

DISCRETIONARY MANAGEMENT MANDATE RIVERTREE FD STRATEGIC MANAGEMENT  
WEBSITE DISCLOSURE

**(a) 'Summary'**

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. However, the financial product partially intends to make sustainable investments that will not cause significant harm to any environmental or social objectives.

The following environmental and social characteristics are promoted by the financial product:

- Adherence of investee companies to internationally recognised standards related to human rights, labour rights, the environment, and anti-corruption.
- Limiting the significant negative impact related to the use of controversial weapons.

The financial product applies various environmental and social considerations in the investment process for single lines, such as exclusions, engagement, and voting. Funds that the financial product invests in undergo an extensive due diligence process in various areas. This includes the robustness of the investment process, the individuals running the strategy, the risk-adjusted return characteristics, the asset manager, and the fund's sustainability practices.

Single line investments in companies need to meet good governance practices. Where investments in companies are made via third-party funds, these funds need to have a process in place to assess good governance.

At least 85% of the investments are aligned with the environmental and social characteristics of the financial product. The minimum proportion of sustainable investments of the financial product is 20%, of which at least 12% of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy and at least 3% of socially sustainable investments.

The financial product has direct exposures to investee companies as well as to third-party funds; the allocation between the two is unconstrained and can change at any given time.

In order to ensure the adequate consideration of environmental and social characteristics of the product, Quintet group has established an exclusion list of issuers that are considered to be in violation of the United Nations Global Compact (UNGC) principles (and for which engagement is not or no longer considered feasible) or are involved in controversial weapons (anti-personnel mines, biological weapons, cluster munitions, depleted uranium, white phosphorus, and nuclear weapons when related to involvement by corporate issuers in relation to countries that are not a signatory of the Non-Proliferation Treaty (NPT)).

For investments in third-party funds, Quintet cannot impose the exclusion criteria to third-party managers and the exclusion criteria applied by them can differ from those of Quintet.

Therefore, a principle-based approach is applied and preference is given, where possible and feasible, to third-party funds that have exclusion policies.

The financial product uses the following sustainability indicators to measure the attainment of each of the environmental and social characteristics promoted by the financial product:

- Adherence of investee companies to the United Nations Global Compact principles.
- Involvement of investee companies in controversial weapons (anti-personnel mines, biological weapons, cluster munitions, depleted uranium, white phosphorus, and nuclear weapons when related to involvement by corporate issuers in relation to countries that are not a signatory to the Non-Proliferation Treaty (NPT)).

These sustainability indicators are measured as a percentage of investments.

For investee companies invested through either single lines or third-party funds Quintet consumes data from Sustainalytics <sup>(1)</sup> for its reporting of environmental and social characteristics. Sustainalytics has been selected because of their expertise, independence, universe scope, quality of data, and their strong due diligence process. Given that Quintet uses a specialised external provider for the data, the quality assurance and quality control is largely dependent on Sustainalytics. Sustainalytics has various quality assurance checks, which are done automatically, as well as various manual checks done annually, such as year-on-year subindustry data comparison checks.

Methodologies and data related to measuring the attainment of each of the environmental or social characteristics in the form of the sustainability indicators mentioned above can have limitations. This relates primarily to information becoming available in the public domain and the time lag for relevant information to be processed and included in the data Quintet receives. Quintet believes that despite these limitations the data used to measure the environmental and social characteristics of the financial product are sufficiently reliable to provide a meaningful representation of the attainment of the environmental and social characteristics that the financial product promotes.

For single lines, the due diligence process is conducted by Quintet's Equity and Fixed Income teams.

Both teams ensure that issuers selected are in line with the environmental and social characteristics of the financial product and Quintet's Responsible Investment Policy ([Regulatory Affairs | Quintet Luxembourg](#)).

For third-party funds, the due diligence process is conducted by the Quintet Fund Solutions team. All funds selected have to demonstrate basic responsible practices. This includes

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<sup>(1)</sup> Please refer to the legal disclaimer at the end of this document

understanding environmental, social and governance (ESG) factors as well as a willingness to engage with the companies they invest in. Sustainable funds must fulfil not only investment risk-adjusted return criteria but also a more rigorous assessment of sustainability.

Quintet has an Active Ownership policy which involves monitoring the investments we make, identifying environmental, social and governance (ESG) issues, strategic problems, or opportunities for improvement, engaging with investment managers or management teams, voting at general meetings, and other efforts to encourage positive change for the long-term benefit of our clients and the world.

Quintet has instructed its engagement partner EOS at Federated Hermes to give special attention to companies that violate the principles of the UN Global Compact, or that are involved in significant ESG controversies. The engagement priorities are focused on the most material drivers of long-term value, with four priority themes: climate change, human and labour rights, human capital management and board effectiveness and ethical culture.

Quintet's voting policy, which draws upon the expertise of Quintet's external proxy voting adviser, Glass Lewis, emphasises governance, environmental, and social matters. Quintet has partnered with Glass Lewis to provide research and to technically implement voting.

Since the financial product also invests in funds managed by other asset managers, these asset managers are held to the same standards regarding active ownership as Quintet, and engagement takes place with these managers to ensure that, where possible and feasible, they pursue engagement and voting activities.

**(b) 'No sustainable investment objective';**

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

However, the financial product partially intends to make sustainable investments that will not cause significant harm to any environmental or social objectives.

*How do the sustainable investments not significantly harm any sustainable investment objectives?*

In order for single line investments (i.e. investment instruments issued by investee entities such as equities or bonds) to qualify as a sustainable investment, a number of requirements needs to be met, including various criteria related to significant harm. As a consequence, investments need to meet specific thresholds related to adverse impacts and operate in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Where sustainable investments are made via funds (i.e. collective vehicles such as mutual funds or Exchange Traded Funds (ETFs)), these funds need to have policies in place related to their own research and investment process to ensure there is no significant harm, at least by considering adverse impacts and by such investments being aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

**(c) 'Environmental or social characteristics of the financial product';**

*What are the environmental or social characteristics that the financial products promotes?*

The following environmental and social characteristics are promoted by the financial product:

- Adherence of investee companies to internationally recognised standards related to human rights, labour rights, the environment, and anti-corruption.
- Limiting the significant negative impact related to the use of controversial weapons.

**(d) 'Investment strategy';**

*What is the investment strategy used to meet the environmental or social characteristics promoted by the financial product?*

The financial product applies the following environmental and social considerations in the investment process:

1. For single lines:
  - a. Excluding investments based on the exclusion criteria that apply to the financial product. Please refer to the Responsible Investment Policy ([Regulatory Affairs | Quintet Luxembourg](#)) for more information about the exclusion criteria;
  - b. Excluding investments as part of the portfolio construction process requirements that apply to the financial product. Please refer to the Responsible Investment Policy ([Regulatory Affairs | Quintet Luxembourg](#)) for more information about the portfolio construction requirements;
  - c. Engaging on environmental and social issues with companies. Please refer to the Active Ownership policy ([Regulatory Affairs | Quintet Luxembourg](#)) for more information;
  - d. Voting at shareholder meetings by proxy, including on environmental and social issues. Please refer to the Active Ownership Policy ([Regulatory Affairs | Quintet Luxembourg](#)) for more information;

## 2. For investments in funds:

Funds that the financial product invests in undergo an extensive due diligence process in various areas. This includes the robustness of the investment process, the individuals running the strategy, the risk-adjusted return characteristics, the asset manager, and the fund's sustainability practices. A five-pillar approach is used to assess the sustainability practices and commitments of the funds. These five pillars are Intentionality, Portfolio Characteristics, Research, Active Ownership, and Transparency. Please refer to the Sustainability fund due diligence process ([Regulatory Affairs | Quintet Luxembourg](#)) for more information.

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

Single line investments in companies need to meet good governance practices. More specifically, companies should not be involved in severe controversies related to accounting and taxation, corporate governance, business ethics, and labour relations. This is being assessed at the company level, for which the financial product uses specialised external data and research.

Where investments in companies are made via third-party funds, these funds need to have a process in place to assess good governance. This is checked in the fund sustainability due diligence process.

### **(e) 'Proportion of investments';**

*What is the minimum proportion of investment aligned with the Environmental and Social characteristics that the financial product promotes?*

At least 85% of the investments are aligned with the environmental and social characteristics of the financial product.

*What is the minimum proportion of Sustainable Investments?*

The minimum proportion of sustainable investments of the financial product is 20%. While the financial product intends to make sustainable investments, it does not specifically strive to make EU Taxonomy aligned investments. As such, the minimum extent of sustainable investments with an environmental objective aligned with the EU Taxonomy is 0%.

The financial product intends to make sustainable investments with an environmental objective that are not aligned with the EU Taxonomy, as well as sustainable investments with a social objective. The minimum share of sustainable investments with an environmental

objective that are not aligned with the EU Taxonomy is 12%. The minimum share of socially sustainable investments is 3%.

*What are other investments and what is their purpose?*

Any remaining investments that are not aligned with the environmental and social characteristics of the financial product are investments for diversification and hedging purposes, and cash held as ancillary liquidity. There are no minimum environmental or social safeguards for these investments.

*What is the ratio of direct exposures and non-direct exposures?*

The financial product has direct exposures to investee companies as well as to third-party funds; the allocation between the two is unconstrained and can change at any given time.

#### **(f) 'Monitoring of environmental or social characteristics'**

*How are the sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the financial product monitored?*

In order to ensure the adequate consideration of environmental and social characteristics of the product, Quintet group has established an exclusion list of issuers that are considered to be in violation of the United Nations Global Compact (UNGC) principles (and for which engagement is not or no longer considered feasible) or are involved in controversial weapons (anti-personnel mines, biological weapons, cluster munitions, depleted uranium, white phosphorus, and nuclear weapons when related to involvement by corporate issuers in relation to countries that are not a signatory of the Non-Proliferation Treaty (NPT)).

For single lines:

- When the addition of a new security to the portfolio is envisaged, the Portfolio Manager (first line of defense) checks that the security they intend to buy is not on the exclusion list. In case the security is on the exclusion list, the purchase is cancelled. Every time the exclusion list is updated, the middle office department screens the portfolio of the financial product. In case a newly excluded security is held in the portfolio, the middle office department informs the portfolio manager who will sell the security.
- Acting as the second line of defense, the Risk Management department screens the portfolio periodically to ensure no security held is on the exclusion list. In case such a situation is identified, the Risk Management department informs the portfolio manager who sells the security. When a new exclusion list is released, the Risk Management department also screens the portfolio of the financial product. In case a newly excluded security is held in the portfolio, the risk department informs the portfolio manager who will sell the security.

For third-party funds:

For investments in third-party funds, Quintet cannot impose the exclusion criteria to third-party managers and the exclusion criteria applied by them can differ from those of Quintet. Therefore, a principle-based approach is applied and preference is given, where possible and feasible, to third-party funds that have exclusion policies.

**g) 'Methodologies for environmental or social characteristics';**

*What are the methodologies to measure how the social or environmental characteristics promoted by the financial product are met?*

The financial product uses the following sustainability indicators to measure the attainment of each of the environmental and social characteristics promoted by the financial product:

- Adherence of investee companies to the United Nations Global Compact principles.
- Involvement of investee companies in controversial weapons (anti-personnel mines, biological weapons, cluster munitions, depleted uranium, white phosphorus, and nuclear weapons when related to involvement by corporate issuers in relation to countries that are not a signatory to the Non-Proliferation Treaty (NPT)).

These sustainability indicators are measured as a percentage of investments.

For the UNGC principles, this indicator is calculated by using research provided by Sustainalytics, a specialised global ESG data provider, to assess whether or not companies adhere to the UNGC principles. Companies which do adhere to the UNGC principles, are then linked to the investment instruments in the financial product (for single lines and for investments via third-party funds). Following this, their respective weights are added up and divided by the total value of the portfolio, in order to calculate the percentage of the total portfolio in adherence of the UNGC principles.

For controversial weapons, in order to assess involvement of investee companies the data provided by Sustainalytics is used. Companies that are considered to be involved in controversial weapons based on the criteria of Quintet's Responsible Investment policy are identified and then linked to any investment instruments in the financial product (for single lines and for investments via third-party funds). Following this, their respective weights are added up and divided by the total portfolio in order to calculate the percentage of holdings that have controversial weapons involvement.

**(h) 'Data sources and processing';**

*What data are used?*

For Quintet's investment decision-making and reporting related to investee entities invested in through either single lines or third-party funds, Quintet consumes data from Sustainalytics

on their environmental and social characteristics. Quintet has chosen Sustainalytics as a primary ESG data provider following an extensive market review and due diligence process. Sustainalytics has been selected because of their expertise, independence, universe scope, quality of data, and their strong research process.

*How is the data quality ensured and the data processed?*

Given that Quintet uses a specialised external provider for the data, the quality assurance and quality control is largely dependent on Sustainalytics. Sustainalytics has an extensive quality control framework that, depending on the exact dataset, includes various elements such as diagnostic checks, quality monitoring, and a remedial process to resolve any identified issues.

*What is the proportion of estimated data?*

For this specific data it is not possible for Quintet to determine the proportion of estimated data used to calculate the sustainability indicators. This relates to the fact that it is based on research conducted by Sustainalytics, which leverages a combination of information reported by the companies, multiple public sources and Sustainalytics' proprietary analytical frameworks.

**(i) 'Limitations to methodologies and data';**

*What are the limitations to the methodologies and data used to measure the attainment of the environmental or social characteristics promoted by the financial product?*

Methodologies and data related to measuring the attainment of each of the environmental or social characteristics in the form of the sustainability indicators mentioned above can have limitations.

As investee companies are not likely to self-declare that they are operating in violation of international norms or that they are involved in controversial weapons, ESG data providers need to review a range of sources and conduct their own analysis. The primary limitation is that certain company-specific information may have not (yet) reached the public domain and is therefore not considered by ESG data providers. In addition, once information has become public, it can take some time before all relevant evidence has been analysed and evaluated. Consequently, there may be a delay between the occurrence of an issue and that issue being identified by ESG data providers, incorporated in their research, and subsequently reflected in the sustainability indicators of this financial product.

*How do these limitations not affect how the environmental or social characteristics promoted by the financial product are met?*

Given the strong and systematic research process underpinning the data, Quintet believes that despite the abovementioned limitations the data used to measure the environmental and



social characteristics of the financial product are sufficiently reliable to provide a meaningful representation of the attainment of the environmental and social characteristics that the financial product promotes.

## **(j) 'Due diligence'**

*What due diligence is carried out on the underlying assets of the financial product?*

For single lines, the due diligence process is conducted by Quintet's Equity and Fixed Income teams.

Both teams ensure that issuers selected are in line with the environmental and social characteristics of the financial product and Quintet's Responsible Investment Policy ([Regulatory Affairs | Quintet Luxembourg](#)).

For third-party funds, the due diligence process is conducted by the Quintet Fund Solutions team. All funds selected have to demonstrate basic responsible practices. This includes understanding environmental, social and governance (ESG) factors as well as a willingness to engage with the companies they invest in. Sustainable funds must fulfil not only investment risk-adjusted return criteria but also a more rigorous assessment of sustainability.

The due diligence process is composed of the five following pillars :

- **Intentionality:** explicit and intended links to sustainability in fund objectives.
- **Portfolio characteristics:** sustainable characteristics across holdings and portfolio construction.
- **Research:** sufficient skills, capacity and tools embedded in methods and processes.
- **Active ownership:** high-quality voting and engagement supported by clear policies.
- **Transparency:** frequent reporting on voting, engagement and progress on sustainable targets.

More details on the due diligence process of the financial product can be found here ([Regulatory Affairs | Quintet Luxembourg](#)).

## **k) 'Engagement policies';**

*What engagement policies are implemented?*

Quintet has an Active Ownership policy which involves monitoring the investments we make, identifying environmental, social and governance (ESG) issues, strategic problems, or opportunities for improvement, engaging with investment managers or management teams,

voting at general meetings, and other efforts to encourage positive change for the long-term benefit of our clients and the world.

Quintet has instructed its engagement partner EOS at Federated Hermes to give special attention to companies that violate the principles of the UN Global Compact, or that are involved in significant ESG controversies. The engagement priorities are focused on the most material drivers of long-term value, with four priority themes: climate change, human and labour rights, human capital management and board effectiveness and ethical culture.

Quintet regards exclusions as a last resort for companies in violation of the UNGC principles, when active ownership has proven unsuccessful, or is infeasible, and further investment would be incompatible with our principles and the best interests of our clients.

Quintet's voting policy, which draws upon the expertise of Quintet's external proxy voting adviser, Glass Lewis, emphasises governance, environmental, and social matters. Quintet partners with Glass Lewis to provide research and to technically implement voting.

Quintet believes that proxy voting for equity funds and engagement for both equities and corporate bonds are crucial elements to assess and influence the behaviour of investee entities. Since the financial product also invests in funds managed by other asset managers, these asset managers are held to the same standards regarding active ownership as Quintet, and engagement takes place with these managers to ensure that, where possible and feasible, they pursue engagement and voting activities.

### **(I) 'Designated reference benchmark'.**

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product

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