Quintet Private Bank's disclosure pursuant to Article 6 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ('SFDR') on transparency of the integration of sustainability risks for financial advisers

How sustainability risks are integrated into investment advice

Sustainability risks are defined as environmental, social or governance (ESG) events or conditions that, if they occur, could cause a negative material impact on the value of the investment. We consider sustainability risks a source of financial risks and therefore it is crucial to incorporate the consideration of these risks in our advisory process. Quintet identifies sustainability risks to include environmental, social and governance risks. Environmental risks encompass climate risks, which include physical and transition risks, and non-climate risks such as pollution and biodiversity loss.

At Quintet, sustainability risks are integrated in the instrument selection process for investment advisory. Investment advisory is a business service offered by Quintet where we provide advice on financial instruments such as stocks, bonds and funds to clients. The investment decision remains at the clients' discretion.

Single-line stocks and bonds
When advising on single-line stocks and bonds, identified sustainability risks include, but are not limited to: violations of the UN Global Compact principles and the related chapters of the OECD Guidelines for Multinational Enterprises and the related UN Guiding Principles on Business and Human Rights, exposure to issuers subject to EU arms embargo, exposure to thermal coal and exposure to controversial weapons. We manage and limit the sustainability risks our financial advice through

(i) a set of exclusions to avoid exposure to certain high ESG risks factors;
(ii) where possible and feasible, we engage with the issuers to mitigate the identified risks.

Financial products
When advising on financial products[1], these undergo a fund due diligence process where each fund is rated based on their SFDR disclosures and Quintet's fund sustainability assessment. Sustainability risks are considered by, at a minimum, requiring funds to have aprocess in place to avoid exposure to a pre-determined set of controversial weapons . Furthermore, the fund managers need to have an active ownership policy to engage and vote, where possible and feasible.

Funds which received the highest or second highest sustainability rating by Quintet are subjected to a more rigorous evaluation of sustainability, which includes a more detailed assessment of sustainability risks. This assessment includes an analysis of the funds' holdings' exposure to substantial sustainability risks and controversies, an evaluation of the funds' sustainability risk integration approach and whether the funds engage with underlying issuers on financially material ESG matters.

For more detailed information, please refer to Quintet Sustainability Risks in Investments Policy, Responsible Investment Policy and Fund Sustainability Assessment Summary on our website [Informations Juridiques | Quintet Puilaetco] | [Juridische informatie | Quintet Puilaetco].

[1] This statement applies to funds and ETFs. Sustainability risks are not considered for structured products.

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Assessment of the likely impacts of sustainability risks on the returns of the financial products we advise on

Financial products that we advise on invest or may invest in various financial instruments such as stocks, corporate bonds and sovereign bonds. Sustainability risks, including environmental, social and governance risks, have the potential to impact the value of these instruments and consequentially the returns of the financial products we advise on.

The fund due diligence process described in the above section is expected to mitigate the sustainability risks and their impacts on the returns of the financial products we advise on. However, the likely impacts will vary depending on the funds, the exposure of the funds' holdings to substantial sustainability risks and its approach to integrate sustainability risks in the investment process.