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APPENDIX A – SUSTAINABILITY DISCLOSURES

pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Quest Cleantech Fund

Legal entity identifier: 549300EHDHJ70JEP2A17

Sustainable

investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability

indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☒ ☐ ☐ **Yes**

☐ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** ____%

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 51% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The promoted environmental characteristics are the following:

The Sub-Fund is investing in cleantech companies. Cleantech can be defined as products and services that provide cleaner or more efficient use of the Earth's natural resources, such as energy, water, air and raw materials. The Sub-Fund focuses on cleantech companies in areas such as renewable energy, energy efficiency, water treatment, waste management, pollution control and advanced materials. In addition, the Sub-Fund may invest in stocks of cleantech companies listed in emerging markets as well as in convertible bonds issued by cleantech companies.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

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Following indicators were defined to measure the attainment of the environmental and/or social characteristics promoted by this Sub-Fund:

- Fulfilment of the exclusion criteria
- Engagement of the portfolio companies in the fields:
 - Clean water and sanitation
 - Affordable and clean energy
 - Clean and efficient technologies
 - Climate actions

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The Sub-Fund targets to contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Adverse impact indicators are being selected and monitored on an ongoing basis by the Investment Manager. Extreme negative outliers will be analysed more into detail and respective actions will be taken on a case by case basis (e.g. engagement with the respective companies or even exclusion of the respective asset) with the general goal to reduce adverse impacts.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Sustainable Investments are aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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Does this financial product consider principal adverse impacts on sustainability factors?



Yes, This Sub-Fund considers principal adverse impact indicators by fulfilling its binding exclusion policy. Furthermore, adverse impact indicators are being selected and monitored on an ongoing basis by the Investment Manager. Extreme negative outliers will be analysed more into detail and respective actions will be taken on a case-by-case basis (e.g. engagement with the respective companies or even exclusion of the respective asset) with the general goal to reduce adverse impacts.



No



What investment strategy does this financial product follow

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Sub-Fund invests at least 51% of its NAV in portfolio companies activities which must correspond to one or more of the following investment areas of the Sub-Fund:

Renewable Energy:

- Wind energy
- Solar energy
- Biomass & biofuels
- Hydropower
- Other renewable energy

Energy Efficiency:

- Green building
- Clean transport and fuel efficiency
- Controls and energz optimiyation
- Smart grid and energy storage
- Energy efficient lighting

Resource Efficiency:

- Water management
- Pollution control
- Recycling and waste management
- Agricultural and bio-based solutions
- Advanced materials

The Sub-Fund integrates environmental, social and governance (ESG) considerations in the investment strategy of the Sub-Fund. ESG is implemented in the investment strategy through the thematic approach focused on future oriented themes with positive impact on people, as indicated in the investment areas listed above.

Additionally, Sustainability Factors are integrated in the portfolio construction and stock selection process and exclusion factors are applied to sectors and activities with major Sustainability Risks.

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Exclusion factors include:

- Production of weapons / controversial weapons;
- Coal or coal-based energy production;
- Nuclear energy production;
- Non-conventional oil & gas production;
- Production and trade of tobacco.

Direct involvement: a tolerance threshold of 5% of revenues is accepted for any direct involvement (in general defined as production and wholesale trade of these products) in the above-mentioned activities except for controversial weapons for which there is a zero tolerance or threshold level for exclusion.

Indirect involvement: Maximum 25% of the activities of a company can be in products or services dedicated to activities listed in the product-based exclusions, such as the delivery of components, delivery of dedicated services or distribution of products.

Also excluded are companies with undesirable behavior related to the areas of human rights, labor rights, environmental challenges and responsibilities and anticorruption.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

A binding element of the investment strategy is the regular monitoring of the mentioned environmental and social characteristics. Therefore, the Investment Manager monitors the overall environmental or social characteristics on a yearly basis. Another binding element is the fulfillment of the exclusion factors. The exclusion factors are controlled before every investment and on a regular basis after the investment. The exclusion factors are:

- Production of weapons / controversial weapons;
- Coal or coal-based energy production;
- Nuclear energy production;
- Non-conventional oil & gas production;
- Production and trade of tobacco.

Direct involvement: a tolerance threshold of 5% of revenues is accepted for any direct involvement (in general defined as production and wholesale trade of these products) in the above-mentioned activities except for controversial weapons for which there is a zero tolerance or threshold level for exclusion.

Indirect involvement: Maximum 25% of the activities of a company can be in products or services dedicated to activities listed in the product-based exclusions, such as the delivery of components, delivery of dedicated services or distribution of products.

Also excluded are companies with undesirable behavior related to the areas of human rights, labor rights, environmental challenges and responsibilities and anticorruption.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

As there is no change of the investment strategy it is not applicable.

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Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● *What is the policy to assess good governance practices of the investee companies?*

Furthermore, the Investment Manager regularly analyses good governance practices of the portfolio companies, such as:

- Sound management structures;
- Employee relations;
- Remuneration;
- Tax Compliance.



What is the asset allocation planned for this financial product?

The Sub-Fund invests at least 51% of its NAV in portfolio companies activities which must correspond to one or more of the following investment areas of the Sub-Fund:

Asset allocation describes the share of investments in specific assets.

Renewable Energy:

- Wind energy
- Solar energy
- Biomass & biofuels
- Hydropower
- Other renewable energy

Energy Efficiency:

- Green building
- Clean transport and fuel efficiency
- Controls and energy optimization
- Smart grid and energy storage
- Energy efficient lighting

Resource Efficiency:

- Water management
- Pollution control
- Recycling and waste management
- Agricultural and bio-based solutions
- Advanced materials.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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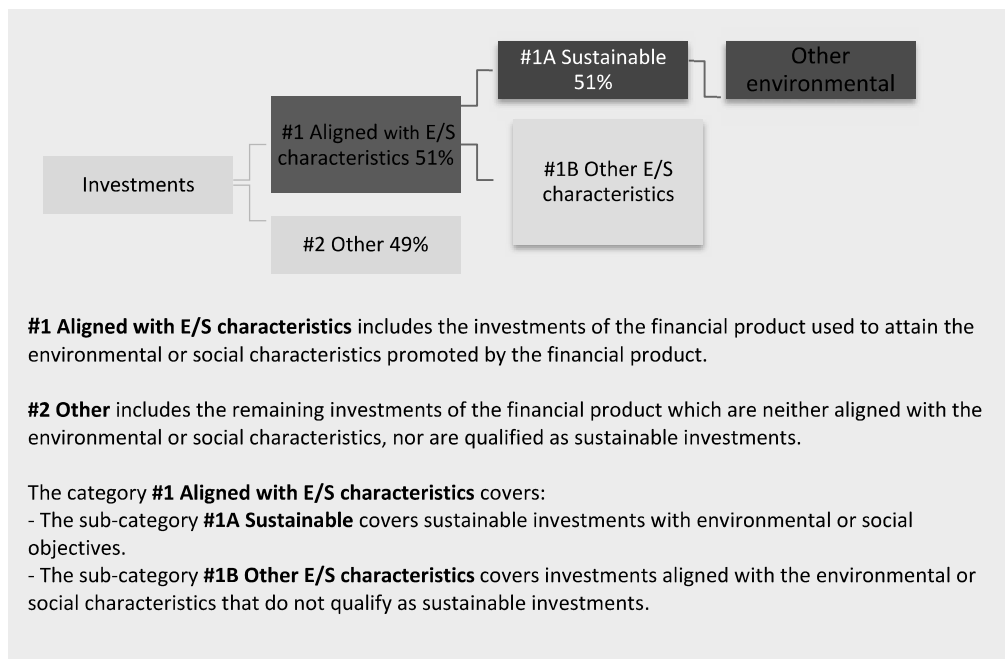
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



How does the use of derivatives attain the environmental or social characteristics promoted by the financial product

The Sub-Fund does not use derivative instruments.



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

The Sub-Fund takes into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy Regulation and its alignment to this Taxonomy Regulation is calculated. Currently, only estimates taxonomy figures are available. Consequently, due to the lack of reliable data, the minimum taxonomy alignment for the Sub-Fund is set at 0%.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?



Yes



In fossil gas




in nuclear energy



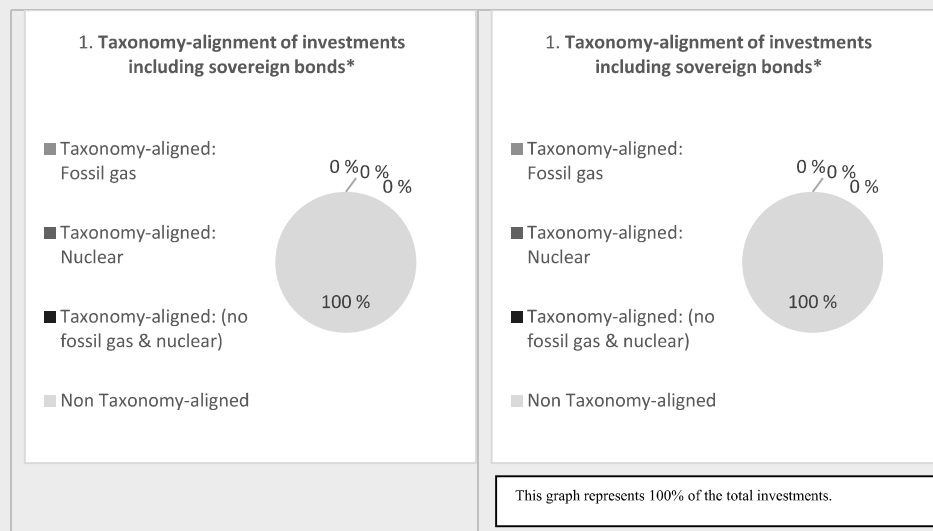
No

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 - see explanatory note in the left hand margin. 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.

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 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

Due to the lack of reliable data, the minimum taxonomy alignment for the Sub-Fund is set at 0% of the net asset value. This minimum can be reviewed when sufficient reliable data is available.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Sub-Fund will have a minimum proportion of 51% of sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

The portion of not-taxonomy aligned sustainable investments can only be calculated, once there are reported (and not estimated) data to calculate the taxonomy alignment.



What is the minimum share of socially sustainable investments?

No minimum is set for socially sustainable investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Other investments include:

- Investments where insufficient data is available to qualify these as sustainable investments with an environmental objective. These investments should correspond to minimum environmental or social safeguards, as described and monitored according to the ESG policy of the Investment Manager;

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- Ancillary liquid assets limited to bank deposits at sight



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

N/A.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A.

- *How does the designated index differ from a relevant broad market index?*

N/A.

- *Where can the methodology used for the calculation of the designated index be found?*

N/A.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://vpfs.vpfundsolutions.vpbank.com/page/productdetails?isin=LU1699953201&country=LU&investorType=institutionel&locale=en_GB#es