

Statement on principal adverse impacts of investment decisions on sustainability factors

As of June 2025



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Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Quoniam Asset Management GmbH

LEI 529900RV1LDX26KPSN17

Summary

Quoniam Asset Management GmbH (LEI 529900RV1LDX26KPSN17) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Quoniam Asset Management GmbH (hereinafter 'Company' or 'Quoniam').

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024.

Sustainability is an essential part of Quoniam's identity. To live up to this identity, the consideration of the principal adverse impact on sustainability factors ('Principal Adverse Impact' or hereinafter 'PAI') in investment decisions is firmly anchored. PAI are considered when acquiring securities, money market instruments and investment fund units. Indicators used to determine these adverse impacts on sustainability factors through investments in companies are derived from the following categories: Greenhouse Gas Emissions, Biodiversity, Water, Waste, and Social and Employee Matters. For investments in securities and money market instruments issued by sovereigns, indicators in the environmental and social and employment categories are considered.

When selecting securities and money market instruments from companies and when acquiring investment fund units, PAI are taken into account in particular through the principle of ESG integration, application of company-wide exclusion criteria and, where our mandate provides for it, collaborative engagement. ESG integration is the systematic consideration of sustainability factors in key steps of the research and investment process. Within this context, a variety of sustainability factors are analyzed simultaneously with financial metrics in portfolio construction, with PAI also being incorporated to inform investment decisions. For portfolios with a sustainable investment strategy designed to reduce PAI through investment decisions, the measures are complemented by further PAI-relevant exclusion criteria. In addition, for sustainable portfolios, different sustainability metrics such as greenhouse gas emissions are managed as part of the portfolio construction. Depending on the type of issuer, the sustainability indicators can cover the dimensions of environment, social, governance, sustainable business activities and controversies, and thus assess the sustainability profile of the issuer. The aforementioned PAI categories are also taken into account when determining the sustainability indicators.

The assessment of investments in terms of their PAI on sustainability factors is based both on sustainability data from external ESG data providers and, in addition, on internal analyses. Data coverage has improved only marginally compared to the previous year. Where a full assessment of adverse impacts is not possible due to lack of data availability, own research can be used to improve information coverage.

Quoniam sees itself as an active and responsible investor. The company considers it its duty to represent the interests of investors in relation to the companies. This also includes actively influencing the companies to avoid risks and to promote sustainability, provided this is covered by the respective mandate. The measures are specifically adapted to individual engagement activities and the investment object. Quoniam expects companies to address the environmental and social factors that impact and are material to their business and to take these into account in their business activities and in their interactions with stakeholders.

As an active asset manager, the company implements the results of its ESG analyses in the securities portfolios. In extreme cases, this can lead to the exclusion of issuers from the investment universe, for example in the case of serious violations of the principles of the UN Global Compact, if no positive result can be achieved through engagement dialogues with issuers.

Beyond the application of applicable laws and regulatory requirements, Quoniam's approach to responsible investing is guided by leading national and international standards (such as the United Nations Principles for Responsible Investment (PRI) and the UN Global Compact), which serve as a benchmark for decision-making. PAI relevant to the company are also derived from these principles. The understanding of values and the principles for engagement are based on the BVI Code of Conduct (BVI 2019).

As a fiduciary of its clients' assets, Quoniam wants to make an effective contribution to combatting climate change and financing a sustainable transformation of the economy. The company has therefore adopted a climate strategy with a view to the Paris Agreement in order to expand its own commitment to climate protection and manage client assets in a future-orientated manner. In the securities portfolio, the aim is to achieve climate neutrality by 2050, provided this is in line with the mandate we have been given. This goal follows the aspiration to limit global warming to as close to 1.5 degrees as possible compared to pre-industrial times. This long-term goal is achieved through binding interim targets that are implemented within the framework of the Net Zero Asset Manager Initiative. To ensure that these interim targets are met, the emissions financed by Quoniam are monitored regularly. We expect companies that we address through engagement and stewardship activities as part of our climate strategy to reduce their emissions accordingly.

Description of the principal adverse impacts on sustainability factors
Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope-1-GHG emissions	1,079,554.72 tCO2	1,249,867.70 tCO2	<p>For the indicators applicable to investments in investee companies, the eligibility is determined by the proportion of corporate holdings in relation to all investments. These corporate holdings account for 94.77% of all investments.</p> <p>Data on all investments in companies are currently not available comprehensively and in sufficient quality. The share of investments covered by data in relation to all investments is 91.02%.</p>	<p>Our general approach Quoniam is committed to contributing to the goals of the Paris Agreement and achieving net zero emissions by 2050. As a signatory to the Net Zero Asset Managers Initiative, we have committed to reduce our portfolio emissions by 50% in terms of intensity and in absolute terms by 2030 compared to our December 2018 baseline. We have also earmarked 35% of our total assets under management (AUM) to be managed according to Net Zero principles (as of 31 December 2024). We follow rigorous screening, integration and engagement processes to meet these commitments.</p> <p>Integration As part of portfolio construction, we manage CO2 intensity at portfolio level for all our portfolios. We aim for a 5% reduction for all our investments compared to the relevant benchmark, and a 20% reduction for sustainably managed portfolios.</p>
		Scope-2-GHG emissions	195,016.41 tCO2	261,890.03 tCO2	The share of investments covered by data in relation to all investments is 91.02%.	

Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
	Scope-3-GHG emissions	15,066,011.03 tCO2	14,970,333.01 tCO2	The share of investments covered by data in relation to all investments is 91.02%.	<p>Engagement In 2024, Quoniam's ESG priorities focused thematically on greenhouse gas emissions, with an emphasis on companies' commitment to climate action to achieve the 1.5 degree target. We advocated for better reporting on companies' transformation pathways in line with the Paris climate targets. To further strengthen our commitment, we participate in initiatives such as Climate Action 100+, Transition Pathway Initiative, the Net Zero Asset Managers Initiative (NZAM) and the Institutional Investors Group on Climate Change (IIGCC).</p> <p>In addition, an active dialogue is conducted with the relevant companies as part of the engagement. This involves discussing whether and how these companies can achieve climate neutrality by 2050 at the latest and phase out coal-fired power generation before 2035. Furthermore, a strategy for dealing with investments in the production and processing of oil and gas is being developed as part of our climate strategy. Thus, a responsible, gradual reduction in the financing of these business models will be aimed for in the coming years.</p>
	Total-GHG-emissions	16,340,582.16 tCO2	16,482,090.74 tCO2	The share of investments covered by data in relation to all investments is 91.02%.	
2. Carbon footprint	Carbon footprint	767.20 tCO2/mn EUR	784.24 tCO2/mn EUR	The share of investments covered by data in relation to all investments is 91.02%.	
3. GHG intensity of investee companies	GHG intensity of investee companies	1,330.20 tCO2/mn EUR	1,419.70 tCO2/mn EUR	The share of investments covered by data in relation to all investments is 91.53%.	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	11,63%	13,28%	The share of investments covered by data in relation to all investments is 91.55%.	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy	Non-renewable energy consumption: 32.36 % Non-renewable energy production: 3.21 %	Non-renewable energy consumption: 16.84% Non-renewable energy production: 3.82%	The share of investments covered by data in relation to all investments for: Non-renewable energy consumption: 55.74% Non-renewable energy production: 87.64%	

Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Agriculture, Forestry, and Fishing: 0.00	0,00	The share of investments covered by data in relation to all investments is 39.54%. Applicable coverage only considers corporate assets within industry sectors that are in the data collection scope for the relevant indicator: 48.95%	
		Mining and Quarrying: 0.02	0,01	*The significant deviation compared to the previous year is mainly due to the value reported by one issuer. As this value deviates significantly from the previous year's value, it can be assumed that the issuer reported an error. The indicator value was corrected significantly downwards in the company's sustainability report published in 2025, meaning that a less extreme value can be expected for the upcoming PAI report. Disregarding this issuer, the value of the indicator is 0.08.	
		Manufacturing: 28,228.59*	0.04		
		Electricity, Gas, Steam and Air Conditioning Supply: 0.05	0,04		
		Water Supply, Sewerage, Waste Management and Remediation Activities: 0.00	0,00		
		Construction: 0.00	0,00		
		Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles: 0.00	0,00		
		Transportation and Storage: 0.01	0,00		
		Real Estate Activities: 0.01	0,00		

Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Biodiversity	7. Activities negatively affecting biodiversity – sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity – sensitive areas where activities of those investee companies negatively affect those areas	0,16%	0,12%	The share of investments covered by data in relation to all investments is 91.19%	<p>With regard to biodiversity protection, Quoniam expects companies to assess and report on their key impacts and dependencies on nature. This is especially true for companies for whose business activities the issue of biodiversity is particularly relevant: agriculture, oil and gas, basic and consumer goods, metals and mining, and utilities.</p> <p>Companies involved in serious controversies affecting biodiversity in sensitive areas are reviewed by Quoniam's SI Committee, which then decides whether to exclude them from the investment universe.</p> <p>As part of the collaborative engagement process, we engage in dialogue with companies and exercise voting rights when requested. ESG thematic focus areas for 2025 include biodiversity issues, such as deforestation in particular.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 (t/mn EUR)	0.00 (t/mn EUR)	The share of investments covered by data in relation to all investments is 3.07%.	Where relevant, issues such as water risk management and the assessment and disclosure of a company's environmental impacts are addressed as part of the engagement. In portfolios with a sustainability strategy, the ESG profile of an issuer in the environmental sector is measured not only based on greenhouse gas emissions, but also on water intensity, waste intensity, and other factors, and is managed at the portfolio level. The aim is to achieve a 20% reduction relative to the respective benchmark.

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	46.46 (t/mn EUR)	50,14 (t/ Mio. EUR)	The share of investments covered by data in relation to all investments is 40.91%.	Where relevant, issues such as preventing or minimizing environmental damage (for example from hazardous waste) and assessing and disclosing the company's environmental impacts are addressed as part of the engagement. In portfolios with a sustainability strategy, the ESG profile of an issuer in the environmental sector is measured not only based on greenhouse gas emissions, but also on water intensity, waste intensity, and other factors, and is managed at the portfolio level. The aim is to achieve a 20% reduction relative to the respective benchmark.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	3,89%	3,12%	For the indicators applicable to investments in investee companies, the eligibility is determined by the proportion of corporate holdings in relation to all investments. These corporate holdings account for 94.77% of all investments. Data on all investments in companies are currently not available comprehensively and in sufficient quality. The share of investments covered by data in relation to all investments is 91.19%.	Direct investments in companies involved in controversial business practices such as human rights or labour rights violations are generally excluded. The assessment is based on information from external data providers and internal research. In the event of serious violations and if no positive result can be achieved through engagement dialogues with issuers, the issuer is excluded from the investment universe.

Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	10,57%	13,41%	The share of investments covered by data in relation to all investments is 79.59%.	The PAI indicator is taken into account as part of the engagement. Attention is paid to whether the companies have developed clear guidelines for dealing with sustainable issues. The companies should fulfil their due diligence obligation to review and monitor the effectiveness of the implemented mechanisms, systems and processes in the company and in the value chain.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	1,01%	0,70%	The share of investments covered by data in relation to all investments is 10.29%.	Due to the still unsatisfactory data situation, the PAI indicator is taken into account indirectly by monitoring labor rights controversies.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	28,15%	26,85%	The share of investments covered by data in relation to all investments is 71.67%.	As part of proxy voting, attention is given to ensuring appropriate diversity on the Executive and Supervisory Boards. This includes consideration of gender, age structure, professional experience, and cultural background. Gender diversity on the Supervisory Board should amount to at least 30 percent. In addition, the company is expected to report regularly on its diversity policy, including measures and progress across the organisation as a whole.

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,00%	0,00%	The share of investments covered by data in relation to all investments is 91.62%.	Direct investments in companies involved in the production of controversial weapons are generally excluded.
INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS						
Environmental	15. GHG intensity	GHG intensity of investee countries	4.3532 (tCO2/mn EUR GDP)	0.2994 (tCO2/mn EUR GDP)	For the indicators applicable to investments in sovereigns and supranationals, the eligibility is determined by the proportion of sovereign and supranational holdings in relation to all investments. These sovereign and supranational holdings account for 2.53% of all investments. The share of investments covered by data in relation to eligible investments is 1.40%.	<p>Countries with very poor sustainability ratings are excluded from the investment universe. In the ratings used, greenhouse gas emissions are a relevant factor.</p> <p>As part of portfolio construction, we manage CO2 intensity at portfolio level for all our portfolios.</p> <p>We aim for a 5% reduction for all our investments compared to the relevant benchmark, and a 20% reduction for sustainably managed portfolios.</p>
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0,01%	0,00%	The share of investments covered by data in relation to all investments is 0.14%.	Countries with very poor sustainability ratings are excluded from the investment universe. In portfolios with a comprehensive sustainability strategy, countries assessed as 'unfree' according to Freedom House are also excluded.

Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period	
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	NA	NA	NA	The Company does not make investments in real estate.
Energy-efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	NA	NA	NA	The Company does not make investments in real estate.

Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period	
OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS						
Emissions	19. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	39,84%	41,44%	<p>Data on all investments in companies are currently not available comprehensively and in sufficient quality.</p> <p>The share of investments covered by data in relation to all investments is 91.50%.</p>	<p>In portfolios managed using the Company's so-called 'climate signal', the minimum share of investments from issuers with climate targets must be at least 51%.</p> <p>In line with the Paris Agreement on climate change and membership in the Net Zero Asset Manager Initiative, Quoniam is committed to reducing greenhouse gas emissions from managed securities to net zero by 2050, to the extent consistent with the mandate given to us. This target is in line with the goal of limiting global warming to 1.5 degrees compared to pre-industrial times.</p> <p>As part of the commitment, the Company continuously reviews the issuers in the portfolios for their performance against the various sustainability metrics.</p> <p>All companies are expected to set appropriate climate targets and implement them consistently. Depending on their business model, some companies find this easier than others. Within the framework of the active engagement approach and in cooperation with initiatives such as Climate Action 100+, the Company works to ensure that the transformation process begins or is accelerated within defined timeframes, particularly for the largest CO₂ emitters. If companies persistently refuse the necessary transformation and active engagement does not lead to the desired outcome, the SI Committee will consider excluding them from the investment universe in order to protect client assets.</p>

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Anti-corruption and anti-bribery	20. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	0,02%	0,03%	The share of investments covered by data in relation to all investments is 91.19%.	<p>Direct investments in companies with controversial business practices, including corruption, are generally excluded</p> <p>In the engagement process, attention is paid to whether companies have developed clear guidelines for addressing sustainability issues, including the prevention of corruption. Companies are expected to fulfil their due diligence obligations by reviewing and monitoring the effectiveness of implemented mechanisms, systems, and processes within the company and along the value chain.</p> <p>In addition, factors such as corruption, compliance, transparency, and risk management influence the ESG score, which is taken into account as part of ESG integration.</p>

The values in the columns 'Impact' represent an average of the impacts on 31 March, 30 June, 30 September and 31 December of respective year.

The reference is the value of all the company's investments, which include both direct and indirect (e.g. through funds) investments in companies or countries, bonds, equity instruments, loans, or other securities.

The clarification by ESMA resulted in an adjustment to the methodology here: the values for 2022 were calculated in relation to the relevant investments (companies or countries), meaning that the values for 2022 and 2023 are not directly comparable.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Sustainability is an essential part of Quoniam's identity. In order to live up to this identity, the consideration of PAI is firmly anchored in investment decisions. PAI are taken into account when acquiring securities, money market instruments and investment units. Indicators used to determine PAI on sustainability factors through investments in companies are derived from the following categories: Greenhouse Gas Emissions, Biodiversity, Water, Waste, and Social and Employment. In the case of investments in securities and money market instruments of governments, indicators in the categories of environment and social affairs and employment are considered.

In addition to the mandatory indicators defined by law, Quoniam has defined two other indicators for the purpose of assessing PAI, taking into account the availability and quality of data and its investment universe: Investments in companies without carbon emission reduction initiatives and cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery.

Quoniam has established environmental, social and governance criteria in the investment process and anchored the management of the key issues in dealing with sustainability and ESG factors in its own committee: the SI Committee. In addition to the regular review of Quoniam's SI strategy, its tasks also include the consideration of PAI in the investment process and the continuous further development of ESG integration.

Quoniam's portfolio management follows the principle of ESG integration, regardless of whether the portfolios pursue a dedicated sustainable investment strategy. ESG integration is the systematic consideration of sustainability factors in the key steps of the research and investment process. Within this framework, a large number of sustainability factors are taken into account simultaneously with financial indicators in the portfolio construction, whereby PAI are also included and can thus be taken into account in investment decisions.

In addition, technical control mechanisms are implemented in the trading systems to monitor and ensure some investment restrictions, which serve, among other things, PAI consideration (e.g. the application of exclusion criteria).

For some portfolios with a sustainable investment strategy, which is designed to reduce the PAI to sustainability factors, the sustainability analysis is expanded to include further key figures. In the process, each issuer is examined within the framework of a systematic analysis with regard to sustainability criteria from the environmental, social and corporate governance areas. The analysis also takes into account sustainability ratings and ESG indicators from external providers (for example, ecological footprints, the existence of climate targets) in order to obtain a comprehensive picture of the sustainability profile of the issuers. Based on these criteria, the issuer's ESG profile is determined and managed at portfolio level as part of the portfolio construction process.

In principle, when assessing the sustainability of investments, different sustainability aspects are weighted depending on their relevance to the investment in question. For example, the consideration of greenhouse gas emissions is a significantly more important factor in very CO₂-intensive sectors than in less CO₂-intensive sectors.

In order to reduce or avoid the PAI of investment decisions on sustainability factors, Quoniam takes significant measures for all portfolios, regardless of the investment strategy:

1. ESG integration

The principle of ESG integration already explained ensures that sustainability aspects and thus also adverse sustainability impacts are fundamentally taken into account in all investment decisions.

2. Company-wide exclusion criteria

Direct investments in companies involved in controversial business practices and/or active in controversial business areas are excluded. These are, for example, companies that violate ILO labour standards, including child and forced labour, or are involved in serious violations in the areas of human rights, environmental protection and corruption. In addition, companies are excluded that, for example, produce outlawed and controversial weapons (ABC weapons, landmines, cluster bombs).

3. Engagement

Quoniam applies engagement where this is covered by the asset management mandate and works with Union Investment in this regard. Quoniam understands engagement to mean the exercise of voting rights at general meetings and constructive corporate dialogue. The aim of engagement activities is to actively influence issuers with regard to preventing and reducing adverse impacts on sustainability factors.

Different investment strategies have been defined, adapted to different sustainability requirements. For portfolios with an investment strategy that takes into account environmental and social criteria but does not aim to avoid all categories of PAI on the sustainability factors in investment decisions, the following criteria are applied.

4. Various investment strategies

4.1 Portfolio-specific exclusion criteria and integration approach for portfolios with a sustainable investment strategy

For funds with a sustainable investment strategy, direct investments in companies that are involved in controversial business practices and/or in controversial business areas and thereby violate the principles of the UN Global Compact (UNGC) are excluded. In this context, stricter limits are set for activities in controversial business practices in particular, in addition to company-wide exclusions. In the analysis of states, those states that violate social provisions are excluded. These include, for example, states with a high level of corruption as well as unfree states that have a low score in the index issued by the international non-governmental organization Freedom House. In this way, the PAI categories relevant to the fund are covered by the exclusion criteria.

4.2 Portfolio-specific criteria and integration approach for portfolios implementing the 'Quoniam climate signal'

For sustainable portfolios that implement the Quoniam climate signal, additional business sector-related exclusions are taken into account in the investment decision. In addition, further sustainability indicators are managed at portfolio level as part of the integration approach, such as the proportion of companies in the portfolio that have set themselves climate targets.

The assessment of investments in terms of their adverse impact on the above sustainability factors is based both on sustainability data from external ESG data providers, including MSCI and ISS ESG, and on internal analyses.

The strategy for determining and weighting PAI on sustainability factors was approved by the SI committee on 31 March 2022 as part of the adoption of the ESG investment standards and is reviewed regularly.

Currently, companies are not required to publish the information on PAI of their activities in the annual reports. Where a full assessment of adverse impacts is not possible due to lack of data availability, proprietary research may be used to improve information coverage. In addition, the external data providers' assessments are sometimes subject to estimates and assumptions in order to make best estimates of the companies' adverse impacts. As a result, a certain margin of error is unavoidable currently.

Nevertheless, in the context of company dialogues, if applicable, content is addressed that is more difficult to measure or quantify due to a lack of reporting. Issuer analyses as well as engagement take place on a regular basis, i.e. at least annually and on an event-driven basis. Further information on engagement can be found in the section 'Engagement Policies'.

Despite the partially limited data situation, the aforementioned combinations of approaches (ESG integration, application of exclusion criteria and engagement) can be used to ensure that the company takes PAI into account for the majority of assets and minimizes the margin of error.

For currencies or commodities, the consideration of adverse negative impacts is not consistently possible or meaningful at this stage. Either because the instrument has no direct link to adverse negative impacts or because there is no accepted methodology for measuring and assessing impacts.

Engagement policies

Quoniam sees itself as an active and responsible investor and considers it its duty to represent the interests of investors vis-à-vis the companies. The application of the participation policy described below is carried out depending on the scope of the client's respective asset management mandate. In this regard, we work with Union Investment's sustainability experts. We also cooperate with Broadridge in exercising voting rights, provided we have been mandated to do so.

In order to reduce or prevent PAI on sustainability factors, Union Investment generally seeks constructive dialogue with the issuers in which it invests as a first step. The aim is to actively influence issuers (companies and countries) with regard to preventing and reducing adverse effects. Constructive corporate dialogue focuses on direct exchanges with companies, speeches at general meetings and discussions on platforms of external institutions. In particular, this includes making clear demands and setting reasonable deadlines vis-à-vis the company. Further information on this can also be found in the Engagement Policy by Quoniam and Union Investment.

Quoniam expects responsible corporate governance that not only takes into account purely economic targets, but also social, ethical and environmental aspects. These targets are particularly supported by the company if they promote the long-term interests of shareholders and creditors and thus the long-term value of the company. The Company requires companies to adhere to good corporate governance standards with regard to, among other things, shareholder and creditor rights, composition and remuneration of the Executive Board and Supervisory Board, corporate actions, auditors and transparency.

When exercising voting rights, Union Investment regularly influences the management and business policy of public limited companies at general meetings in the interests of investors and exclusively for the benefit of the investment fund concerned. Further information on basic voting behaviour can also be found in the Proxy Voting Policy. In the case of portfolios for which Broadridge exercises voting rights on our behalf, voting behaviour is also based on a policy geared towards sustainability.

Quoniam expects companies to address and embrace the environmental factors that impact their operations and are material to their business. Adverse impacts in the areas of greenhouse gas emissions, biodiversity, water, and waste are covered by the following engagement topics:

- the recognition of climate change and the mitigation of climate risks
- the promotion of biodiversity
- the management of water risks
- the prevention or minimisation of environmental damage (for example from hazardous waste)
- the assessment and disclosure of the company's environmental impact

Quoniam also expects companies to make their social interactions with all stakeholders sustainable, transparent and fair. Violations by the company of international standards and norms in the areas of the environment, human rights and labour rights, such as the UN Global Compact or comparable agreements, are viewed critically; this will be taken

into account in the proxy voting process. Furthermore, Quoniam supports other selected standards and initiatives such as the OECD Guidelines for Multinational Enterprises which are taken into account in the engagement process, and compliance is demanded from the companies as far as possible. This includes:

- ensuring respect for human rights (especially along the supply chain and in particular the right to free, prior and informed consent (FPIC) as a key principle of international human rights, in accordance with ILO Convention 169).
- ensuring a safe and healthy working environment
- the safeguarding of workers' rights
- reducing the impact of products on the environment, health and safety
- maintaining a constructive dialogue with all stakeholders

Further sustainability indicators for adverse social and procurement impacts, such as gender diversity in management and control bodies, unadjusted gender pay gap, and actions taken in the event of violations of anti-corruption and anti-bribery standards, can be addressed as part of the governance issues. Union Investment expects companies to have a well-functioning corporate governance system that balances the interests of all stakeholders. This includes in particular:

- the promotion of diversity
- the implementation of an appropriate remuneration policy
- the prevention of corruption
- the implementation of a robust and efficient auditing process
- the safeguarding of shareholder rights
- the establishment of a diverse, competent and independent supervisory board
- the suitability and composition of the Board of Directors

The core of the engagement process consists of three stages: pre-engagement, engagement itself and post-engagement. The entire process relies on internal systems to analyse, implement, monitor and document engagement activities. Pre-engagement and the associated research serve as preparation and problem identification for Union Investment's engagement activities. External data providers such as MSCI ESG Research, ISS, or CDP are also used for support.

The core of Union Investment's engagement approach consists of voting at general meetings (UnionVote) and constructive corporate dialogue (UnionVoice). Constructive corporate dialogues focus on direct exchanges with companies and their decision-makers, speeches at annual general meetings and discussions on platforms run by external institutions. This includes, in particular, making clear demands and setting reasonable deadlines to the company to achieve the engagement goal. If the company does not comply or does not comply fully, individual escalation levels are used simultaneously or consecutively.

The engagement process is long-term. Results sometimes only become apparent after months or years. The activities and results are monitored and evaluated at regular intervals and reported to clients in summary form. The escalation levels available to Union Investment are correspondingly granular and open up many possible combinations. They can be individually adapted to individual engagement activities and the investment object and can also be used in different sequences in some cases. In the most extreme case, if dialogue, demands and coordination do not lead to the hoped-for goal, the only final option is disinvestment. The respective issuer is blocked for the portfolios and any existing positions are liquidated.

The Union Investment Engagement Policy is updated regularly, but at least once a year.

References to international standards

As a fiduciary, Quoniam is obliged to give the top priority to the interests of investors. Beyond the application of applicable laws and regulatory requirements, the company's approach to responsible investing is guided by leading national and international standards that serve as a benchmark for decision-making, such as the United Nations Principles for Responsible Investment (PRI) and the UN Global Compact. PAI relevant to the company are also derived from these principles. The company's understanding of values and principles for engagement are based on the BVI Code of Conduct (BVI 2019).

Appropriate processes for monitoring and managing human rights risks in the investment universe have been established in portfolio management. For example, human rights issues are an integral part of the engagement dialogue with companies and in the exercise of voting rights at general meetings (where applicable). The overarching goal is to effect positive change.

As a fiduciary of its clients' funds, Quoniam wants to make an effective contribution to combating climate change and financing a sustainable transformation of the economy. The company has therefore adopted a climate strategy with a view to the Paris Agreement in order to expand its own commitment to climate protection and to orientate the customer assets under management towards the future. (https://www.quoniam.com/wp-content/uploads/2024/05/Quoniam_Climate_Strategy.pdf). The core of Quoniam's climate strategy, in addition to its commitment, is the systematic decarbonisation of the relevant portfolios by managing the key figures of financed emissions and carbon intensity as part of portfolio construction. The company aims to achieve climate neutrality in its securities portfolio by 2050. This goal is based on the aim of limiting global warming to 1.5 degrees compared to pre-industrial times. This long-term goal will be achieved through binding interim targets, which will be implemented as part of the Net Zero Asset Manager Initiative. To ensure this, emissions financed by Quoniam are monitored on a regular basis. In assessing the global carbon budget in the context of limiting global warming to 1.5°C above pre-industrial levels, we rely primarily on the estimates of the IPCC (AR6). The IEA 'Net Zero by 2050' scenario defines specific sector pathways based on these carbon budgets. We expect companies that we address through engagement and stewardship activities as part of the climate strategy to reduce their emissions accordingly.

In accordance with the Net Zero Investment Framework (NZIF) of the Institutional Investors Group on Climate Change (IIGCC), the climate neutrality target refers to the financed Scope 1 and Scope 2 CO₂ emissions of the total securities assets under management, wherever this assessment is possible and meaningful. This basically includes equity as well as bond investments. In accordance with the recommendations of the TCFD, the company measures the financed emissions via the share of the company value standardised to the invested volume. Due to the still unsatisfactory data situation for the so-called Scope 3 issues, the company is currently refraining from setting its own Scope 3 target, but will closely monitor the financed Scope 3 issues and manage them via the engagement.

The pace of decarbonisation in the portfolios depends on the reduction progress of the companies. However, these are in different political and economic regimes. Therefore, the pace of decarbonisation will differ from portfolio to portfolio depending on asset class, investment region and investment objective. This development is in line with the Paris Agreement on Climate Change and its principle of 'common but differentiated responsibilities and respective capabilities in the context of different national circumstances'. In particular, this means that portfolios in developed markets can become climate neutral earlier than portfolios in developing markets.

Climate protection aspects are a focus of the focused, systematic engagement strategy of Quoniam in cooperation with Union Investment. The focus is on those issuers where the leverage as an asset manager is greatest: the companies that are among the largest polluters in terms of the financed emissions in the securities portfolio. Long-term as well as medium- and short-term emission reduction targets and the necessary implementation and investment plans are systematically requested from these major issuers, and the pace of emission reductions is continuously reviewed. The major issuers that do not meet these requirements within the set deadlines are gradually excluded from the securities portfolios.

Undertaking engagement and stewardship activities with companies to reduce their negative impacts on biodiversity is our first choice, where this is covered by our management mandate. However, in cases where engagement with companies does not result in sufficient progress, the Company selectively excludes them, which is reviewed on an ongoing basis. In order to prioritize engagement activities, Union Investment focuses on high-impact and interdependent sectors in which we have the greatest exposure through our investments. This is done either through thematic engagements (e.g. deforestation, sustainable proteins, plastics, circular economy) or on a case-by-case basis.

In 2022, Union Investment assessed key impacts and dependencies related to biodiversity using the ENCORE tool to identify priority sectors to be addressed under this theme. Based on this assessment, the Company has exposure to companies focused on agricultural commodities and tropical deforestation.

Quoniam is monitoring the developments of the Taskforce on Nature-related Financial Disclosures and is considering the possibility of adopting the recommendations in the future.

Historical comparison

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope-1-GHG emissions	1,079,554.72 tCO ₂	1,249,867.70 tCO ₂	1,244,546.32 tCO ₂
		Scope-2-GHG emissions	195,016.41 tCO ₂	261,890.03 tCO ₂	287,047.27 tCO ₂
		Scope-3-GHG emissions	15,066,011.03 tCO ₂	14,970,333.01 tCO ₂	15,111,119.49 tCO ₂
		Total-GHG-emissions	16,340,582.16 tCO ₂	16,482,090.74 tCO ₂	16,642,713.08 tCO ₂
	2. Carbon footprint	Carbon footprint	767.20 tCO ₂ /mn EUR	784.24 tCO ₂ /mn EUR	754.69 tCO ₂ /mn EUR
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,330.20 tCO ₂ /mn EUR	1,419.70 tCO ₂ /mn EUR	1,432.15 tCO ₂ /mn EUR
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	11,63%	13,28%	13,45%
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy	Non-renewable energy consumption: 32.36% Non-renewable energy production: 3.21%	Non-renewable energy consumption: 16.84% Non-renewable energy production: 3.82%	Non-renewable energy consumption: 77.42% Non-renewable energy production: 3.60%
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Agriculture, Forestry, and Fishing: 0.00 GWh/mn Euro	Agriculture, Forestry, and Fishing: 0.00 GWh/mn Euro	Agriculture, Forestry, and Fishing: 0.3 GWh/mn Euro

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022
			Mining and Quarrying: 0.02 GWh/mn Euro	Mining and Quarrying: 0.01 GWh/mn Euro	Mining and Quarrying: 1.49 GWh/mn Euro
			Manufacturing: 28,228.59 GWh/mn Euro	Manufacturing: 0.04 GWh/mn Euro	Manufacturing: 0.39 GWh/mn Euro
			Electricity, Gas, Steam and Air Conditioning Supply: 0.05 GWh/mn Euro	Electricity, Gas, Steam and Air Conditioning Supply: 0.04 GWh/mn Euro	Electricity, Gas, Steam and Air Conditioning Supply: 3.0 GWh/mn Euro
			Water Supply, Sewerage, Waste Management and Remediation Activities: 0.00 GWh/mn Euro	Water Supply, Sewerage, Waste Management and Remediation Activities: 0.00 GWh/mn Euro	Water Supply, Sewerage, Waste Management and Remediation Activities: 0.95 GWh/mn Euro
			Construction: 0.00 GWh/mn Euro	Construction: 0.00 GWh/mn Euro	Construction: 0.26 GWh/mn Euro
			Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles: 0.00 GWh/mn Euro	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles: 0.00 GWh/mn Euro	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles: 0.06 GWh/mn Euro
			Transportation and Storage: 0.01 GWh/mn Euro	Transportation and Storage: 0.00 GWh/mn Euro	Transportation and Storage: 1.30 GWh/mn Euro
			Real Estate Activities: 0.01 GWh/mn Euro	Real Estate Activities: 0.00 GWh/mn Euro	Real Estate Activities: 0.39 GWh/mn Euro
Biodiversity	7. Activities negatively affecting biodiversity - sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity - sensitive areas where activities of those investee companies negatively affect those areas	0,16%	0,12%	0,03%

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 (t/mn EUR)	0.00 (t/mn EUR)	0.06 (t/mn EUR)
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	46.46 (t/mn EUR)	50.14 (t/mn EUR)	69.02 (t/mn EUR)
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	3,89%	3,12%	2,73%
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	10,57%	13,41%	17,82%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	1,01%	0,07%	8,98%

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	28,15%	26.85%	35.23%
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,00%	0,00%	0,00%
INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS					
Environmental	15. GHG intensity	GHG intensity of investee countries	4.3532 (tCO2/mn EUR GDP)	0.2994 (tCO2/mn EUR GDP)	176.18 (tCO2/mn EUR GDP)
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0,01%	0,00%	4,28%
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS					
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	NA	NA	NA
Energy-efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	NA	NA	NA

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022
Emissions	19. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	39,84%	41,44%	52,39%
Anti-corruption and anti-bribery	20. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	0,02%	0,03%	0,08%