



PASI STATEMENT

(principal adverse sustainability impacts)



QUINTET
LUXEMBOURG
PRIVATE BANK

Principal adverse sustainability impacts statement

Quintet recognizes the importance of the potential adverse sustainability impacts of investment decisions. Quintet considers, where possible and feasible, various principal adverse impacts of investment decisions on sustainability factors such as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. For all investment decisions for which this is possible and feasible this is executed via a systematic due diligence assessment for each investment, which is, depending on the outcomes, followed by a combination of exclusions, voting at shareholder meetings, and engagement with investee companies. For products that promote environmental or social characteristics and/or have a sustainable investment objective, Quintet may consider specific principal adverse impacts of investment decisions on sustainability factors which may differ between products, depending on the specific asset class and investment characteristics of the product. Where Quintet offers investment advice on investment products (such as investment funds), potential adverse impacts on sustainability factors are considered in the same manner.

We are currently enhancing our policies for determining the priorities of these impacts, and for identifying and lowering and avoiding these impacts, and will further integrate this into our investment processes by 30 June 2021.

To support the consideration of principal adverse impacts of investment decisions on sustainability factors in Quintet's investment processes, Quintet has developed a Responsible Investment Policy that applies to all the investment products managed by Quintet. Our consideration of principal adverse sustainability impacts is based on Quintet's internal expertise combined with externally sourced data and analysis on a large number of sustainability factors. Quintet obtains relevant data that are incorporated into its systematic due diligence assessment before taking investment decisions and continuously monitors existing investment positions. Quintet does not currently prioritise any single principal adverse impact.

Quintet identifies potential adverse sustainability impacts as follows:

1. Derived from international standards, focussing on human rights, labour rights, the environment, and anti-bribery and anti-corruption; and
2. Based on internally developed frameworks and rules that are informed by research and insights provided by Quintet's specialised service providers and Quintet's internal research.

The principal adverse sustainability impacts referenced above primarily relate to sustainability factors such as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. When companies structurally violate international norms relating to these topics, Quintet engages with these companies and when engagement is not considered possible or feasible, Quintet will move to exclude those companies from the investment universe. Products that promote environmental and/or social characteristics may consider additional adverse sustainability impacts including, but not limited to serious and severe environmental, social or governance controversies. In the case of sovereign debt, Quintet may consider low scores in areas such as freedom and social progress. Quintet continuously evaluates and, when considered suitable, adds principal adverse sustainability indicators to the investment process. Quintet is currently developing additional reporting on these activities.

Part of the mitigation of adverse sustainability impacts is engagement with investee companies and investment managers. Engagement priorities may change from year to year, as we have delegated a portion of our corporate engagement activities to specialists who are able to achieve greater results through collective engagement. Ongoing priorities includes climate change, stewardship of natural resources, respect for human rights and labour rights, good corporate governance and risk management. We also participate in collaborative engagements on a variety of topics.

We engage directly with investment managers whose products we may select.

Where feasible, we exercise our voting rights as a shareholder. We have adopted an ESG-oriented voting policy, which places an emphasis on good corporate governance, board diversity, a commitment to climate risk mitigation, and is generally supportive of relevant shareholder resolutions.

Quintet expects investee companies to operate in accordance with international norms and legislation. Therefore, Quintet incorporates, where possible and feasible, the UN Global Compact Principles in its investment processes. The ten Principles of the United Nations Global Compact cover four main themes, which are human rights, labour rights, the environment, and anti-bribery and anti-corruption. The principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.