Quintet Asset Management S.A.
Sustainability Risks in Investments Policy

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01	30.12.2022	NA – creation of the document
02	28.06.2024	Amendments to align with the requirements of SFDR. Incorporation of the 2023 Group Risk appetite statement as well as update of the 3 lines of defence model. Name of the Policy changed/has been adjusted
03	01.09.2025	Update for Quintet Asset Management S.A.

TABLE OF CONTENTS

I. KEY DEFINITIONS

- **Engagement** – the act of undertaking constructive dialogue with investee companies/issuers with a view to improve environmental, social, and governance (ESG) practises.
- **ESG factors** – environmental, social or governance aspects. Examples of such aspect are pollution, carbon emissions, health & safety, labour conditions, board diversity, and anti-corruption.
- **Exclusion** – the act of barring an entity's securities from being purchased for a portfolio due to business activities that are deemed unethical, harmful to society, or in breach of laws or regulations.
- **Funds** –collective investment vehicle that is widely held which holds a diversified portfolio of securities
- **GIU** –shall mean the Quintet Group Investment Universe.
- **SFDR** – Regulation 2019/2088 of European Parliament and the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector as amended and updated from time to time. SFDR is a European regulation introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants.
- **Sustainability risk** - is an environmental, social or governance (ESG) event or condition that, if it occurs, could cause a material negative impact on the value of the investment.
- **FRR team-** shall mean Financial Risk and Reporting team which is part of the Risk Function at Quintet
- **GFS team-** shall mean Quintet Group Fund Solution team
- **BRM team-** shall mean Business Risk Management team
- **Voting** – shareholders (typically) receive voting rights to be cast at annual or extraordinary general meetings on a range of strategic and environmental, social, and governance (ESG) matters
- **Quintet** – Quintet Private Bank Europe (S.A.) including its branches and subsidiaries.

II.PURPOSE

This document summarises our processes relating to the integration of sustainability risks in the investment decision-making and investment advisory processes, to ensure that sustainability risks are adequately identified, measured, and managed. As per article 3(1) of the SFDR, Quintet Asset Management (hereinafter “QAM”) must publish and maintain on their website policies on the integration of sustainability risks in their investment decision making process.

The owner of this document is the Authorized Manager of QAM in charge of portfolio management. This policy has been approved by QAM’s management committee and board of directors. In June 2025, the Board of Directors (“BoD”) of Quintet, revised its Risk Appetite Statement and reemphasized its risk appetite for Sustainability, Climate, and Environmental risks (collectively referred herein as the "sustainability risks" under this policy) as a low. Accordingly, QAM is implementing a holistic approach to assess, quantify, and monitor these risks, which are progressively integrated into its practices and processes, from the investment process to the governance, as well as strategic planning. In doing so, Quintet aims at implementing a strong control framework in place, to mitigate these risks, to the extent possible, and fulfil its role as most trusted fiduciary to its clients."

Those KRIs are extended and reported as well to the QAM Board of Directors as QAM has incorporated and adopted the Quintet Risk Appetite Statement in its process and risk governance framework, adapted to its business operational model.

The owner of this document is the Authorised Manager in charge of portfolio management. This policy has been approved by the firm's Authorised Management committee.

Effective: 01/09/2025

III.POLICY PROVISIONS

3.1. INVESTMENT RELEVANCE

QAM views sustainability factors as sources of both risk and return and believes such factors are financially material to the investment process across a broad range of assets and geographies. We identify sustainability risks to encompass environmental, social and governance risks, as defined below:

3.2. IDENTIFICATION OF SUSTAINABILITY RISKS

There are different types of sustainability risks that may impact the investment case. Not all risks may be relevant to all investments therefore the investment team identifies the material sustainability risks relevant to for the particular strategy, industry or sector etc. Examples of sustainability risks include, but are not limited to:

3.2.1. ENVIRONMENTAL RISKS TO THE INVESTMENT

Environmental risks can be related to climate and other (non-climate) environmental matters such as biodiversity loss, pollution and land degradation.

Climate risks represent all possible risks to an investment induced by climate change and its consequences. They are divided into two broad categories: physical and transition risks.

Physical risks are typically the negative impacts of (i) either an increasing accumulation and intensity of acute extreme weather events, for example heat waves and storms, or (ii) longer-term chronic changes in mean values and ranges of various climate variables, for example temperature, precipitation, and sea levels. A failure to adequately manage physical climate risks may lead to, amongst other consequences, the destruction or damage of facilities, the disruption or failure of supply chains and logistics, and potential changes in demand for products and services.

Transition risks materialise as the additional costs, loss of market share, or loss of competitiveness, induced by the transition to a greener economy. They can occur because of environmental or social factors such as emerging technologies or policies (e.g., pushing towards less polluting practises), or shifts in consumer preferences. A failure to adequately manage transition risks may lead to, amongst other consequences, the impairment of defunct or outdated assets or reserves, the loss of customers, and the need for significant capital expenditure.

Other (non-climate) environmental risks cover all negative impacts linked to a degradation of the environment, the pollution of land or marine ecosystems, losses of biodiversity, the scarcity of natural resources, etc. Despite being not directly linked to climate change, these various factors bear essentially the same types of risk for individuals, corporate firms, and society in general, as those identified above.

3.2.2. SOCIAL RISK TO THE INVESTMENT

Social risks are risks related to, but not limited to, employee health and safety incidents, poor working conditions, product safety failures, land conflicts and non-compliance with labour standards. These can have negative impacts on the financial performance of companies, for example, through the inability to attract and retain staff, loss of customers, reduced demands and costs of legal actions and/or compensations.

3.2.3. GOVERNANCE RISK TO THE INVESTMENT

Governance risks can be related to, but not limited to, the inadequate management of environmental and social issues, non-compliance with corporate governance frameworks or codes, board ineffectiveness and accounting issues. Such risks can have negative impacts on the financial performance of companies, for example, through damaged reputation, fines, legal costs and/or compensations.

3.3. MANAGEMENT OF SUSTAINABILITY RISKS IN PORTFOLIO MANAGEMENT

The management of sustainability risks may vary per type of investment and asset class. QAM has implemented processes to manage sustainability risks when investing in single lines and when investing in collective investment vehicles.

3.3.1. SINGLE LINE INVESTMENTS

3.3.1.1 ADHERENCE TO INTERNATIONAL STANDARDS

QAM, through its mother company Quintet adheres to multiple international standards in favour of sustainable practices, such as the Principles for Responsible Investment. In addition, it encourages investee entities to adopt the same level of standards. For instance, QAM requires investees to adhere to the United Nations' Global Compact Principles, a set of ten general principles relating to human rights, labour, environment, and anti-corruption practices. On behalf of QAM, Quintet Sustainable Investment team and BRM teams monitor on a continuous basis the adherence of its investees to these sustainability guidelines. Any non-compliant firm is excluded from Quintet Group investment scope.

3.3.1.2. ACTIVE OWNERSHIP

Active ownership is the use of the rights and position of ownership to influence the activities or behaviour of investee entities. QAM believes that active ownership is an effective means of mitigating sustainability risks. QAM's portfolio management team executes this policy through such actions as engagement with company management and proxy voting.

With regards to engagement, QAM works with an engagement partner who conducts dialogues on its behalf with companies to improve their practices and behaviours regarding sustainability matters, with a focus on climate change, human and labour rights, human capital management and board effectiveness. With regards to voting, QAM uses its position as owner of equities to support improvements regarding key sustainability issues at the companies that it owns.

Please refer to QAM's Active Ownership Policy for more details.

3.3.1.3 EXCLUSION

Exclusion is the conscious divestment or refusal to purchase securities issued by an entity. QAM believes that exclusion is a viable means of managing sustainability risks, particularly when active ownership has previously failed or is not feasible. QAM applies exclusions across single line equities and fixed income securities. QAM uses a set of exclusions to avoid and limit exposures to some high sustainability risk factors including certain exposure to thermal coal, violators of the UN Global Compact, issuers on the EU arms embargo list and issuers involved in controversial weapons.

QAM executes this approach through the Quintet Group Investment Universe (GIU), the list common to all entities within Quintet that represents the set of all validated securities that can be used in portfolio management purposes and related processes. QAM's portfolio management team as 1st line of defence and QAM's Risk Management department (second line of defence) execute the day-to-day application of the exclusion list and report any breaches to the Risk Committee. The Risk Management team monitors breaches of the exclusion list on a daily basis and notify the portfolio managers, who will need to follow the divestment practices as required in the exclusion policy. Please refer to QAM's Responsible Investment Policy for more detail on our exclusion policy.

3.3.1.4 CONTROVERSY MONITORING

Controversies refer to ESG incidents or events that have a negative impact on the environment, society, external stakeholders, or entity value. They can be related to, but not limited to environmental matters such as pollution and animal welfare, social matters such as labour relations, occupational health and safety; and governance matters such as accounting and tax practices, bribery and corruption and business ethics. On behalf of QAM, Quintet's Sustainable Investment team operates a process of controversy monitoring across single line equities and fixed income securities, using third-party data suppliers. This ongoing process enables to detect potential sustainability risks and to trigger further actions (e.g., active ownership or exclusion) wherever needed. Please refer to QAM's Responsible Investment Policy for more detail on controversy monitoring.

3.3.1.5 ESG INTEGRATION

ESG integration is the process of analysing and assessing sustainability risks and incorporating the assessment into opportunity identification, investment assessment, investment decision making, and portfolio construction process. QAM undertakes ESG integration at multiple levels.

Quintet's Sustainable Investment team integrates ESG consideration at the individual security level through an internally developed sector-specific approach as well as at company level. Companies are measured on the degree to which a company's economic value is at risk driven by ESG factors. An issue is material if its presence or absence in financial reporting is likely to influence the decision made by investors. To be considered relevant in the materiality assessment, an issue must have a potentially substantial impact on the economic value of a company and, hence, its financial risk- and return profile from an investment perspective. ESG integration is complementary to other (market, credit, or duration) risk assessments in the investment decision-making process.

3.3.2 Collective investment vehicles:

When investing in collective investment vehicles, QAM relies on Quintet's GFS team. They take into consideration the sustainability risks integration policy of the vehicle managers where available. Quintet's GFS team also assesses the exclusion policy of the vehicles to understand their process to avoid and limit exposures to certain sustainability risk areas. In addition, they require that managers have an active ownership policy in place to structurally engage with investee companies and vote where appropriate.

To ensure such standards, Quintet's GFS team that acts on behalf of QAM conducts an extensive sustainability due diligence process on each third-party manager and collective investment vehicle in which QAM invests, combined with extensive reporting requirements on third-party managers and continued monitoring.

3.4. MONITORING OF SUSTAINABILITY RISKS

Sustainability risk management processes described above rely largely on a continuous monitoring of all investments, single line equities, fixed income securities and collective investment vehicles in the GIU.

I. Data

Sustainability risk identification, assessment, and monitoring processes are supported by the use of external expert information sources from third-party providers.

II. Process

Sustainability risk management is integrated into the investment and investment risk framework, where first and second lines of defence have distinct responsibilities.

III. Infrastructure

Third-party sustainability research and expert data is incorporated into information systems and is made available to investment and relevant risk staff.

IV. Adaptation

Sustainability risks can change, so our models and processes are continuously updated. Ongoing education of investment and relevant risk staff is necessary. QAM operates staff training on sustainability topics and Quintet Group's Performance monitoring team monitor and track attendance and completion.

3.5. ESCALATION AND REPORTING

In the event that a sustainability risk is not adequately managed within functions and workflows, QAM operates an escalation procedure through control functions. In the event of a breach, this will be escalated by risk management to the management committee and the risk and compliance committee of QAM as well as the Management Company of the relevant funds. In case of still non-solution, this will be escalated to the QAM Board of Directors, the ultimate responsible governing body.

In all cases, Compliance will be informed by either the risk management or portfolio management team.

3.6. TRANSPARENCY AND DISCLOSURE

QAM is committed to providing timely and relevant communication and reporting of its sustainability risk efforts both externally and internally in full compliance with the current regulatory requirements.

QAM publishes a summary of its Sustainable Risk Policy on its website. It also publishes related reports and disclosures including, but not limited to Responsible Investment Policy, an annual Active Ownership Report, and sustainability information within the Quintet Group Annual Report.