quinbrook infrastructure PARTNERS

Environmental, Social and Governance Policy

Revised, August 2017

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1. Purpose

Quinbrook Infrastructure Partners Group ('Quinbrook') aims to protect and enhance the value of investments over the long-term for the benefit of our investor clients. To fulfil this aim we believe it is critical to address not just direct financial benefits, but also the longer-term environmental, social, and governance ("ESG") benefits, risks and impacts of our investment portfolios.

We believe that active management of ESG risks and benefits are intrinsically tied to both short and long-term effective risk mitigation and therefore the enduring value of investments over time. This view is increasingly backed by empirical data and estimates which have consistently shown that attention to ESG risks can reduce the cost of capital, especially when seeking profit maximisation upon exit of investments to informed buyers. According to some commentators, up to 50% of company valuations may be at risk due to ESG related issues, such as water resources, climate change, environmental destruction and breaches of human rights[1].

As such, we take deliberate and significant measures to better assure the delivery of positive financial returns to investors while working at the same time to ensure our commitment to ESG and the principles of responsible investing are formally embedded in our operations, management and governance structures, procedures, investment thesis, decision-making, business culture and the discharge of our responsibilities as far as practicable. We expect to achieve our aims by being 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.

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

2. Scope

This Policy covers the core operations of Quinbrook, including all lower carbon and renewable energy infrastructure investment opportunities considered by the Investment Committee as well as our approach to the long-term asset management, operations and ultimate exit of our portfolio companies and project investments.

Our ESG Policy will be interpreted in accordance with local laws and regulations in each market in which we operate and our contractual obligations as a minimum. However, Quinbrook may set its own exacting standards in many instances which are more onerous than the requirements of certain applicable laws and regulations. In such cases, Quinbrook's standards will be applied as a priority.

The implementation of this Policy by Quinbrook subsidiary businesses and our portfolio companies may need to be considered on a case by case basis to comply with relevant local requirements, existing stakeholder practices and other relevant considerations particular to a given investment.

[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.

3. Commitment to ESG

As a dedicated lower carbon and renewable energy infrastructure investor, our core business is dedicated to building sustainable energy solutions and having a long-term, positive impact on the environment, on local economies and communities as a direct and indirect consequence of the deployment and ongoing management of our investor's capital.

We invest in lower carbon and renewable energy supply infrastructure and businesses and we aim to build the infrastructure required to help households, businesses and governments transition smoothly to an economy generating lower carbon emissions in the supply of essential energy.

We achieve this by funding the development, construction and ongoing operations of lower carbon and renewable energy supply infrastructure such as onshore wind, solar photovoltaic ("PV") power, biomass, hydro, geothermal, efficient gas fired power and battery storage infrastructure. As part of our investment thesis, we include emerging but critical energy storage solutions, such as battery storage, which can improve the accessibility, usability and competitiveness of zero emissions power from renewable yet intermittent power supplies. We invest in and develop projects that can provide businesses and communities with access to more secure, affordable, reliable lower carbon power in the short and longer-term.

Explicitly, we do not invest in other forms of general 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 production in areas where there is a shortage of arable land for crop production.

Our investments are intended to reduce environmental and community harm on a broader scale by reducing the need for uranium or coal mining, oil drilling and new-build coal fired power plants by reducing greenhouse gas emissions and associated water and air pollution from redundant and increasingly higher cost fossil fuel power generating technology. We endeavour to assess each of our investments to determine their direct or indirect environmental impacts, including upfront assessments of site and construction impacts, ongoing site monitoring, supply chain analysis and end of life impacts.

Beyond this, we invest in and seek to build new infrastructure that provides broader social benefits, including job creation, training and stimulation of economies especially in rural areas where many of our assets will be located and where job prospects or industry may be otherwise subdued.

Our commitment to the evaluation of ESG factors is formalised in our due diligence and 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 management team supervision and/or voting controls, we commonly retain the ability to direct the adoption of our ESG principles at the asset and portfolio company level not just in relation to emissions, but across a 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 of 2017 and our aim is that our investments can quantifiably support many of these Sustainable Development Goals. We seek 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.

http://www.un.org/sustainabledevelopment/sustainable-development-goals/

5. Commitment to the United Nations Principles for Responsible Investment

To formalise our ESG commitments, Quinbrook has become a signatory to the United Nations Principles for Responsible Investment ("UNPRI"). Co-Founder David Scaysbrook is also a UNPRI inaugural Infrastructure Advisory Committee Member. Each year Quinbrook will submit a report to the UNPRI explaining how we uphold the Principles of Responsible Investment.

Please refer to Appendix 1 for a summary of our 2017 Assessment and an overview of the UNPRI process more generally.

6. ESG in the Investment Process

6.1. Investment Process Overview

Quinbrook seeks to integrate consideration of ESG issues throughout our investment process, in our due diligence, Investment Committee decisions, internal and portfolio company operations, ongoing ownership activities and at the ultimate exit of assets and businesses. Moreover, we seek to apply our ESG principles in our engagement with the wider investment community.

Quinbrook uses the ESG Principles of Responsible Investing to inform, shape and help make key decisions at all stages of our investment process and bases decisions on a combined assessment of materiality, probability and impact. We believe that assessing and monitoring ESG criteria is a key element of risk analysis and should serve to improve the value of invested assets, their resilience to key project risks, and their long-term enduring value.

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 in the post-investment phase.

Quinbrook has historically (and may in future) elect not to complete an investment based on a consideration of ESG factors alone, such as circumstances where related parties or attributes of the investment are assessed by the Investment Committee as deviating materially from Quinbrook's ESG principles.

Importantly, as a direct investor, if we feel that 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 a portfolio company to achieve better alignment with our ESG principles. This could include actions such as changing proposed equipment providers if we feel they or their key supply chain partners do not meet our safety, performance or social requirements. Other steps may include changing the business strategy, changing the personnel within the operating teams, overhauling 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 even during Quinbrook's asset ownership, if the investment team, Investment Committee, Conflicts and Compliance Officer or Board feel that an investment deviates from our ESG principles, the issue should be formally presented to the Investment Committee and assessed to determine if the investment will proceed or not or whether an existing investment needs to be overhauled or sold.

Figure 1 ESG-based assessment and decision making in our investment process

Investment Screening	• Initial negative and positive screening • Consideration of fit of ESG values with the broader investment strategy • Assessment of ESG features of the underlying asset and key stakeholders • Assessment of political and reputational risks
Due diligence	• Site assessment, visits and planning • Third party expert assessment • Social impact assessments / 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 Committee recommendation and decision making	• Formal ESG assessment of risks, benefits and overall target returns • Outcomes of EIA, community consultation, track record and third party alignment • Assessment of key areas of Quinbrook value creation or ESG implementation challenges • Post-investment ESG plan and asset management controls
Investment completion	• Conflicts and Compliance Officer and Board review • Assess voting controls to enable long-term decision making and ESG alignment • Contractual, operational or remuneration mechanisms established to align performance and ESG outcomes
Asset management, ESG implementation and monitoring	• Incentivise staff and contractors' alignment with ESG policy • Track and measure improvements in ESG (e.g. OH&S, output) • ESG training • Responsible procurement • 'Best practice' OH&S procedures • Continuous reporting and risk assessment obligations across ESG • Change of law tracking and monitoring
Exit	• Assess impact of ESG improvements over asset life • Review and mitigate negative ESG impacts on remediation or closure of asset • Investment Committee and Board can elect to exit investments if not aligning with key ESG principles

6.2. Negative Investment Screening

Through negative screening, we may exclude investment in certain assets or decline an association with certain developers, shareholders or operators whose practices do not, in our opinion, fundamentally align with our Responsible Investment principles. We seek to avoid investments that have a direct and material involvement in:

- Coal exploration, production, mining, or power generation;
- Nuclear or uranium mining, exploration, production or power generation;
- Any energy production that leads to extensive air or water pollution or destruction of the environment such as the logging of native forests for biomass fuel supply;
- Any investment that we believe could exacerbate poverty or food security issues such as using food crops for biomass fuel where there is a shortage of arable land for crop production;
- Any investment that we believe leads to negative impacts on local flora, fauna or local communities that are not sufficiently mitigated by the relevant investment's other positive impacts and benefits assessed holistically. This is often assessed with the help of third party experts.

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

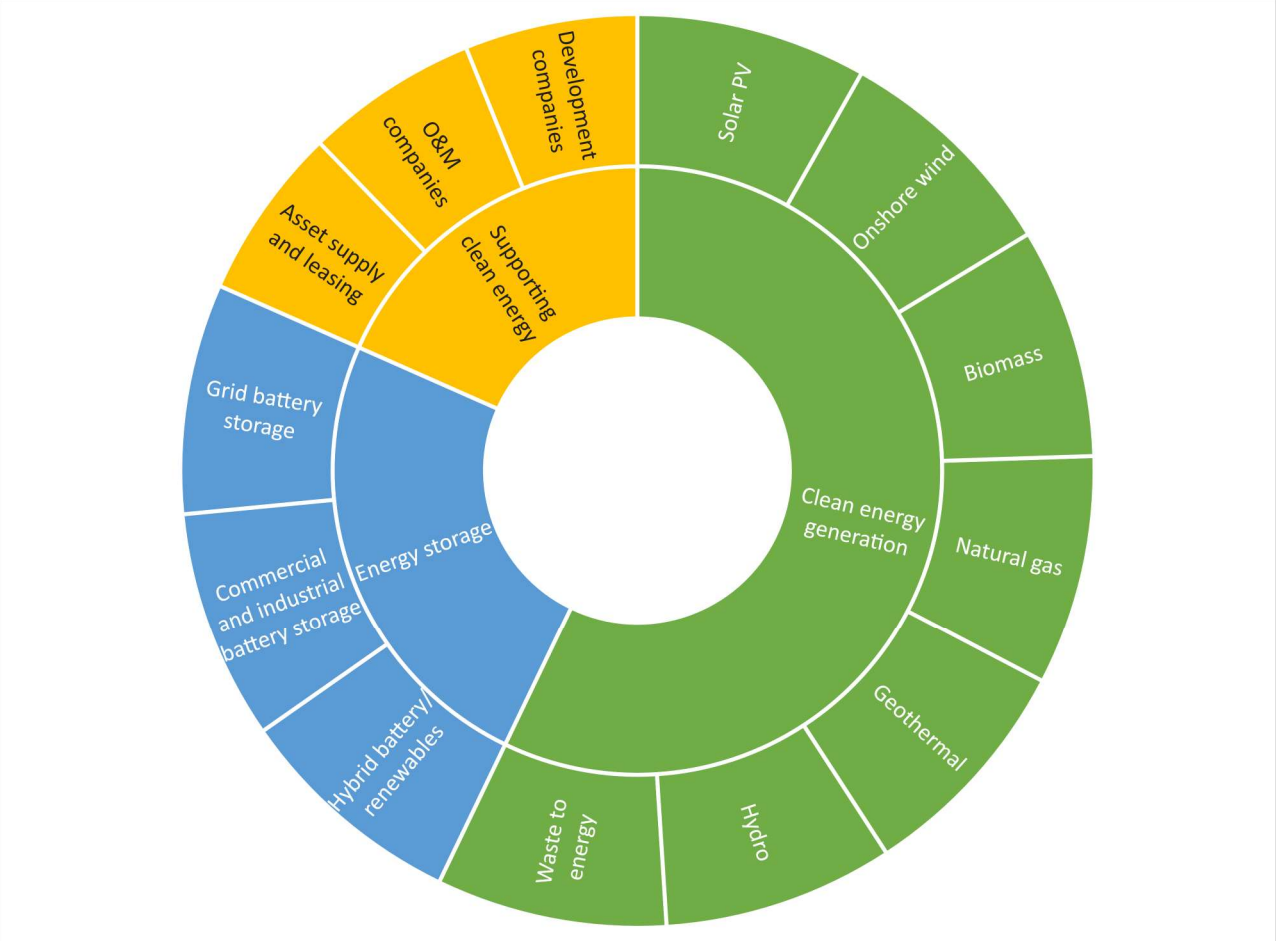
6.3. Positive Investment Screening

We actively invest in companies, assets and businesses that have positive environmental and social impacts. All investments are expected to reduce or displace harmful carbon emissions, reduce air pollution and support the transition to cleaner energy generation and supply.

We actively seek to invest in, develop, construct and operate infrastructure assets and businesses that:

- generate power and associated energy supplies (such as steam) from lower carbon and renewable sources such as solar PV, onshore wind, sustainable biomass, organic waste, high efficiency gas turbines or geothermal resources;
- support societal transition to less carbon intensive impacts on the environment by providing more reliable, and lower cost clean energy supply;
- invest in and help proliferate proven battery storage technology to improve the performance, competitiveness and reliability of intermittent renewable power supply, especially onshore wind and solar PV;
- reduce environmental harm by displacing "base load" coal fired power;
- create and sustain local employment and training, in particular in regional economies;
- use equipment produced by manufacturer's demonstrating environmental stewardship and responsible work practices, including greater transparency and commitments to human rights and environmental impact across their supply chains;
- create additional community benefits (such as the provision of long term renewable power solutions for schools, local community centres and local businesses).

Figure 2 Quinbrook's Investment Universe



7. Implementation in Asset Management

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

As a direct investor making mostly control investments, Quinbrook is able to actively implement and direct the adoption of ESG strategies by portfolio companies by encouraging them to establish dedicated ESG training and staff incentivisation procedures and policies. This is facilitated by Quinbrook's strategy of engaging earlier in the asset creation cycle and during (i) late stage development, construction or early operations or (ii) following takeover of management in distressed asset situations.

Long-term alignment is created through 100% or majority control of voting rights, board representation and senior management relationships that Quinbrook establishes in its portfolio investments. This is combined with the hands-on experience that the Founders and Senior Management Team have in building, owning and operating both lower carbon and renewable power businesses, and in creating contractual mechanisms that align the interests of Quinbrook with portfolio companies especially in terms of ESG risk management.

We also believe that a business culture where management behaviour, employee training, general awareness, financial incentivisation and working procedures at every level prioritise ESG principles, is central to effective engagement of key stakeholders required to deliver environmental and social impact from our investing activities.

Regular reporting to the Board on ESG issues ensures ongoing risk assessment, risk mitigation and monitoring of ESG performance within portfolio companies. Changes and improvements are tracked and included in investor reports.

Quinbrook will continually assess the markets in which we operate, the progress of investments under our evaluation, and the ongoing operations of completed investments to assess whether an investment may be or become inconsistent with Quinbrook's ESG policies. If such a case arises, Quinbrook is committed to taking positive corrective action to remedy that circumstance and restore consistency and compliance with our policies. Should a decision be taken that an investment cannot be remediated and its departure from our policies is material and adverse to the interests of our investors, then a divestment will likely be considered by Quinbrook's Investment Committee.

8. Measurement and Assessment

8.1. Key Areas of ESG Measurement and Assessment

Every investment presented to the Investment Committee is assessed on the merits of its investment 'fit' and suitability, financial return, overall risk and specifically, with reference to a range of ESG metrics. In the first instance, every investment must meet Quinbrook's target allocation, risk and return hurdles specific to the Fund or investment vehicle making the capital commitment.

Having demonstrated this, investments must also be shown to provide broader ESG benefits and not present ESG related risks or issues that conflict with our ESG policies. Analysis and discussion of these issues and resulting assessment is included in each Final Investment Paper presented for consideration by the Investment Committee and Board.

In our efforts 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. Our assessments now include both quantitative and qualitative assessment of ESG principles and often requires the input of third party expert reports, community discussions/engagement and other verification data.

Drawing on the experiences of the Senior Management Team and guidance from the United Nations Principles for Responsible Investment and other leading reporting and assessment frameworks, the first formal assessment of our existing portfolio company Cape Byron Power has been completed. The 2017 ESG Report is appended to this Policy as an example of Quinbrook's ESG policies being put into action.

8.2 Key Environmental Considerations

Quinbrook is committed to reducing direct and indirect environmental impacts through the implementation of the following practices. This is done either directly by the Quinbrook investment and asset management team's or indirectly by our portfolio companies managing the "day to day" development, construction and operation of project investments.

The following key environmental assessments are included in our formal due diligence process and for completed investments, are monitored, assessed and reported regularly:

Environmental:
Direct and indirect GSG emissions, monitoring and reduction
Carbon intensity monitoring and reduction
Energy consumption
Primary fuel and energy source, sustainability, efficiency improvements and planning
Low carbon renewable energy production
Water use management monitoring and reduction
Waste management, assessment, recycling and reduction
Sustainability of resources used, including assessment of raw inputs and equipment life expectancy
Environmental policy compliance
Direct environmental impact including on ecosystems, flora, fauna and local communities
Indirect environmental impacts, including through related third parties and their supply chains
Third party expert assessments in specialist areas (as required)
End of life assessment, including site remediation and safe disposal or recycling of equipment components

8.3 Key Social Considerations

Quinbrook aims to foster a culture of respect, personal responsibility and ethical behaviour incorporating an awareness and vigilance of the following key issues amongst its team members and those of our portfolio companies:

- Community impact awareness and proactive participation;
- Energy security;
- Job creation; and
- Inclusive workplace behaviour.

The following key social assessments are included in our formal due diligence process and for completed investments, may be incorporated into incentive and management decision making structures. Where performance metrics can be readily ascertained, they will be measured and disclosed in ongoing reporting;

Social
Community impact (noise, pollution, disturbance assessment)
Community and local government engagement and consultation
Job creation and training, in particular in rural or remote regions risk areas
Energy security 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

8.4. Key Corporate Governance Considerations

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

- Consistent and ongoing compliance with regulatory and legal requirements;
- Zero tolerance of corruption and bribery;
- Environmental and health and safety compliance and "best practice" benchmarks where employee performance is aligned through employee incentive structures, training and procedures;
- Avoidance of conflicts of interest; and
- Safeguarding of personal information.

Governance
Compliance Committee oversight and monitoring
ESG policy documentation
Board transparency and separation of powers
Decision-making control
ESG-aligned, incentivised KPIs, assessment and pay structures
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 contractor supply chains and their related parties. However, we will continue to seek relevant information where practical to do so and ask for greater transparency to improve our overall assessments and protect against reputational damage for both Quinbrook and our clients.

9. Roles and Responsibilities

Oversight of and accountability for adherence to our ESG Policy and Responsible Investment practices is the primary responsibility of each director of the board of the Manager and of each member of the Investment Committee. This ESG 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 ESG team which includes representatives of both the investment and operations functions in addition to those individuals who sit on the board of the Manager and the Investment Committee. Within this team, Quinbrook has appointed an "ESG Ambassador" to be primarily responsible for implementation of Quinbrook's ESG policies in each of the Target Regions: USA, Australia, and the UK.

Adherence to and ongoing improvement of the ESG Policy and our practices and procedures, is the responsibility of every regional investment team and ultimately, every individual team member of the Quinbrook Group.

10. Stakeholder Engagement and Reporting

Quinbrook's commitment to ESG and responsible investment is an ongoing process where we continuously seek to improve and refine our procedures, reporting and impact measurement.

Quinbrook will engage with our clients and other stakeholders on the enhancement of our ESG related policies, initiatives, products and services, and seek their feedback on possible enhancements and improvements relevant to Quinbrook's investment strategy.

Quinbrook will disclose our ESG performance by reporting at least annually to our investors on our management of material ESG related risks and our measurement of positive impacts. In addition, we will continue to comply with our reporting obligations under relevant environmental laws and regulations.

We will seek to partner with organisations that are actively working to protect the environment and educate local communities about environmental issues and the benefits and the broader impacts of our investments. 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.

11. Policy Updates

This Policy 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.

In the future, we will strive to better address key indicators of investment impact around environmental and human rights issues, including better assessment of third party equipment suppliers and contractors, and their "cradle-to-grave" impacts and risks to long term investment in projects utilising their equipment and services. For example, battery raw material inputs and OH&S concerns such as flammability, toxicity, environmental hazards and end of life remediation/recycling/waste disposal is very important to understanding the overall risk/return proposition for this emerging sub-set of energy infrastructure.

Quinbrook Infrastructure Partners (Jersey) Limited

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Appendix 1: UN PRI Assessment

UN PRI Assessment Results
In 2017 Quinbrook was assessed based on its voluntary submission of ESG practices and procedures. Quinbrook received an overall 'A' rating and scored 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 We were below average in our independent promotion of responsible investment to others which we will work hard to improve over 2018. We were not assessed on our selection, appointment and monitoring of third party operators given that Quinbrook currently self manages all assets under its control.

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 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 the effective management of ESG risks; and further, that managing ESG issues effectively can avoid short-term critical issues and events that can materially impact the value of an asset or business, while creating greater value in the longer-term.

This view is increasingly backed by empirical evidence:

In 2015, a Harvard Law School Report[2] concluded that investment in ESG lowers the 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 Havard Business Review released its report "*The Comprehensive Business Case for Sustainability*"[3], 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 strong ESG practices can help to drive better performance and shareholder returns over time[4].

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 having a negative impact on business returns, following specific events such as environmental incidences or climate disaster, occupational health and safety events and hazardous waste incidents. Businesses are becoming increasingly 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 have a positive impact on investment returns when properly managed.

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

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

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