SFDR Website disclosure – articles 3, 4 and 5

1. Introduction

Pursuant to EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the SFDR), Quest for Growth will publish information on the website and in the annual reports on the integration of sustainability risks in the investment decision-making process and whether principal adverse impacts of investment decisions on sustainability factors have been considered.

We understand as "sustainability risks" an environmental, social or management situation or condition which, if it occurs, could cause an actual or potential material negative effect on the value of the investment. "Sustainability factors" are environmental and social matters, respect for human rights, anti-corruption and anti-bribery matters. As "sustainable investments" are understood investments in an companies that contribute to an environmental objective or a social objective provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Quest for Growth promotes sustainability factors (article 8 of the EU Regulation 2019/2088) and targets to invest more than a third of its portfolio in sustainable investments. The sustainability factors are integrated in the investment strategy through the thematic approach focused on digital, cleantech and health and in the analysis of nonfinancial criteria such as sustainability factors and sustainability risks during the portfolio construction and stock selection process. In addition, exclusion factors are applied to sectors and activities with major sustainability risks.

2. Sustainability Risks Integration (art 3 SFDR)

Sustainability risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risk and/or identify an opportunity to put in place remedial actions to mitigate these risks. The impacts following the occurrence of a sustainability risk may be numerous and vary depending on the specific risk, region, and asset class. In general, where a sustainability risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value.

Quest for Growth reports extensively on sustainability risks and factors in its ESG Report which is a separate heading of the annual report to the shareholders. The most recent annual report can be downloaded from the website (www.questforgrowth.com).

Reference is made to the ESG Policy of the management company Capricorn Partners for a more detailed description of the way sustainable factors and sustainable risks are considered and integrated into the due diligence procedure, the investment decisions process, and the follow-up of the sustainable investments.

3. Principal Adverse Sustainability Impacts statement (art 4 SFDR)

Under SFDR it is required to disclose whether principal adverse impacts of investment decisions are considered on sustainability factors and if this is the case, to disclose a statement on the due diligence policies regarding those impacts.

Principal adverse sustainability impacts indicators

Although Quest for Growth considers potential principal adverse impacts of an investment during the due diligence phase, the Fund does not document the adverse impacts of its investment decisions on sustainability factors in the sustainable investments, as Quest for Growth is not obliged to assess the potential adverse impact of its sustainable investments on sustainability factors.

4. Integration of ESG risks in the remuneration policy (art 5 SFDR)

The management company Capricorn Partners integrates sustainability risks in its remuneration policy by ensuring that a performance review is not evaluated only on financial indicators but also on several other principles such as effective risk management, care for each other in the organization, alignment with the investors on a long-term basis, following the code of conduct, no variable remuneration that promotes risk taking etc.

Reference is made to the last chapter of the ESG Policy and the Human Resources Policy of Capricorn Partners. Each member of staff is also bound by a Code of Conduct setting forth a conflicts of interest procedure, a voting rights policy for the portfolio companies and a market abuse policy. This Code of Conduct must be strictly followed by all members of staff.

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