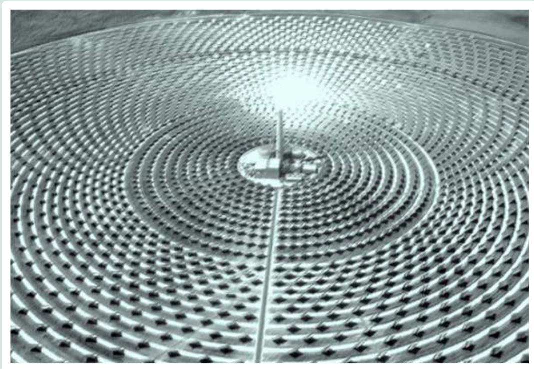
QUERCUS INVESTMENT PARTNERS

Cosa Significa Crisi Climatica Per Voi?

Lord Gregory Barker, Chairman (Quercus Group)



Bologna – 10 May 2019

Extinction Rebellion – Sorry For The Delay?

Extinction Rebellion – Ends Justify The Means?

Extinction Rebellion – Active Across Borders

School Children Join The Fight Against Climate Change

UN Climate Action Summit – New York September 2019

- Leaders should come with "concrete, realistic plans to enhance their nationally determined contribution by 2020…" - Antonio Guterres (UN Secretary-General)

- "Full and Rapid implementation of the Paris Accord crucial to protect the Arctic" – Patricia Espinosa (UN's top Climate change official)

- What happens in the Arctic, does not stay in the Arctic…………

Almost $9tn Worth Of Funds No Longer Invest in Fossil Fuels

Totals

$8.77 TRILLION

APPROX. VALUE OF INSTITUTIONS DIVESTING

How is this number calculated?

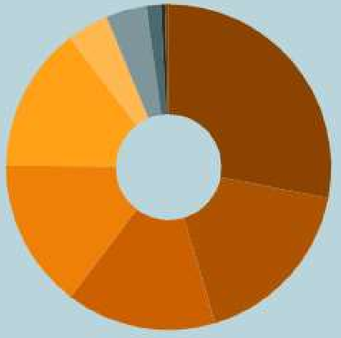
1056

INSTITUTIONS DIVESTING

58,000+

INDIVIDUALS DIVESTING ABOUT $5.2 BILLION

What kinds of institutions are divesting?



- Faith-based Organization — 28%
- Philanthropic Foundation — 17%
- Educational Institution — 15%
- Government — 15%
- Pension fund — 14%
- For Profit Corporation — 4%
- NGO — 4%
- Healthcare Institution — 1%
- Cultural Institution — 0%
- Other — 0%

Norwegian Sovereign Wealth Fund

World Council of Churches

BMA British Medical Association

CITY OF OSLO

Guardian Media Group gmg

NYC

LEONARDO DICAPRIO FOUNDATION

THE LUTHERAN WORLD FEDERATION

Rockefeller Brothers Fund

University of Glasgow

Sustainable Investing Pursued by Investors and Lobby Groups

PRI Principles for Responsible Investment

Investor Group on Climate Change

IIGCC The Institutional Investors Group on Climate Change

Climate Action 100+ Global Investors Driving Business Transition

- Portfolios with a high ESG component tend to perform better over the long term
- Environmental, Social and Governance factors now expected to form part of investment process
- Standardisation of criteria and measurement is required

Carbon Based Companies Are Changing and Re-Inventing Themselves

GLENCORE

- Will limit Coal Production to 2018 levels

BHP

- Severs ties with World Coal Association over Climate Change

bp

- Big Oil is moving aggressively into the clean economy

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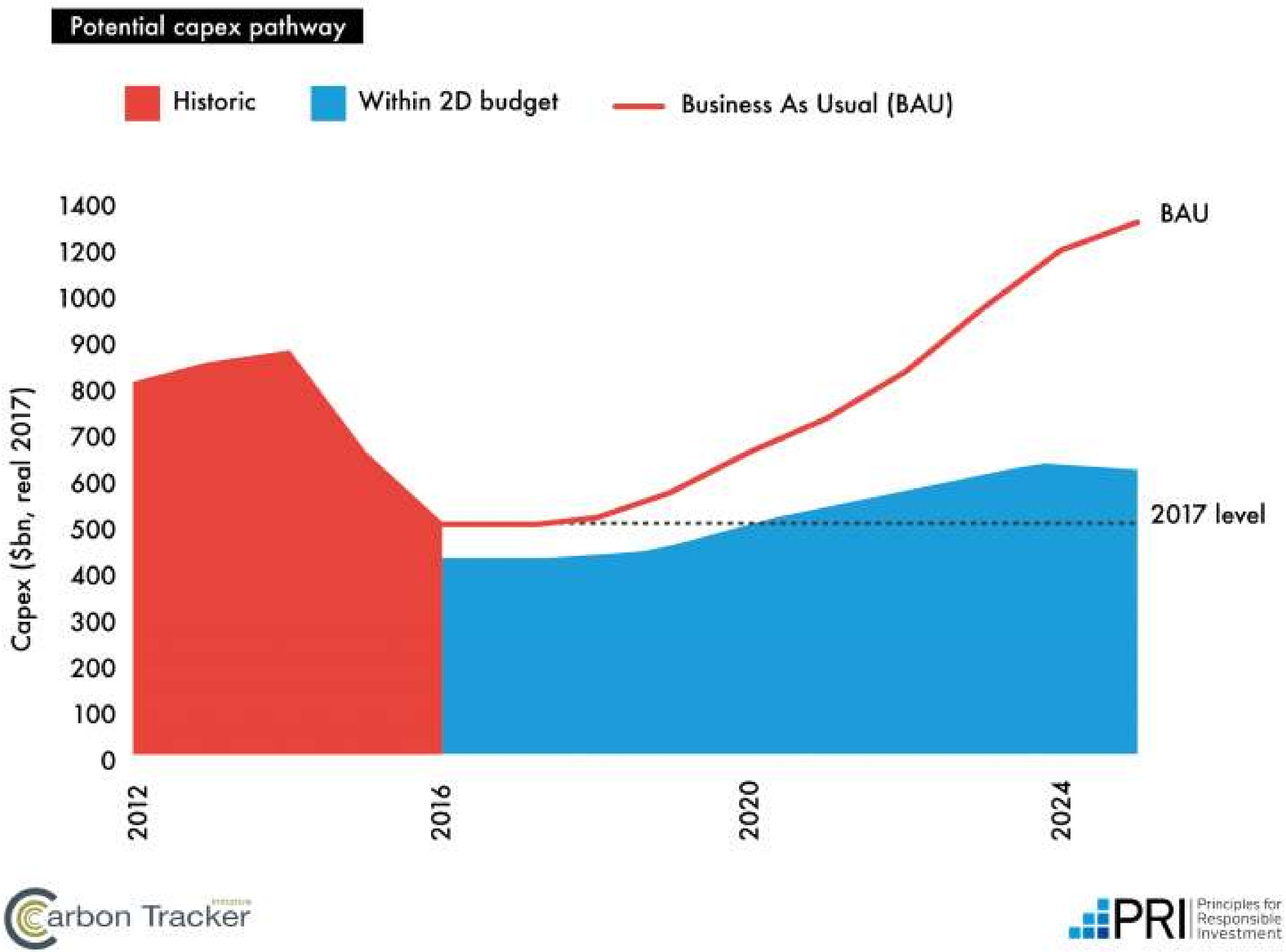
How Will Exposure to Carbon Assets Impact Your Portfolio?

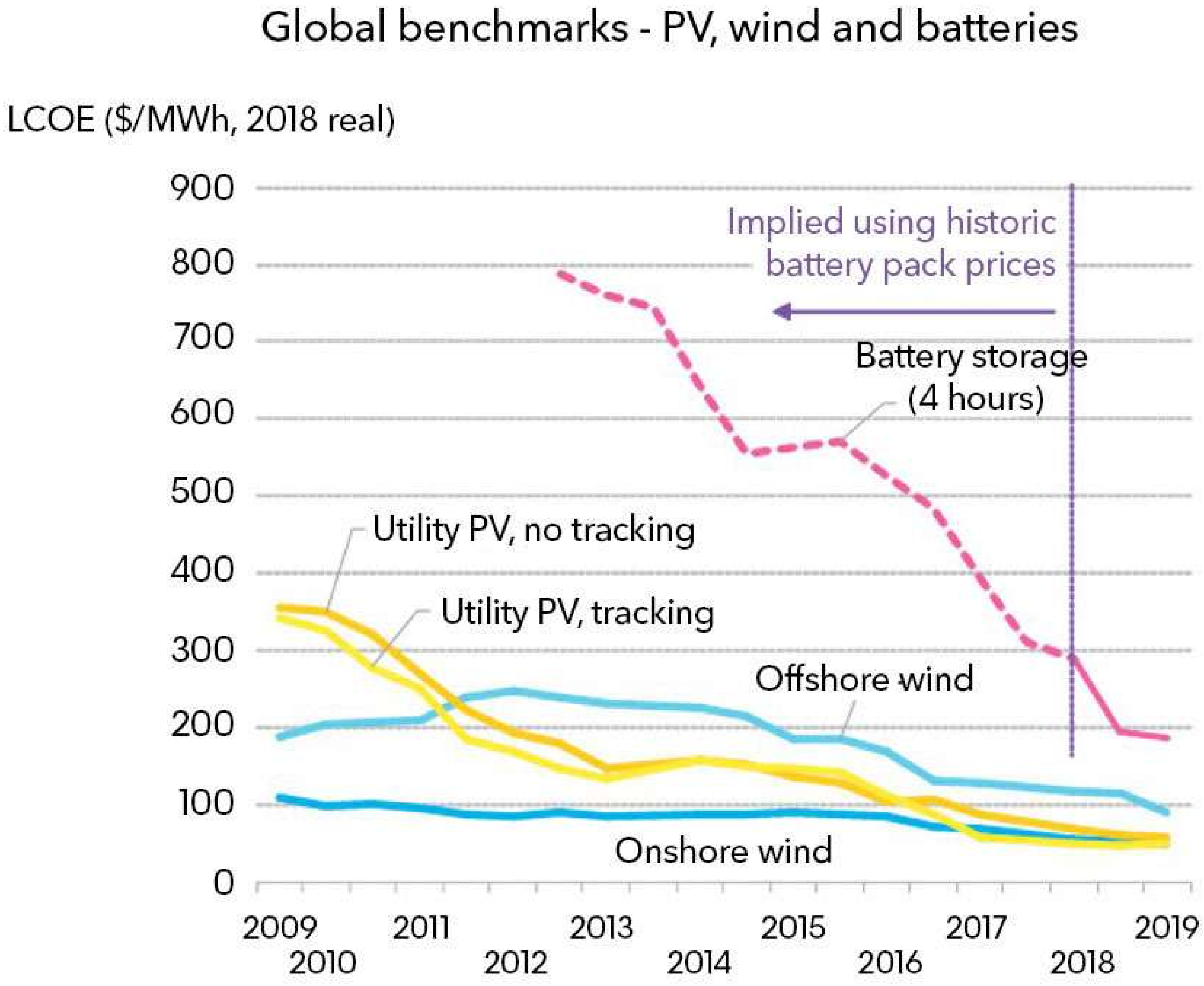


Source: Rystad Energy, CTI analysis

- €2.1tn oil/gas capex is not needed in a 2Degrees scenario
- These risk becoming "Stranded Carbon Assets" which have no market

How Should Investors Position Themselves in A Changing Market Place?

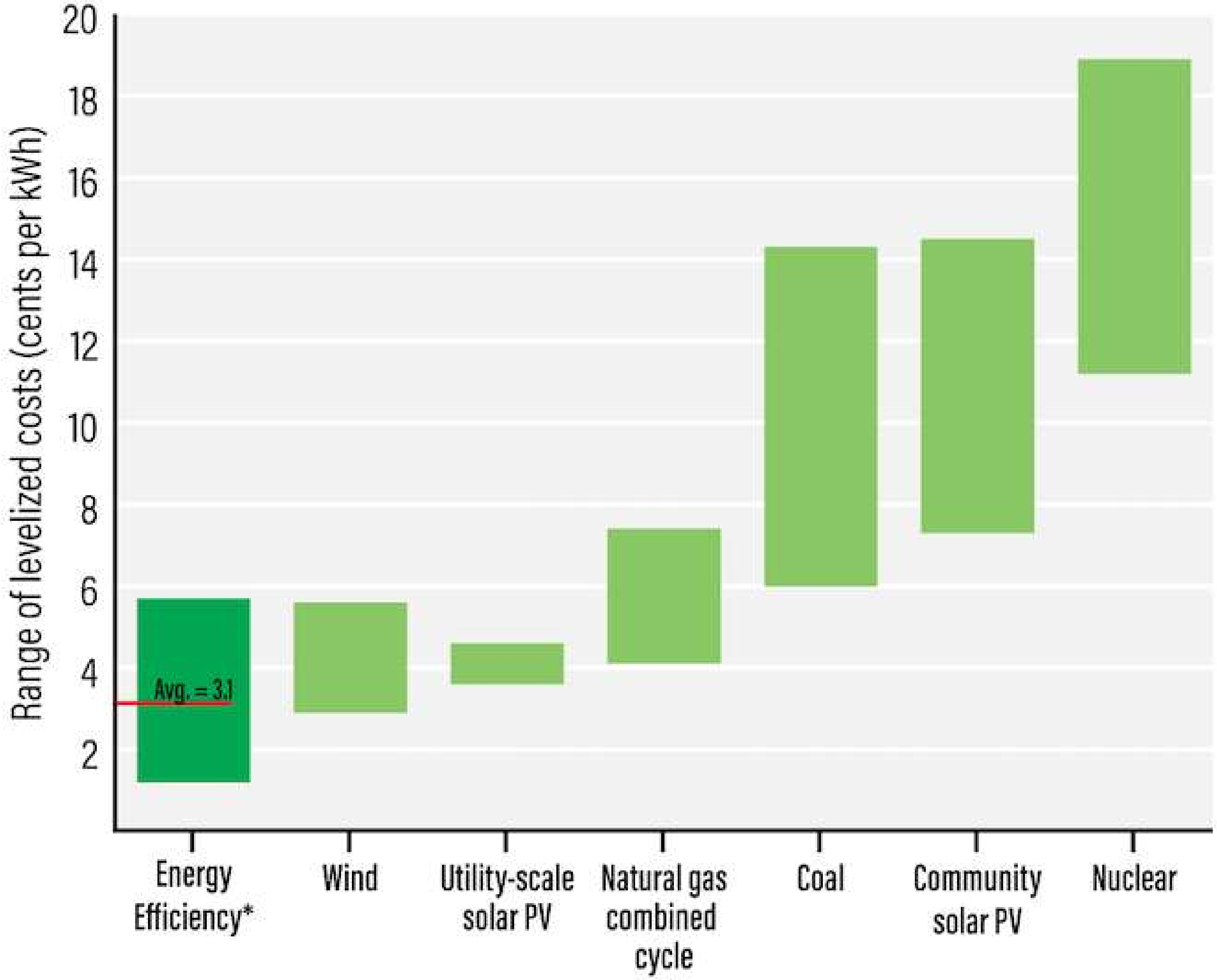
Technology Costs Have Fallen Dramatically……But Have Further To Go



Source: BloombergNEF. Note: The global benchmark is a country weighed-average using the latest annual capacity additions. The storage LCOE is reflective of a utility-scale Li-ion battery storage system running at a daily cycle and includes charging costs assumed to be 60% of whole sale base power price in each country.

- Storage expected to experience fastest declines
- Wind and solar can still be optimised
- Disruptive technologies exist in solar but have not yet commercialised

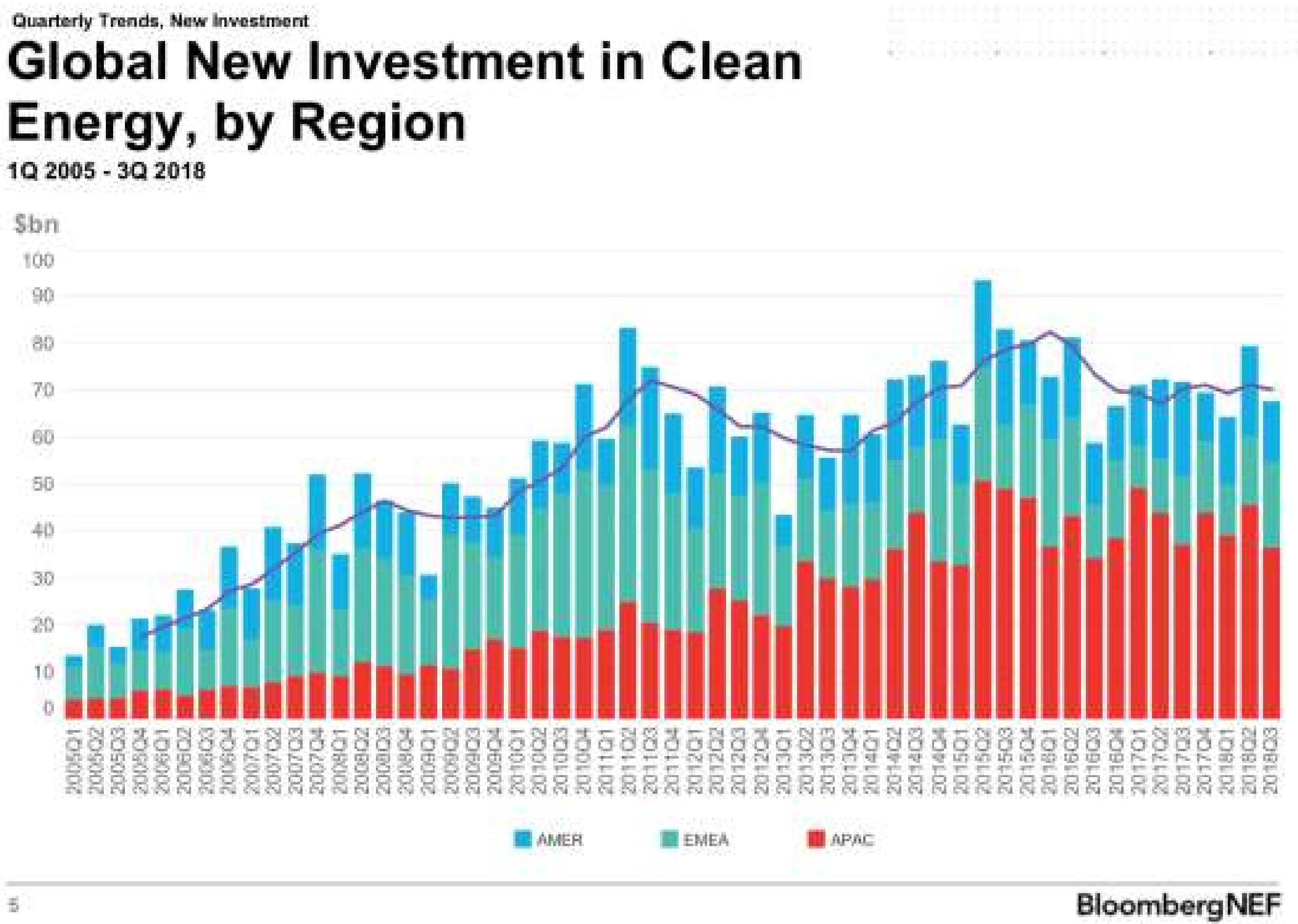
Renewables Now Cheaper than Thermal Plant



*Notes: Energy efficiency program portfolio data from Molina and Relf 2018. Represents costs to utilities or program administrators only, including shareholder performance incentives if applicable. All other data from Lazard 2018 Unsubsidized Levelized Cost of Energy Comparison.

- Onshore wind and utility scale PV are cheapest form of generation
- Grid parity projects are already being built in Southern Europe
- Technology choice is site and location specific

Europe Remains the Leader in Investment (ex-China)



Quercus Renewable Investment Outlook

- Tangible action has to come now. 32% EU wide renewables target by 2030 creates a €60bn pa starting point

- Subsidy, incentive based and technological risks have been removed from the sector

- Merchant / PPA plants will drive the next renewable phase starting from Southern Europe and moving North

Quercus Renewable Investment Outlook (2)

- Investing across the value chain helps returns in a competitive environment

- Combination of solar + storage will drive future base load generation
  - "Post 2020, there may never be another [gas] peaker built…………………….. you will just be building energy storage instead" (Leading utility CEO)

- Quercus was created to achieve all social targets while delivering long term, stable and recurring yield

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APPENDIX – Example of Melting Ice-Caps

Arctic Ocean 1915

Arctic Ocean 2018