Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Quintet Private Bank (Europe), S.A. with Legal Entity Identifier: KHCL65TP05J1HUW2D560

Summary

Quintet Private Bank (Europe), S.A (hereafter: Quintet), with Legal Entity Identifier: KHCL65TP05J1HUW2D560 considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Quintet Private Bank and its branches in Belgium (Puilaetco), Germany (Merck Finck), Netherlands (InsingerGilissen), and Denmark.

This statement on principal adverse impacts on sustainability factors covers the reference period from 01 January 2024 to 31 December 2024. Hereafter this statement on principal adverse impacts on sustainability factors will be referred to as 'this Statement'.

In the table in the section Description of the principal adverse impacts on sustainability factors, the adverse impacts are provided for each adverse sustainability indicator that the Sustainable Finance Disclosure Regulation (SFDR) prescribes to report on, in accordance with the criteria and formulas provided in the Regulatory Technical Standards (RTS) of the regulation. This includes areas of adverse impact related to greenhouse gas emissions, biodiversity, water, waste, and social and employee matters for investments in companies, and greenhouse gas emissions and social violations in relation to investments in sovereigns and supranationals. Across all areas the investments have adverse impacts and a comparison with the adverse impacts in 2023 and 2022 reference periods is included in the table below.

In this Statement we provide additional information on how principal adverse impacts are considered at Quintet, which is structured in the following way:

- Description of the principal adverse impacts on sustainability factors
- Description of policies to identify and prioritise principal adverse impacts on sustainability factors
- Engagement policies
- References to international standards
- Historical comparison

Description of the principal adverse impacts on sustainability factors

The table below contains quantitative information for a prescribed set of adverse sustainability indicators as required by the Delegated Regulation 2022/1288 of the Sustainable Finance Disclosure Regulation (hereafter: SFDR). The indicators are calculated based on the investments that Quintet held on 31 March, 30 June, 30 September and 31 December 2024 where Quintet was responsible for the investment decision-making. Out of scope of this Statement are investments made by Quintet's clients within Quintet's Advisory and Execution Only propositions, as well as the investments of Quintet subsidiaries that manage mutual funds (as these are considered separate Financial Market Participants and therefore make their own SFDR disclosures). Quintet and its subsidiaries that manage mutual funds are collectively referred to as Quintet Group.

Quintet has exercised best efforts to obtain the data needed to calculate the impacts of the adverse sustainability indicators in this Statement. The two main data inputs are: 1) Information on the size of the investment in individual investment instruments (such as stocks and bonds) for 31 March, 30 June, 30 September and 31 December 2024, and 2) Adverse sustainability indicator data in relation to the issuers of these investment instruments. Please refer to the section "Description of policies to identify and prioritise principal adverse impacts on sustainability factors" for more information about the sources used.

Quintet makes investments through single lines (for example by buying investment instruments such as stocks and bonds), as well through collective investment vehicles (such as mutual funds and Exchange Traded Funds (ETFs)) that are managed by external fund managers.

The calculations in the table below are based on those investments that fall within the categories specified by the SFDR, which are investments in companies, sovereigns and supranationals, and (direct) real estate. This includes both the investments made through single lines, as well as through collective investment vehicles. The assets in these categories together amount to approximately 94% of the assets managed by Quintet. The remaining approximately 6% relate to investment instruments for which no data was available (for example when we were not able to obtain the underlying holdings of third party funds), and other investment categories such as cash, derivatives, and commodities.

The available data for most adverse sustainability indicators in the table below ranges between approximately 0% and 100% as there are instances where for specific indicators there was no data available for investment instruments. In these cases the adverse impacts depicted in the table are likely to understate the actual adverse impacts. For some adverse sustainability indicators the available data was much lower, such as for emissions to water (less than 1% data available) and gender pay gap (less than 1% of data available), as these are indicators that are currently not common for companies to report. For all principal adverse impact indicators we have highlighted the coverage, in brackets, in the table below as this significantly affects the robustness of the indicator value. Where lack of availability of data is significant, an explanation is provided in the description column. Quintet will continue to engage with investee companies, external fund managers, and data providers to improve the availability, reliability, and timeliness of the data, which we expect will improve the disclosures in this Statement for future reporting periods.

In the last column of the table below, the actions taken and actions planned have been described. This is in addition to Quintet's engagement efforts with third party fund managers. The description in the column does not include any actions taken by third party fund managers themselves in relation to each individual adverse sustainability indicator, as Quintet works with a multitude of third party fund managers who all have different approaches to taking adverse impacts into account.

The following definitions apply to the Indicators below:

- **GHG emissions**
  Green House Gas (GHG) emissions include carbon dioxide, methane, nitrous oxide, fluorinated gases and others which when produced trap heat in the atmosphere contributing to global warming and climate change. They are typically categorised as Scope 1, 2 and 3 emissions. This can be measured by volume or intensity.

- **Scope 1 GHG emissions**
  Emissions from sources that are owned or controlled by an organisation. Examples include, but are not limited to, emissions from company owned vehicles, process emissions from industrial operation, on-site fuel combustion etc.

- **Scope 2 GHG emissions**
  Emissions from the generation of purchased electricity, steam, heating, or cooling that the organisation consumes but does not produce.

- **Scope 3 GHG emissions**
  Emissions that occur as a result of the company's activities, but from sources not owned or directly controlled by the company. Scope 3 often represents the largest share of an organisation's total emissions and are often emissions from the company's goods and services which are used by the end user.

- **Exposure to fossil fuels**
  Companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels (i.e. coal, oil, natural gas)

- **Compliance with United Nations Global Compact principles**
  Businesses which align their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption.

- **Exposure to controversial weapons**
  Companies which have significant ownership, invest or manufacture landmines, cluster munitions, chemical or biological weapons.

	Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact [2024]**[1]	**Impact [2023]**	**Impact [2022]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
	CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	335,751 (coverage = 84%)	412,535	373,550	Scope 3 carbon emissions saw a considerable increase, this is primarily due to increases in data availability which saw more companies reported on their carbon emissions as well as changes	These adverse impacts are part of the topics that were considered in engagement with companies where Quintet invested in single lines. This continues in 2025. A 20% GHG intensity reduction target has been set for 2030 for Quintet Group's core flagship funds, which Quintet invests in.
		Scope 2 GHG emissions of investee companies emissions expressed in tonnes of CO2 equivalent	134,635 (coverage = 84%)	133,752	113,810		

[1] The figures displayed in this column are calculated using available information. Next to each Indicator the percentage of available information, "Coverage", has been stated. For some adverse sustainability indicators the available data was much lower, as these are indicators that are currently not common for companies to report.

		Scope 3 GHG emissions of investee companies expressed in tonnes of CO2 equivalent	5,880,148 (coverage = 84%)	2,800,782	2,921,428	in asset allocation which saw increased exposure to companies with higher GHG emissions.	These adverse impacts will be monitored and reviewed.	
		Total GHG emissions of investee companies expressed in tonnes of CO2 equivalent	6,350,535 (coverage = 84%)	3,347,070	3,408,788			
	2. Carbon footprint	Total GHG emissions expressed per million EUR invested	419 (coverage = 84%)	202	211	The carbon footprint (per EUR 1 million invested in by Quintet) increased due to the increase in Scope 3 GHG emissions.		
	3. GHG intensity of investee companies	GHG emissions per million EUR of revenue of investee companies	636 (coverage = 85%)	422	445	The GHG intensity (per EUR 1 million of revenue generated by the companies		

						invested in by Quintet) increase when compared to last year due to increases in Scope 3 emissions.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3.44% (coverage = 91%)	2.83%	3.03%	This adverse impact saw a slight increase due to increases in data availability and changes in Quintet’s asset allocation. Nevertheless, this was further controlled by Quintet's single-line process and remained stable.	Quintet addressed this adverse impact via exclusions of investments in thermal coal in single lines. Within Quintet Group's core flagship funds (which Quintet invests in), this is further addressed by limiting investments in companies active in the fossil fuel sector in single lines. This continues in 2025. Within Quintet Group's core flagship funds, the active fund selection process was enhanced in 2024 to require the same.

							This adverse impact will be monitored and reviewed.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	29.26% (coverage = 67%) (consumption) 6.32% (coverage = 37%) (production)	26.25% (consumption) 3.28% (production)	25.01% (consumption) 2.36% (production)	The increase in share of non-renewable energy production may be due to changes in our strategic asset allocation which may shift the portfolio to have increased exposure in certain utility companies. Share of non-renewable energy consumption remained stable. However, please note that because of the formula prescribed by the SFDR	No specific actions taken. Will be monitored and reviewed in 2025.

						Regulatory Technical Standards to calculate this indicator, the resulting figure when there is limited data availability (which is the case for this indicator may understate this adverse impact and is not representative for the assets that are in scope of this Statement.	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Agriculture, Forestry & Fishing: 0.00 Construction: 0.00 Electricity, Gas, Steam & Air	Agriculture, Forestry & Fishing: 0.00 Construction: 0.00 Electricity, Gas, Steam & Air	Agriculture, Forestry & Fishing: 0.01 Construction: 0.00 Electricity, Gas, Steam & Air	These adverse impacts remained stable with no material changes. Quintet does not have large exposures to these sectors, hence the	No specific actions taken. Will be monitored and reviewed in 2025.

			Conditioning Supply: 0.04 Manufacturing: 0.09 Mining & Quarrying: 0.01 Real estate: 0.01 Transportation & Storage: 0.01 Water supply, Sewerage, Waste management & Remediation: 0.00 Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles: 0.00	Conditioning Supply: 0.02 Manufacturing: 0.11 Mining & Quarrying: 0.02 Real estate: 0.01 Transportation & Storage: 0.01 Water supply, Sewerage, Waste management & Remediation: 0.00 Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles: 0.00	Conditioning Supply: 0.04 Manufacturing: 0.75 Mining & Quarrying: 0.02 Real estate: 0.02 Transportation & Storage: 0.01 Water supply, Sewerage, Waste management & Remediation: 0.00 Wholesale & Retail Trade & Repair of Motor	adverse impacts are low.	

					Vehicles & Motorcycles: 0.01		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	3.38% (coverage = 91%)	2.62%	3.54%	This adverse impact was part of the topics that were considered in engagements with companies where Quintet invested in single lines.	This adverse impact is part of the topics that were considered in engagements with companies where Quintet invested in single lines. This continues in 2025, and this adverse impact will be monitored and reviewed.
Water	8. Emissions to water	Tonnes of pollution emitted into water generated by investee companies per million EUR invested	0.00 (coverage = 0.18%)	0.00	0.04	This indicator remains stable. Because of the formula prescribed by the SFDR Regulatory Technical Standards to	No specific actions taken. Will be monitored and reviewed in 2025.

						calculate this indicator, the resulting figure when there is limited data availability (which is the case for this indicator with data for less than 1% of the investments in corporates), may understate this adverse impact and is not representative for the assets that are in scope of this Statement.	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested	1.38 (coverage = 84%)	1.01	5.36	An increase to this adverse impact was observed. This can be attributed to changes in asset allocations, increases in	No specific actions taken. Will be monitored and reviewed in 2025.

						data coverage and availability.	
	INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in non-respect of the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles, including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration and the **i**nternational Bill of Human	0.17% (coverage = 91%)	0.13%	0.32%	This adverse impact was further controlled via exclusions and engagements for single lines and remained minimal.	Quintet addressed this adverse impact via exclusions and engagements for single lines. For single lines only, Quintet excludes companies from investment if they have been in breach of the UNGC principles for a period of over three years (Quintet leverages the Global Standards Screening dataset from Sustainalytics, which is globally recognised for its expertise in global standards screening). Quintets engagement provider, EOS Hermes, is instructed to engage with companies which are

		Rights.					in violation of the UNGC principles, and/or have poor business practices. This continues in 2025. Within Quintet Group's core flagship funds (which Quintet invests in), the active fund selection process has been enhanced in 2024 to require the funds to limit investments in companies that are in violation of the UN Global Compact. This adverse impacts will be monitored and reviewed.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD	37.40% (coverage = 91%)	31.98%	33.28%	An increase to this adverse impact was observed. This can be attributed to changes in asset allocations, increases in	No specific actions taken. Will be monitored and reviewed in 2025.

	principles and OECD Guidelines for Multinational Enterprises	Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				data coverage and data availability.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.54% (coverage = 4%)	0.33%	0.23%	An increase in this adverse impact was observed. However, please note that because of the formula prescribed by the SFDR Regulatory Technical Standards to calculate this indicator, the resulting figure when there is	No specific actions taken. Will be monitored and reviewed in 2025.

						limited data availability (which is the case for this indicator with data for only 4% of the investments in corporates), may understate this adverse impact and is not representative or the assets that are in scope of this Statement.	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	25.45% (coverage = 82%)	20.15%	20.12%	This adverse impact has improved. As part of Quintet's engagements and voting policy, Quintet supports increasing board gender diversity for companies	This adverse impact is part of the topics that were considered in engagements with companies where Quintet invested in single lines. This continues in 2025, and this adverse impact will be monitored and reviewed.

						which do not have appropriate levels of representation.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.03% (coverage = 100%)	0.05%	0.00%	This adverse impact was further controlled via exclusions for single lines and third party fund selection and remained minimal.	Quintet addressed this adverse impact via exclusions for single lines and third party fund selection. This continues in 2025. Quintet excludes investments in companies which are exposed to controversial weapons. Within Quintet Group's core flagship funds (which Quintet invests in), the active fund selection process has been enhanced in 2024 to require the funds to limit investments in companies that are in violation of the UN Global Compact.

							This adverse impact will be monitored and reviewed.
	Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact [2024]**	**Impact [2023]**	**Impact [2022]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environmental	15. GHG intensity	GHG intensity of investee countries	0.03 (coverage = 100%)	0.01	0.02	This adverse impact remained minimal.	No specific actions taken. Will be monitored and reviewed in 2025.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and	Absolute: 2 countries Relative: 3.77%	Absolute: 4 countries Relative: 3.67%	Absolute: 3 countries Relative: 2.61%	This adverse impact was further controlled via exclusions for single lines of countries with UN and EU arms embargoes targeted at the central government	Quintet addressed this adverse impact via exclusions for single lines of countries with UN and EU arms embargoes targeted at the central government. This continues in 2025. Within Quintet Group's core flagship funds (which Quintet invests in), the active fund selection process

		conventions, United Nations principles and, where applicable, national law				and remained stable.	has been enhanced in 2024 to require the funds to limit investments in countries that are subject to UN and EU arms embargoes. This adverse impact will be monitored and reviewed.
	Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		**Metric**	**Impact [2024]**	**Impact [2023]**	**Impact [2022]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0.00%	0.00%	0.00%	Not applicable	Not applicable

Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0.00%	0.00%	0.00%	Not applicable	Not applicable

Other indicators for principal adverse impacts on sustainability factors

Information on additional climate and other environment-related indicators, as set out in Table 2 of Annex I of the SFDR Delegated Regulation (2022/1288):

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Description	Impact [2024]
	Indicators applicable to investments in investee companies		
	CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	20.76%

Information on additional climate and other environment-related indicators, as set out in Table 3 of Annex I of the SFDR Delegated Regulation (2022/1288):

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Description	Impact [2024]
Indicators applicable to investments in investee companies			
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	4.35%

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

This section describes the policies to identify and prioritise principal adverse impacts on sustainability factors and how those policies are kept up to date and applied to Quintet's investments.

The Quintet Responsible Investment policy considers a range of adverse impacts on sustainability factors in investment management process, through different methods. The key methods that are used are exclusion, the incorporation of ESG factors and limits in portfolio construction, engagement. The first two methods are specifically used by Quintet to consider various adverse impacts already in the investment due diligence process for single lines (equities, bonds). For investments in funds managed by external fund managers this is conducted via Quintet's fund due diligence process. The exact way adverse impacts are taken into account differs between external fund managers. Quintet does not prioritise certain adverse impacts over others, however, some adverse impacts are steered on more explicitly than others. While all indicators in the table in this Statement are directly or indirectly influenced through the different methods and criteria that Quintet applies, the indicators that are most explicitly embedded in the Quintet Responsible Investment Policy are PAI indicator 4 (companies active in the fossil fuel sector) through the exclusion criteria for single lines related to thermal coal, PAI 10, (violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises) through the combined engagement and exclusion approach for single lines related to companies that are considered to be in violation thereof, and PAI 14 (involvement in controversial weapons) through the exclusion criteria for single lines related to company involvement in controversial weapons. Please refer to the Quintet Responsible Investment policy for more information.

When was the policy approved?

The date of approval of the most recent version of the Responsible Investment policy is 31 December 2024.The policy is reviewed at least annually by Quintet's Sustainable Investment team.

How is the responsibility for the implementation of the policies within organisational strategies and procedures allocated?

Quintet's Investment Client Solutions department is the formal owner of the policy and needs to approve any changes to it, whereafter the Quintet Board of Directors also needs to formally approve the policy. The responsibility for implementing Quintet's Responsible Investment policy (including principal adverse sustainability impacts) into organisational procedures and investment decisions lies with the Investment Client Solutions department.

The scope of the Responsible Investment policy (including the way adverse sustainability impacts are considered) applies to all assets managed by Quintet. However, specific investment products or propositions can deviate from this approach – in these cases their respective approach is described in the legal documentation of that specific investment product.

What are the methodologies to select the adverse sustainability indicators listed in the table?

Quintet believes it is important that companies demonstrate their commitment to reducing environmental and social adverse impacts and has selected two additional adverse sustainability indicators (next to the prescribed mandatory indicators), which are the environmental indicator "Investments in companies without carbon emission reduction initiatives" and the social indicator "Lack of a human rights policy". The lack of carbon emission reduction initiatives and lack of a human rights policy is a strong signal that further attention may be required, especially given the high probability of adverse impacts (particularly in certain sectors of the economy) in these areas, the severity of the potential impact in case companies do not take appropriate actions, and the potentially irremediable character of these impacts. These two indicators were selected after reviewing all the additional indicators listed in Table 2 and Table 3 of Annex I of the SFDR Delegated Regulation 2022/1288. Most indicators were not considered suitable, relevant or feasible to include. The review was conducted in the following way: a first assessment was done based on whether or not the indicators directly or indirectly relate to a topic that Quintet addresses via its Responsible Investment policy. Subsequently, Quintet analysed whether at this moment in time sufficient reliable information is available for the remaining indicators and whether the indicators are expected to measure adverse impacts that given Quintet's investment approach would likely cause severe, irremediable impacts. Based on this review the two beforementioned indicators were selected, which are directly and indirectly addressed Quintet's investment decision-making through exclusions, portfolio construction, and active ownership activities.

What is the associated margin of error of the methodologies to select the adverse sustainability indicators?

Quintet relies on Sustainalytics as a third-party data provider to assess and calculate the adverse sustainability indicators. Sustainalytics utilises a combination of reported data from companies as well as estimation models in cases where reported data is not available. The use of estimation models introduces an inherent margin of error, as it relies on assumptions and proxies based on comparable entities or industry averages.

While Sustainalytics applies rigorous methodologies to ensure data quality and consistency, Quintet is currently not in a position to quantify a specific margin of error associated with these methodologies. As data availability and modelling techniques evolve, Quintet will continue to monitor developments and may include more specific information regarding margin of error in future updates to this Statement. However, Quintet engages with Sustainalytics to request their annual data quality statement.

What data and sources does Quintet use for the calculations of the adverse impacts?

For adverse sustainability indicators which have limited data availability this has been stated in the table above in this Statement. Limited data availability has various causes, among others the fact that for some of these indicators not many companies are voluntarily reporting (or only a subset of these indicators), and reporting by external fund managers on these indicators is limited thus far. Furthermore, as Quintet invests a significant portion of clients' assets through external fund managers, Quintet needs information on the holdings of these funds, as well as the size of these holdings, at the prescribed four measurement dates at the end of each quarter (31 March, 30 June, 30 September and 31 December 2024).

For this reason, Quintet has done the following as part of our commitment to exercise best efforts to obtain relevant, robust, and timely data:

1. We obtain information on the holdings of the funds we have invested in on behalf of our clients via Refinitiv, a global provider of financial markets data and infrastructure. Where Refinitiv did not have the holdings data available, or not in line with the prescribed four measurement dates in 2024, Quintet has made best efforts to obtain these holdings, for example, by engaging directly with the largest external fund managers. While this has helped improving the data set, there are still data gaps.
2. We have obtained an adverse impacts data set on a global universe of companies and countries from our external data provider Sustainalytics, which is a global ESG and corporate governance research, ratings and analytics firm. Sustainalytics collects reported data from companies, does additional analyses on policies, targets, or activities (where the specific indicators require so), and makes use of proxies or estimations to fill data gaps where it believes to be appropriate. While this does not fill all data gaps, using their data set helps improving the available data compared to only using data reported by investee companies.

Next to having more adverse impact data available by working with Sustainalytics, using their data set also allows Quintet to do the calculations on our investments (both single lines and external funds) based on one data set instead of relying on the disclosures of external fund managers, who may use different sources and methodologies, which would have made the impacts shown in the table in this Statement less consistent.

Engagement policies

Active ownership (which includes engagement with companies) is a fundamental part of our investment process, and a key method to reduce adverse sustainability impacts. Active ownership involves monitoring the investments we make, identifying environmental, social and governance (ESG) issues, strategic problems or opportunities for improvement, engaging with management teams or investment managers, and other efforts to encourage positive change for the long-term benefit of our clients and the world. Since we also invest client assets with other fund managers, we hold them to the same high standards regarding active ownership, and we engage with those managers to encourage that they are active owners on behalf of our clients. In the case of external assets managers of passive funds, this can be in the form of these external fund managers engaging with the index providers on environmental, social or governance factors related to the index construction methodology.

Since Quintet represents a diverse group of clients with diverse holdings across the investment universe, we invest in a wide range of companies. As many of these companies are large, our direct investments may be small relative to the size of these firms. To be effective in engaging with these companies, we believe that collective engagement is likely to achieve better results than efforts we might undertake on our own. We have therefore hired specialised external service providers to conduct engagement on our behalf.

What are Quintet's engagement priorities?

The primary focus of Quintet's engagement is to address companies' key risks, challenges and opportunities, covering environmental, social, governance, strategy, risk and communication matters. This includes mitigating and reducing adverse impacts of our investments on sustainability factors. Our ultimate objective is to create value for investors, the company, and people and the planet. Quintet works with its engagement partner Equity Ownership Services (EOS) at Federated Hermes to give special attention to companies that violate the principles of the UN Global Compact, or that have experienced significant ESG controversies. The engagement priorities are currently 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. In addition, further engagements are also pursued in fast-growing areas of biodiversity, tax and digital rights. Climate change is an ongoing priority. Quintet is a member of Climate Action 100+, a collaborative investor engagement initiative that seeks to ensure that the world's largest corporate greenhouse gas (GHG) emitters take action to reduce GHG emissions. Engagement priorities are reviewed annually, and we provide our insights and priorities as part of the priority-setting process with EOS.

How does that apply to external fund managers?

Quintet allocates a significant portion of our clients' assets to external fund managers. Active ownership to create sustainable investor value is important for all investments, and we incorporate this into the selection and monitoring of external managers where possible and feasible. As part of our formal fund due diligence and monitoring process, we engage with these managers to communicate our beliefs and to understand theirs, and for insight into their active ownership policy and practices.

How do the engagement policies and priorities adapt over time?

Given the dynamic nature of the annual review and priority-setting process at EOS, and the fact that Quintet works with dozens of external fund managers who all have their own specific approaches to address adverse impacts and to prioritise these, Quintet does not have a predetermined set of adverse sustainability indicators that are structurally and systematically considered in the engagement activities. However, on behalf of Quintet, EOS structurally engages with companies on six engagement themes: Climate change, Human and labour rights, Human Capital, Board effectiveness, Biodiversity and Digital rights and AI. These engagement themes dynamically target various principal adverse impacts. For example, engagements focused on climate change would seek to reduce companies emissions – directly affecting Principal Adverse Impact Indicators 1, 2, 3 and 4. Quintet will monitor the development of the principal adverse impacts reported in this Statement over time and where considered appropriate, Quintet will review if it's feasible to adapt either the engagement policy or the engagement priorities where for specific principal adverse impacts there is no or only limited reduction of the adverse impacts from reporting period to reporting period.

References to international standards

The Quintet Responsible Investment approach in general, as well as specifically in relation to the mitigation of adverse impacts, Quintet considers various international standards and codes. The most important ones are the United Nations' Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the United Nations' Guiding Principles on Business and Human Rights. These are embedded in our due diligence and investment decision-making. This is underpinned by data, research, tools and services that we receive from our external service providers related to ESG risks and opportunities, exclusions, and engagement. As per Quintets Responsible Investment Policy, companies which are deemed as non-compliant of the international standards above, are excluded from investments, provided they have been deemed as non-compliant for a period longer than three years. By excluding issuers from Quintet's Investment universe, the following Principal Adverse Indicator(s) are being considered:

10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

Furthermore, where possible and feasible we expect our external managers to apply these standards, or similar standards as considered relevant, in their investment decision-making, exclusions, engagement and voting activities.

The adverse sustainability indicators in the table in this Statement that measure alignment with the above are primarily the following ones:

10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Quintet leverages the Global Standards Screening dataset from Sustainalytics, which is globally recognised for its expertise in global standards screening, in order to measure companies alignment to the United Nations' Global Compact principles, the OECD Guidelines For Multinational Enterprises and the United Nations' Guiding Principles on Business and Human rights. Sustainalytics assesses companies as Non-compliant with the UNGC Global Compact Principles, the OECD Guidelines For Multinational Enterprises and the United Nations' Guiding Principles on Business and Human rights when it is determined to be causing or contributing (or indirectly linked) to severe and/or systemic violations of international norms and standards and their related conventions and instruments. Companies assessed as Non-Compliant could include those that are directly associated with issues causing severe, irreversible impacts that affect stakeholders and/or the environment and interfere with the enjoyment of rights and/or impose a clear cost on society. Companies displaying inadequate responses to address or remediate the issues at hand, including attempts to conceal their wrongdoing and/or involvement, could also be assessed as Non-Compliant. Sustainalytics Global Standards Screening data covers over 20,000 companies, with over 90% of Quintet's corporate holdings having available data.

The methodology and data used to measure the adherence to the above items is described in the "Sources" section on the previous page. Quintet's methodology and data do not enable forecasting the future principal adverse impacts of investee companies. Furthermore, Quintet does not use a forward-looking climate scenario in its due diligence nor investment process. When more robust data sets and tools become available to do forward-looking climate scenario analyses, Quintet will review if and how forward-looking climate scenarios may be of added value and feasible to implement in the investment due diligence on adverse impacts and the monitoring thereof.

Historical comparison

An explanation of the changes for each indicator between 2022, 2023 and 2024 is included in the Explanation column of the table above.

Legal disclaimer

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