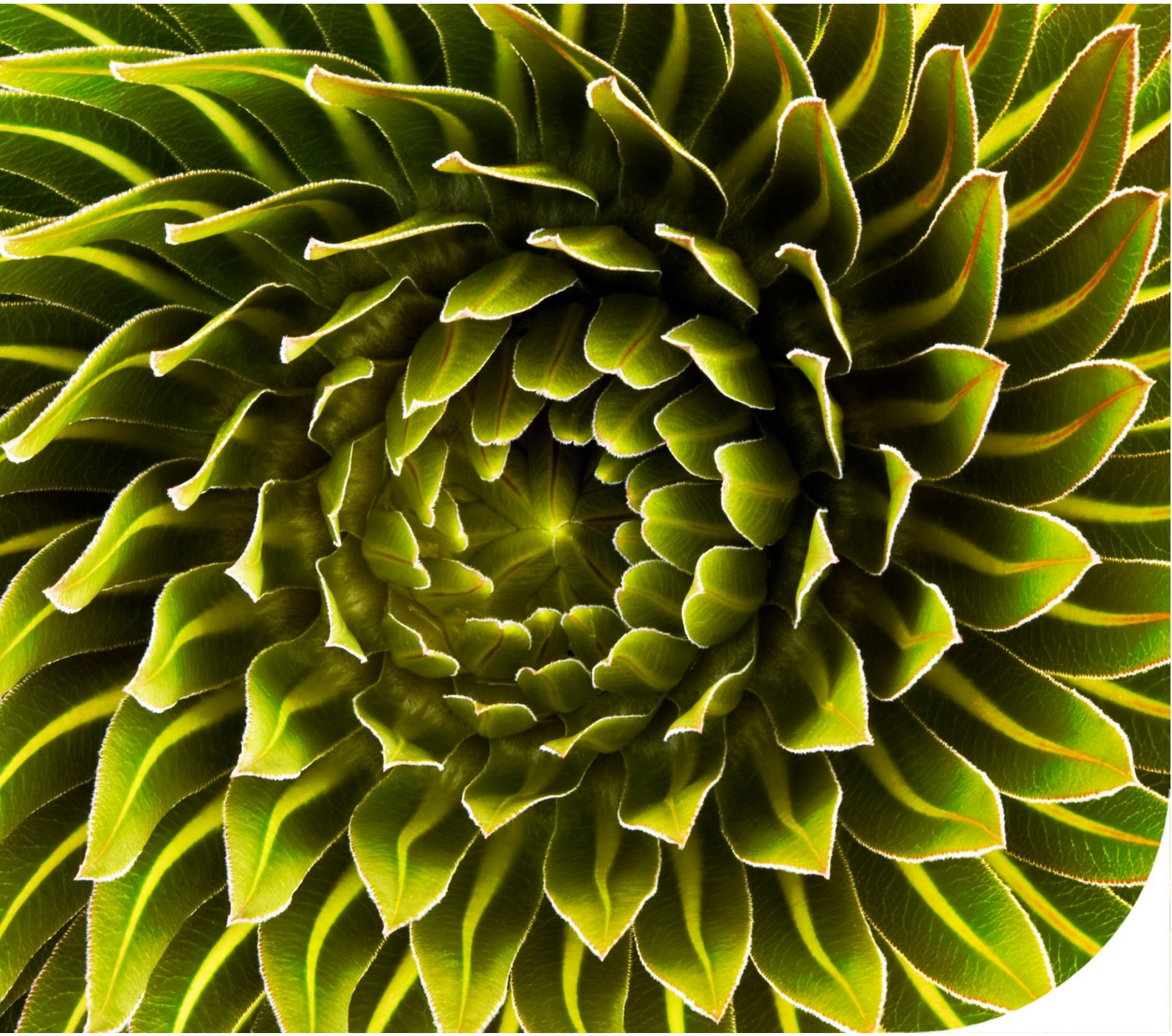
Sustainability-related disclosure

QFS SICAV – European Small Cap



Management Company:
Union Investment Luxembourg S.A.

Quoniam Asset Management GmbH

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A Summary

Environmental or social characteristics of the financial product

The fund primarily invests in assets that have been selected in accordance with sustainability criteria. Sustainability criteria comprise environmental (E) and social (S) standards and aspects of good corporate or state governance (G). The relevant criteria include carbon emissions, protection of natural resources, biodiversity and water habitats (environmental), anti-corruption measures, tax transparency (governance) and occupational health and safety (social). While taking account of environmental and social criteria, the fund invests in assets from issuers that apply good governance practices.

Investment strategy

The fund’s investment strategy pursues an ESG approach that takes account of a range of sustainability indicators (consisting of indicators for sustainable transformation and exclusion criteria) to ensure that the fund has a focus on sustainability. Screening criteria are set for the acquisition of certain assets of the fund.

The sustainability indicators may include environmental, social, governance, sustainable business and controversy dimensions depending on the type of issuer or the portfolio and assesses the ESG profile of the issuer or the portfolio. As part of the investment strategy, principal adverse impacts on sustainability indicators are also taken into account.

No benchmark has been defined to ascertain whether the fund is aligned with the advertised environmental and/or social criteria.

The fund’s assets are divided into different categories. The first category “Aligned with E/S characteristics“ comprises assets aligned with environmental or social characteristics. In addition, the category “Other” is disclosed, which includes assets that do not take environmental and/or social characteristics into account.

Methods as well as monitoring of ecological and/or social characteristics

The fulfilment of the fund’s environmental and social criteria is measured by means of sustainability indicators. The portfolio managers, for example, analyze the individual assets for compliance with the exclusion criteria defined under the investment strategy. The sustainability indicators of this fund are as follows:

- Exclusion criteria
- Indicators for sustainable transformation

Data used for the analysis of issuers and/or assets with respect to sustainability indicators are obtained from third parties. A range of providers is utilised to ensure the highest possible level of data quality.

Due diligence and engagement

Quoniam (the Company) is committed to the fiduciary principle and acts exclusively in the interests of the investors. This principle is integrated into the Company's business processes. Generally, the company acts as a responsible and active asset manager, either alone or in association, in order to enter into a constructive dialog with the companies invested in (engagement/participation policy). The aim is to actively influence companies with regard to opportunities and risks related to ESG factors.

By exercising its shareholder and creditor rights, the Company can promote good governance at the companies' general meeting. The basis for voting behaviour is the current Proxy Voting Policy (Union Investment voting policy). While the Proxy Voting Policy provides a framework for voting behaviour, the Engagement Policy forms a guideline for direct corporate dialogue as part of engagement activities, from which deviations are only made in justified individual cases.

B No sustainable investment objective

This financial product promotes environmental and/or social characteristics. Although the fund does not have sustainable investment as its objective, it does make partial sustainable investments. A sustainable investment, within the meaning of Article 2(17) of Regulation (EU) 2019/2088 (the “Disclosure Regulation”), is an investment in an economic activity that contributes to the achievement of an environmental and/or a social objective.

C Environmental or social characteristics of the financial product

The fund invests primarily in assets issued by companies that are on a transformation path. These are companies (so-called “transformation companies”) that are on a clear and measurable path toward an environmental and/or social transition. The company has defined various transformation criteria for these environmental and/or social characteristics that indicate a transformation. These include, among other things, a company’s decarbonization measures or the climate targets it has set, investments in sustainable projects, and a company’s potential to transform its business model in a sustainable manner. These companies also adhere to good corporate governance practices.

D Investment strategy

Investment strategy to fulfil the environmental and/or social characteristics of the financial product

The fund's investment strategy follows an ESG approach, in which the sustainable orientation of the fund is to be ensured by taking into account various sustainability indicators.

Exclusion criteria are set for the acquisition of certain assets of the fund. These criteria are described in the section "Methodologies".

First, ESG screening excludes companies from the investment universe based on their controversial business practices or activities. These exclusion criteria are based on internationally recognised standards such as the Oslo Convention on the Prohibition of Cluster Munitions or the UN Global Compact Principles and are regularly reviewed by the portfolio manager.

In ESG integration, various sustainability metrics are used in portfolio construction. For example, by specifically selecting companies with a better sustainability profile or lower CO2 intensity, the fund’s ESG risk is reduced. In addition, the past, present, and announced sustainability activities of companies—as issuers of the assets—are analyzed using a transformation-based approach. This involves examining the extent to which the companies are on a clear and measurable transformation path. As part of the investment process, these sustainability metrics are regularly optimized to ensure that all key indicators are taken into account simultaneously.

As part of the investment strategy, the principal adverse impacts on sustainability indicators are also taken into account

Policy for assessing the good governance practices of the companies in which investments are made

For the acquisition of securities within the framework of the sustainable investment strategy of the fund, it is required that the issuers of these securities apply good corporate governance practices. To this end, exclusion criteria are defined that are based on the ten principles of the United Nations Global Compact.

The ten principles of the Global Compact include guidelines for dealing with responsibilities in the areas of human rights, labour, environment and anti-corruption. Companies should respect the protection of international human rights and ensure that they are not complicit in human rights abuses. They should work for the abolition of child labour and the elimination of all forms of forced labour, as well as the elimination of discrimination in respect of employment and occupation. They shall accelerate the development and proliferation of environmentally friendly technologies, promote environmental awareness and follow the precautionary principle in dealing with environmental problems. They shall work against corruption in all its forms, including extortion and bribery.

Moreover, in the context of ESG engagement, issuers in whose securities the fund is already invested are required to comply with good corporate governance standards with regard to, among other things, shareholder rights, the composition and remuneration of the Board of Management and Supervisory Board, capital measures, auditors and transparency. To this end, the corporate governance of issuers is analyzed. This analysis is based, for instance, on the annual reports published by the issuers and is supported by data from various providers and research by proxy advisors.

Furthermore, the Company promotes good corporate governance through the exercise of shareholder rights at the issuers' Annual General Meetings. Further information can be found here.

E Proportion of investments

The assets of the fund are divided into different categories in the chart below. The respective share of the fund's assets is shown as a percentage.

“Investments" means all assets that can be acquired by the fund excluding borrowings and other liabilities.

The category "#1 Aligned with E/S characteristics” includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The category "#2 Other" includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable, for example, derivatives, bank deposits or financial instruments for which there is not enough data to be able to evaluate them for the sustainable investment strategy of the fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This fund does not seek to make sustainable investments.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

This fund does not seek to make sustainable investments.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

F Monitoring of environmental or social characteristics

The fulfilment of the fund's environmental and/or social criteria is measured via the sustainability indicators. The sustainability indicators are described in the "Methodologies" section.

Within the framework of the investment process, these sustainability indicators are continuously determined and aggregated at portfolio level. Compliance with the exclusion criteria as defined in the investment strategy is implemented through corresponding systematic analyses as part of the portfolio construction. In order to monitor and control the individual investments, the sustainability indicators relevant to the investment strategy are also reported at fund level.

Technical control mechanisms are also implemented in our trading systems to monitor and ensure investment restrictions defined in the investment strategy to fulfil the fund's environmental and social characteristics (e.g. the application of exclusion criteria and minimum requirements for sustainability ratios).

G Methodologies

The achievement of the fund's environmental and/or social criteria is measured by sustainability indicators. The sustainability indicators of this fund are:

Exclusion criteria

The company establishes exclusion criteria for the acquisition of certain assets.

Among other things, securities and money market instruments issued by companies that do not comply with the ten principles of the United Nations Global Compact are generally excluded. The company analyzes the business activities of these companies with respect to all of these principles. Securities and money market instruments issued by companies that engage in controversial business practices as defined by these principles are not acquired. Controversial business practices include, for example, serious violations of the International Labor Organization’s (ILO) core labor standards—including the fundamental principles regarding child labor and forced labor—or violations of the Universal Declaration of Human Rights or Transparency International’s guidelines on preventing and combating corruption.

Furthermore, securities and money market instruments issued by companies are generally excluded if they

- generate revenue related to controversial weapons or nuclear weapons/systems,
- currently generate revenue related to the extraction of thermal coal,
- generate revenue from the cultivation and production of tobacco,
- generate more than 10 percent of their revenue from military equipment, or
- generate more than 5 percent of their revenue from tar sands or fracking.

or for which a systematic analysis has identified only limited potential for transformation.

Assets of companies that generate more than 25 percent of their revenue from coal-fired power generation and lack an adequate climate strategy are also excluded. This does not apply to the purchase of EU Green Bonds or other Green Bonds issued by these companies.

This does not apply to

- derivatives used to hedge capital market risks and for efficient portfolio management
- EU Green Bonds, other Green Bonds, Social Bonds, and Sustainability Bonds.

The aforementioned exception for “use of proceeds” instruments does not apply if the issuing company violates the principles of the United Nations Global Compact (UNGC) or the Guidelines of the Organization for Economic Cooperation and Development (OECD) for multinational enterprises.

Securities and money market instruments issued by governments are excluded if the government - is classified as “not free” according to the Freedom House Index, - has a very high level of corruption (exclusion of the bottom 20% as measured by Transparency International’s “Corruption Perceptions Index”), or - has a high greenhouse gas intensity.

Indicators for Sustainable Transformation

To measure companies’ transformation trajectories, the firm has established indicators for sustainable transformation. These are based on five dimensions that the firm has defined to analyze whether a company is undergoing an environmental and/or social transition.

Each company in which the fund invests receives a score in each of the five transformative dimensions (decarbonization, enablement, investment, improvement, potential).

H Data sources and processing

Data used to analyse issuers and/or assets with regard to sustainability indicators are obtained from external service providers. Various service providers (e.g. MSCI ESG Research LLC) are used in order to benefit from the highest possible data quality.

Providers of sustainability data are checked during the selection process with regard to the quality of the data they are to supply. Controls are carried out as part of the delivery of data. In particular, this involves checking the regular receipt of data and whether data has been delivered in the manner defined by the company. In addition, it is checked whether the data supplied has been correctly imported into the Company's internal systems.

Raw data flows into portfolio management software, which processes the corresponding data automatically. On the basis of these results, it can be checked for the fund, for example, whether the specified target values are being met at portfolio level.

Only a very small proportion of this data is estimated due to a lack of reporting at company level. Estimates would be based on average values of industries or sectors.

I Limitations to methodologies and data

Currently, only certain companies are required to publish sustainability information in their annual reports. Where a complete assessment of the companies and/or assets with regard to the fulfilment of the environmental and social characteristics is not possible due to a lack of data availability, own research can be used with regard to significant violations of the exclusion criteria.

Furthermore, content that is more difficult to measure or quantify due to a lack of reporting is addressed in the context of company dialogues. The analyses of the issuers and/or assets of the fund as well as the engagement take place on a regular basis, regularly, i.e. as circumstances require. Further information on engagement can be found in the section "Engagement Policy".

Despite the partially limited data situation, it can therefore be achieved through the measures described that the ecological and/or social characteristics advertised with the financial product are fulfilled.

J Due diligence

The Company is committed to the fiduciary principle and acts exclusively in the interests of the investors. This principle is integrated into the Company's business processes. For this purpose, an internal guideline and process system has been established, which must be adhered to by all units and is monitored by the responsible compliance department in a risk-oriented manner.

In addition to complying with the relevant applicable laws and regulatory requirements, the Fund's sustainable investment process is guided by leading national and international standards that serve as a benchmark for action.

The Company relies in particular on the following sets of rules:

- the United Nations Principles for Responsible Investment (PRI)
- the UN Global Compact
- the Oslo Convention on the Prohibition of Cluster Munitions
- the Ottawa Convention on the Prohibition of Anti-Personnel Mines
- the BVI Code of Conduct

During the acquisition and ongoing analysis of the Fund's assets, sustainability risks are taken into account as part of the Company's general due diligence obligations and in the risk analysis.

K Engagement Policy

As part of the fund's investment strategy, the Company aims to engage in constructive dialogue with the invested companies, either alone or in association, as a responsible and active asset manager. This approach is referred to as engagement. The aim is to actively influence companies on opportunities and risks related to ESG factors.

Responsible corporate governance is expected, which not only takes into account purely economic targets, but also social, ethical and environmental aspects. These targets are particularly supported by society if they promote the long-term interests of shareholders and creditors and thus the long-term value of the company. Companies are required to comply with good corporate governance standards with regard to shareholder and creditor rights, composition and remuneration of the executive board and supervisory board, capital measures, auditors and transparency, among other things.

By exercising its shareholder and creditor rights, the Company can advocate for good governance at the companies' general meeting. The analysis required for this is supported by data from various providers and research from proxy voting advisors. The basis for voting behaviour is the current Union Investment Proxy Voting Policy.

While the Proxy Voting Policy provides a framework for voting behaviour, the Engagement Policy forms a guideline for direct corporate dialogue as part of engagement activities, from which deviations are only made in justified individual cases. Both policies are updated annually and can be found at this link.

In this way, a positive contribution is to be made to sustainably increasing the value of the company as well as to responsible corporate governance.

In the event of serious violations of, for example, the principles of the UN Global Compact or the labour standards of the International Labour Organization (ILO), and if no positive result has been achieved through engagement dialogues with issuers, it may in extreme cases lead to the exclusion of issuers from the investment universe.

L Designated Benchmark

No benchmark has been defined to ascertain whether the fund is aligned with the advertised environmental and/or social criteria.

List of amendments:

May 04, 2025: Initial publication

May 21, 2025: The investment approach was shifted to a transformation approach. In addition, the investment process was further defined. Furthermore, the exclusion criteria were listed in detail. Editorial changes were also made.

June 31, 2026: Editorial revisions

October 26, 2026: Editorial revisions