

About the portfolio manager

Assets under management	USD 33 bn, USD 14 bn according to ESG principles
Number of inv. profess.	48
Number of inv. profess. dedicated to ESG	10
Participation in shareholder meetings	Yes
ESG rating	UNPRI has awarded Union Investment, Quoniam's parent company, its top mark of A+
ESG consultant	Quoniam/Union Investment
External data sources	<ul style="list-style-type: none"> • Union Investment • MSCI • Norges Bank • Reprisk • Imug Eiris • Trucost • UN • World Bank

Memberships

Unterzeichnung UNPRI	Yes
UNPRI-Rating	„B“ for Company Strategy and Governance; „A“ for Listed Quities/Incorporation
Weitere	<ul style="list-style-type: none"> • Oslo Convention on Cluster Munitions • UN Global Compact* • Global Investor Statement on Climate Change • Montreal Carbon Pledge • BVI Responsible Investment Policy • BVI Code of Conduct • Frankfurt Declaration • Climate Action 100+ • EFAMA Code of External Governance (European UK Stewardship Code equivalent)

Voting activity

Exercise of voting rights	Yes, by Union Investment; 2017: 1'900 GM in 28 countries
ESG consultant	Union Investment uses IVOX/Glass Lewis
Voting report	Yes

Additional information

<https://www.nachhaltigekapitalanlagen.de>

Decision making process for exclusion decisions

For all mandates managed by Quoniam, we include exclusion lists of companies based on legal and regulatory requirements as well as on the individual ESG considerations of our clients. In a first step, we select and define exclusion criteria based on data we receive from our ESG research providers. As a result, companies involved in controversial business practices and activities, e.g. producers of cluster munition/anti-personnel landmines (mandatory for all mandates), tobacco, adult entertainment, alcohol, child labour, etc. are excluded from the investable universe. In a second stage, the systematic application of ESG metrics/scores takes place. For example, if a company does not fulfil a minimum requirement regarding our ESG score, it is also excluded from the investment universe.

Consultant for investment guidelines and exclusion criteria

For the QFS SICAV mutual funds (ManCo: Union Investment Luxemburg S.A.; portfolio management has been outsourced to Quoniam) we apply Quoniam's Principles of Responsible Investing as a set exclusion list (please refer to row 34 for more detail).

For all segregated accounts we implement exclusion lists based on client guidelines (with the exception of controversial weapons which are excluded for all mandates).

Decision making process for exercising voting rights

With reference to the Quoniam Funds Selection SICAV platform the exercise of proxy voting rights is within the scope of the management company's responsibility (Union Investment Luxembourg S.A.) according to the proxy voting policy of Union Investment Luxembourg S.A. while Quoniam acts as the asset manager.

Union Investment exercises voting rights independently, acting exclusively in the best interests of investors or the respective mandate and regularly influences management and business policies of public companies at annual general meetings. Union Investment supports all measures that increase the value of a company sustainably in the long-term and votes against measures which oppose this goal. Prerequisite for a transparent and consequent exercise of the voting rights entrusted to Union Investment is a binding voting policy. Union Investment has defined a comprehensive set of voting guidelines. These guidelines are formulated along the recommendations of the German Corporate Governance Codex (e.g. with regard to corporate action) and the BVI-rules. Both standards have been developed in committees where Union actively participated.

IST EQUITIES EMERGING MARKETS

Engagement

Engagement	Yes
Consultant	Union Investment uses IVOX/Glass Lewis

ESG consultant for engagement activities

Yes (through our service provider and parent company, Union Investment; for all QFS SICAV sub-funds and for segregated mandates upon client request depending on the contractual context of a mandate).

IST portfolio

Portfolio overview

ESG rating	The ESG score of the portfolio is 46.9 vs 45.8 for the BM
Application of an exclusion list	Yes, based on Quoniam's Principles of Responsible Investing

Incorporation of ESG factors into the investment process

Upon client request, we can incorporate ESG factors into the investment process in different ways:



*Quoniam sources data from the ESG team of parent company Union Investment (7 analysts, ESG data warehouse)

Being a quantitative asset manager our approach to ESG investing is different and based on data that can be processed by means of our technology-driven process. During the stage of portfolio construction ESG criteria are automatically taken into account by our portfolio optimising engine, simultaneously with forecasts for alpha, risk and liquidity/costs generated by our investment models. ESG criteria comprise e.g. key performance indicators, e.g. ESG scores or carbon emissions, and exclusion lists based on ESG themes (e.g. human rights, tobacco etc.). Compliance with investment guidelines is ensured on a daily basis through investment compliance software integrated in the pre-trade check and overseen by the Risk Control team.

Identification of companies excluded

Quoniam's Principles of Responsible Investing follow internationally accepted guidelines such as the Oslo Convention on Cluster Munitions (CCM), the UN PRI, the UN Global Compact, as well as the Global Investors' Statement on Climate Change. Companies not meeting Quoniam's standards for the ESG criteria listed below are excluded:

- Controversial weapons
- Human rights
- Labour rights
- Environment/Climate change
- Corruption
- Tobacco

Quoniam's Principles of Responsible Investing are regularly reviewed by Quoniam's ESG committee.