of life assessment, including remediation and safe disposal or recycling of equipment components

9.3 Key Social Considerations

Quinbrook aims to foster a culture of respect, personal responsibility, diversity and ethical behaviour incorporating awareness and vigilance also within our portfolio company management teams, in particular in relation to the following key issues:

- Community impact awareness and proactive participation;
- Energy security;
- Job creation; and
- Inclusive and diverse workplaces.

The following key social assessments may be incorporated into regular reporting as well as management incentive and decision making structures as well as workplace policies.

Social
Key broader community assessment and considerations
Community impact (noise, pollution, traffic, disturbance assessment)
Community and local government engagement and consultation
Community economic stimulus
Job creation and training, in particular in rural or at-risk areas
Energy security, reliability and affordability
Key portfolio company and contractor considerations
Non-discrimination policies
Injury rates
Health and safety track record
Global health and safety policy
Human rights policy
Human rights track record or violations
Gender diversity (Board, Management and operational)
Other diversity (Board, Management and operational)
Pay ratios
Employee turnover

9.4. Key Corporate Governance Considerations

Quinbrook believes that high standards of corporate responsibility make good business sense and have the potential to protect and enhance investment returns for our clients. In particular, we look to ensure our portfolio companies comply with standards for:

- 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;
- Safeguarding of personal information.

Governance
Compliance and conflict committee oversight and approval
ESG policy documentation
Board transparency and separation of powers
Decision-making control or external risk, over the investment life
ESG-aligned, incentivised KPIs, assessment and pay structures, implemented throughout investment companies
ESG-aligned training, implementation or procedures, monitoring and reporting
Fair labour practices, directly and in supply or related parties
Supplier codes of conduct, track record and known activities
Ethics codes of conduct
Bribery / anti-corruption, directly and in supply or related parties
Tax transparency
Sustainability and environmental reporting
External validation (third party expert reports, certifications, etc).

We acknowledge that at times we may have limited information, in particular in the assessment of supply chains and related parties. However, we proactively seek relevant information and ask for greater transparency where necessary to improve our overall assessment and protect against reputational damage and potential value destruction.

10. Roles and Responsibilities

Oversight of and accountability for adherence to our ESG principles and our ongoing commitment to Responsible Investment is the responsibility of each director of the board of the Manager and of each member of the Investment Committee.

This Policy is reviewed annually by the board of directors of the Manager and the Investment Committee.

Implementation of specific ESG initiatives, monitoring of compliance, and reporting to stakeholders is led by a dedicated team with ESG responsibility which includes representatives of both the investment and operations functions outside of those who sit on the board of the Manager and the Investment Committee. Within this team, Quinbrook has appointed an individual to be primarily responsible for ESG implementation in each of the Target Regions: USA, Australia, and the UK.

Adherence to the Policy is the responsibility of every member of each regional investment team and every other individual within the Quinbrook Group.

11. Stakeholder Engagement and Reporting

Quinbrook's commitment to being a responsible investor that adheres to defined ESG principles is an ongoing process where we continuously seek to improve and refine our procedures, reporting and verification/qualification of impacts. We seek primary guidance from the TCFD.

Quinbrook engages with our clients and stakeholders on the enhancement of our ESG Policy, initiatives, products and services, and we seek their feedback on ESG issues relevant to Quinbrook and the investment mandates we hold from time to time.

Quinbrook will disclose ESG performance by reporting at least annually to our investors on our ESG performance and progress and our success or otherwise in the management of material risks and opportunities. In addition, we will comply with our reporting obligations under relevant environmental laws and regulations. This includes continuing our current sponsorship and collaboration with Imperial College London, CERES, Carbon Tracker and Pensions for Purpose.

Through our sponsorships and engagement programs we will partner with selected organisations that are actively working to protect the environment and educate the community about environmental issues.

We will engage in policy discussions on environmental issues directly and through our industry representatives as we strive to contribute to the improvement of the quality of ESG data available to the global investment market.

12. Supplementary Documents

This ESG Policy is intended to be supplemented by Quinbrook's other key ESG-related processes including:

- Third Party Management Program
- Responsible Contractor Portfolio Company Guide
- ESG Due Diligence Questionnaire
- ESG Quarterly Reporting Guide
- [ESG Implementation Plan – currently being drafted]

Each of these is reviewed on a regular basis.

13. Policy Updates

This Policy and/or associated ESG Policy documentation, training or programs will be reviewed and updated at least annually by the Board as we continuously work to improve our approach to ESG implementation, monitoring and value quantification across the Quinbrook Group.

Quinbrook Infrastructure Partners (Jersey) Limited

Version 1: March 2017
Updated August 2017
Updated May 2020

Appendix 1: UN PRI Assessment

UN PRI Assessment

Historically, Quinbrook has been awarded an A+ result for each mandatory reporting year. Quinbrook has received scores above its peers in particular in:

- Incorporation of ESG principles in its long-term investment allocation
- Dialogue with policy makers and standard setters
- Responsible Investment training and development for staff
- Public availability of our responsible investment policies
- Formal commitments to responsible investment and inclusion of ESG in our fund documentation
- High proportion of stakeholders engaged in ESG issues
- High proportion of portfolio companies with ESG/Sustainability policies
- Active ownership and emphasis on ESG issues in financial performance

What is UN PRI?

The Principles for Responsible Investment are a voluntary investor initiative supported by the United Nations, intended as a blueprint for investors to demonstrate their commitment to responsible ownership, investment and long-term, sustainable returns. The Principles are founded on the concept that ESG issues, such as climate change and human rights, affect the overall, long-term performance of investment portfolios, must be considered alongside traditional financial assessments and, fundamentally, are part of our fiduciary duty to investors. As institutional investors we commit to a duty to act in the best long-term interests of our beneficiaries, with the belief that ESG issues affect the performance of investment over time.

How are we assessed?

As signatories, each year we report on our commitment to and fulfilment of the six key UNPRI Principles. This includes assessment of how we address and factor ESG principles in to our investment processes, reporting and policies, our portfolio companies, management and operations, formal policies and procedures, decision making and Board. It includes how we identify and manage material ESG risks that may threaten value in our investments, how we deal with any ESG incidences that have arisen and how we contribute to and manage ESG related risks in the operations of our portfolio investments. It also covers issues in conflicts of interest, governance, internal oversight and procedures, investment committee processes and training.

Appendix 2: ESG impact on value, risk and return

We believe that investment returns are fundamentally tied to ESG risks; and further, that managing ESG effectively can avoid short-term critical issues and events that can materially impact a businesses value, while creating value in the longer-term.

This view is increasingly backed by empirical evidence:

In 2015, a Harvard Law School Report[4] concluded that investment in ESG lowers cost of capital, enhances business performance, improves reputation, key stakeholder engagement and growth. They also concluded that business needs to not just have programs in place to respond to immediate ESG concerns, but, in line with Quinbrook's strategy, need to also emphasise long-term programs and investment in ESG and sustainability.

In October 2016, The Harvard Business Review released its report "*The Comprehensive Business Case for Sustainability*"[5], detailing the impact that is already being observed in business due to climate change, water scarcity or human rights or other ESG issues. They estimated that sustainability and ESG risks are some of the biggest concerns for business today, noting that the "value at stake from sustainability concerns can be as a high as 70% of earnings". Unlike traditional business risks, they also highlighted that the risks need to be managed on an ongoing basis, with a long-term view and can't just be dealt with as they arise.

The World Economic Forum echoed this idea in its 2016 Global Risks Report, stating that the top five risks to business value today are all sustainability risks, in particular, the failure of climate-change mitigation and adaptation. The Australian Council of Superannuation Investors also resolved over a nine-year study that for strong ESG practices can help to drive better performance and shareholder returns over time[6].

In 2016 the Centre for Policy Development released a new legal opinion, discussing the extent to which business Directors are responsible for taking climate change into account in their company decision making, strategy and risk. The overall assessment was directors who fail to consider the foreseeable impact of environmental and social risk and climate change could be held personally liable for breaching their duty of care. In particular, the opinion sought to put aside political considerations and beliefs on climate change, and focus on the actual commercial, business risks and issues already emerging that need to be taken into account.

Increasingly, we see evidence of management of ESG negatively impact on business returns, following specific events such as environmental incidences or climate disaster, occupational health and safety events, hazardous waste incidents but, increasingly businesses becoming aware that their bottom line is impacted by much longer-term risks, such as water scarcity or toxicity, pollution or emissions impacts on climate, health or environment or the vulnerability of businesses to volatile or high energy prices. Social and governance risk factors such as, employee or contractor satisfaction, diversity and engagement are also important considerations that have been shown to, when properly managed, have a positive impact on investment returns.

[4] Tonello, M, "Corporate Investment in ESG Practices", August 2015.

[5] Whelan, T. and Fink, C., "The Comprehensive Business Case for Sustainability" Harvard Business Review, October 2016.

[6] http://aicd.companydirectors.com.au/advocacy/governance-leadership-centre/governance-driving-performance/studies-show-esg-investment-has-solid-payoff