BROWN SHIPLEY
A QUINTET PRIVATE BANK

BROWN SHIPLEY CO LIMITED RESPONSIBLE INVESTMENT POLICY

08 July 2025

CONTENTS

1. KEY DEFINITIONS

- **Active ownership** – Represents actively exercising one's rights as the shareholder of a company, particularly active engagement with management, voting at Annual General Meetings (AGMs), and discussion on both financial and non-financial environmental, social, and governance (ESG) factors. The Active Ownership Group, which consists of members of each of each affiliate of the Quintet Group , meets periodically to discuss the implementation and progress of its Active Ownership strategy.

- **Anti-Greenwashing Rules:** Regulatory measures introduced to ensure that sustainability claims made by financial market participants are clear, fair, and not misleading. These rules require firms to substantiate any claims related to environmental, social, or governance (ESG) factors with robust evidence, preventing the exaggeration or misrepresentation of a product's sustainability characteristics. For UK firms, this aligns with the FCA's commitment to transparency under the Sustainability Disclosure Requirements (SDR).

- **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.

- **PAIs** – principal adverse impacts (PAIs). This refers to the negative impacts of investment decision-making on sustainability factors.

- **Responsible Investment** – Being an active owner and incorporating ESG issues into investment analysis and decision-making processes in order to achieve both financial and societal outcomes.

- **SFDR** – Regulation 2019/2088 of European Parliament and the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. 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,.

- **SDR –** A framework introduced by the UK Government, mandated through the Financial Conduct Authority (FCA), requiring financial market participants, asset managers and wealth managers to disclose clear, consistent, and comparable information on sustainability claims, environmental, social and governance risks, and metrics that apply to their investments products and services. . This regulatory framework requires UK manufacturers to provide client facing disclosure (CFD) and pre-contractual disclosures (PCD) on investment products that use SDR Labels (Sustainability Impact, Focus, Improvers or Mixed Goals) or those that use sustainability related terms in their name or marketing literature and for UK distributors to provide this information to investors.

- **Sustainability risk** – 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.

- **Voting** – Shareholders (typically) receive – and can choose to exercise – 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

- INTRODUCTION:

As a subsidiary of Quintet, Brown Shipley has adopted the group policy. Responsible Investment is an integral part of Quintet's business and our clients and society expect no less. The aim of this document (hereafter: the "RI Policy") is to state the key rules, governance, and procedures related to Responsible Investment (RI) within Quintet.

Where considered relevant, regulatory requirements and terminology have been taken into consideration in the development of the RI Policy. For Brown Shipley, as the UK-based subsidiary of Quintet, this includes alignment with the UK Sustainability Disclosure Requirements (SDR) framework, as outlined by the Financial Conduct Authority (FCA). SDR mandates transparent and consistent sustainability disclosures. While Brown Shipley adheres to Quintet's group policy, the inclusion of SDR reflects its obligation to comply with UK-specific regulatory frameworks.

The overarching framework of Quintet's Responsible Investment Policy is inspired by the EU Sustainable Finance Disclosure Regulation (SFDR), which provides the foundation for ESG integration, sustainability disclosures, and product governance across Quintet's European entities. This group-wide policy has been adapted for Brown Shipley to align with SDR and Anti-Greenwashing Rules (AGR), introduced by the FCA, ensuring regulatory consistency while reflecting the unique outcomes based regulatory conduct requirements of the UK market.

The RI Policy applies to Quintet investment activities, including funds managed by Quintet, advisory and Discretionary Portfolio Management (DPM) propositions. The owner of this document is the UK head of the Investment & Client Solutions (ICS). This policy has been approved by Group Board of Directors of Quintet and is to be reviewed annually.

Please note: Overseas products i.e. non-UK domiciled / registered are not subject to these rules. UK products that do not use sustainability related labels or make references to sustainability related terminology, are also out of scope of SDR and AGR.

Effective: 30/05/2025

2. POLICY PROVISIONS

2.1 ESG Integration Framework

Implementing a comprehensive ESG integration framework enables Quintet to align their investment practices with sustainable and responsible investing principles. By systematically incorporating ESG factors into research, portfolio construction, active ownership, and reporting, we can mitigate risks, uncover opportunities, and contribute to a more sustainable financial systems.

2.1.1 Research and analysis

We utilize third-party ESG data sources to evaluate material ESG risks and opportunities in our investment process. This involves assessing companies based on their ESG performance (see ESG risk score below). Some of the PAIs that are considered by Quintet in relation to their negative impacts (inside-out), are also included in the ESG risk scores given their potential double materiality (i.e. also having an outside-in effect). This includes factors such as carbon footprint, labor practices, and board diversity..

More about our material ESG risk scores:

Material ESG factors are assessed using Sustainalytics' ESG risk scores. The score measures the degree to which a company's economic value is at risk driven by ESG factors, or more technically speaking, the magnitude of a company's unmanaged ESG risks. An issue is considered to be material within the ESG Risk Ratings if its presence or absence in financial reporting is likely to influence the decision made by investors. To be considered relevant in the ESG Risk Ratings, 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.

2.1.2 Portfolio construction

The abovementioned assessments are integrated into portfolio construction models that are used to underpin our financial products. ESG scores generated by our proprietary framework are an additional factor for the buy and sell decision-making, as well as the size of the investment relative to the portfolio. This can be achieved through a best-in-class approach, where investments are made in companies with superior ESG performance within each sector, or through exclusionary screening, where companies with poor ESG practices are excluded.

2.1.3 Active ownership

Active ownership is a critical component of ESG integration, involving ongoing dialogue with investee companies to influence their ESG practices. Companies are engaged through direct conversations and proxy voting to advocate for improved ESG performance. Engagement priorities currently include Board Effectiveness, Climate change, Human & Labour Rights, and Human Capital. Furthermore, where Quintet financial products invest in third-party funds, the following aspects are considered:

1. Quintet's Fund Solutions team conducts an extensive sustainability due diligence process on each third-party manager and collective investment vehicle in which Quintet invests, combined with extensive reporting requirements to third-party managers and continued monitoring of their practices.
2. Funds are required to demonstrate active ownership by a) structurally vote at shareholder meetings and b) structurally engage on environmental and social issues with companies that are invested in. For ETFs this involves engagement with the index provider on ESG topics about the constituents of the index.
3. For actively managed funds preference is given to funds that have an ESG integration approach (through Quintet's fund scoring methodology).
4. Quintet also assesses the exclusion policy of the vehicles to understand their process to avoid and limit exposures to certain sustainability risk areas.

5. Furthermore, the Fund Solutions team monitors external managers through their fund research due diligence process to ensure ESG factors are considered in the investment processes and proxy voting.

2.2 Minimum ESG requirements

Quintet has developed minimum ESG Requirements for its investments. The development of the Quintet Responsible Investment Policy has been based on the organisation's views on what constitutes being a good corporate citizen and internationally recognised standards such as the United Nations (UN) Global Compact principles (for an overview of the 10 UN Global Compact Principles, please refer to Appendix I.).

The minimum ESG requirements can be seen as the base expectation for all investments and are expected to evolve over time. Since the investment process and applicability differs per asset class and investment method, the application of the requirements will differ between investments, such as in the case of direct investments compared to externally managed assets (i.e. via third-party asset managers, see section 3.7[1]. Also, the consequences of a violation of the minimum ESG requirements depend on various criteria, such as regulatory requirements, the nature of the violation, and the feasibility of engaging with the entity that is considered to be in violation.

Limiting Exposure to Sectors

If an issuer operates in violation of Quintet's defined exclusion criteria and either the desired changes related to resolving the violation cannot be achieved given the nature of the violation, or the issuer has not resolved the violation with the timeframe set by Quintet, such issuer is excluded from Quintet's investment universe. The exclusion criteria for direct investments are categorised as follows:

1. Equities and bonds issued by companies directly and indirectly involved in controversial weapons;
2. Bonds issued by countries under an EU arms-embargo, as well as equities and bonds of companies owned by these countries;
3. Equities and bonds issued by companies deriving significant revenue from the extraction of thermal coal or thermal coal power generation;
4. Equities and bonds issued by companies that are non-compliant with the principles of the UN Global Compact (UNGC) when engagement is not or no longer considered feasible.

For further information on each of these categories, see below:

- **Controversial Weapons:**

  Controversial weapons are weapons that can have a disproportionate and indiscriminate impact on the civilian population. The following weapon types are considered controversial by Quintet: anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium ammunitions, and white phosphorus weapons. In addition, involvement by corporate issuers in nuclear weapons related to countries that are not a signatory to the Non-Proliferation Treaty (NPT) is considered to be a violation of Quintet's minimum ESG requirements.[2]

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[1] As the minimum ESG requirements are most applicable to equities and bonds, more specific guidelines may be developed to ensure that all investment instruments are suitably covered, such as structured products and derivatives, in line with any emerging market practices, data availability or regulatory guidance.

[2] Please note that these criteria always include what is mandated by (local) law and regulation, but also go beyond these requirements (and are therefore stricter), for example with respect to the types of weapons that are considered a violation.

- **EU arms embargo:**

  Quintet considers sovereign issuers and sovereign-related issuers to be in violation of the minimum ESG requirements in case of EU arms embargoes targeted at the central government. Since Quintet already adheres to regulations concerning various types of sanctions, these regulations are assumed to be co-equal with the minimum ESG requirements. As such, any explicit criteria in this Policy related to sovereign or sovereign-related issuers must be understood as being in addition to any applicable regulations.

- **Thermal coal:**

  Thermal coal is widely used as a principle means of generating electricity in much of the world. The International Energy Agency (IEA) found that CO_2 emitted from coal combustion was responsible for over 0.3°C of the 1°C increase in global average annual surface temperatures above pre-industrial levels. This makes coal the single largest source of global temperature increase. Thermal coal is inherently in contradiction with the ambitions of the Paris Agreement.

  When corporate issuers are deriving more than 10% of revenues either from thermal coal extraction or thermal coal power generation, they are excluded.

  An exception to this requirement are Green Bonds, as Quintet believes that investing in green bonds can help companies fund environmental projects that will decrease their reliance on thermal coal in favour of greener technologies. This is consistent with Quintet's philosophy to deploy investment in order to create positive change.

- **United Nations Global Compact principles:**

  Quintet expects companies it invests in to operate in accordance with international law and regulations. Quintet uses the United Nations Global Compact principles as a reference framework to assess the conduct of corporate issuers. Corporate issuers that we have determined to severely and structurally violate these principles are considered to be in violation of Quintet's minimum ESG requirements. When that's the case, such issuers are only eligible for investment when there's an active engagement process with that issuer to resolve the violation. This is maximised at three years. When engagement is not or no longer considered feasible, such issuers need to be excluded.

2.3 ESG integration

Quintet believes that investors can make better investment decisions if Environmental, Social, and Governance (ESG) factors and responsible business practices are an integral part of the investment process. ESG integration provides a fuller picture of the opportunities and risks related to individual investments and a portfolio as a whole.

In this policy document, the term ESG integration refers to the use of ESG factors in the investment process to enhance the risk-adjusted return profile by either increasing returns or lowering risk.

The investment processes within Quintet's entities are different between asset classes, strategies, and funds, as well as between individual portfolio or fund managers. As such, the ESG integration approaches are likely to be different as well, including implementation at the two levels mentioned above. Quintet Group does therefore not have a centralised, prescriptive approach on how to integrate ESG factors, but has taken the following steps:

- In order to stimulate and facilitate ESG integration, investment staff members have access to relevant ESG research and are expected to consider this information in their investment process and to demonstrate how they have done so.
- Quintet Group investment teams have developed internal guidelines, tools, training modules, and supporting materials to further enhance the ESG integration efforts. ESG integration may be either a quantitative or qualitative approach, at either level.

- Quintet Group has identified sustainability risks in the form of environmental, social or governance (ESG) events or conditions that, if they occur, could cause a material negative impact on the value of an investment. These precede and influence investment decisions, continuously managed and monitored. For further details on our approach to the integration of sustainability risks in investment decision-making, please refer to our Sustainability Risks in Investments Policy.
- In addition, where external (investment) research is a significant part of the investment process, Quintet Group will engage with the investment research provider to ensure ESG factors are considered in the financial analysis and valuation of individual securities.

2.4 Adverse impacts

Principal Adverse Impacts (PAIs) are key indicators introduced under the EU's Sustainable Finance Disclosure Regulation (SFDR) to measure the negative effects of investment decisions on environmental, social, and governance (ESG) aspects. The SFDR established PAIs to provide a standardised framework for assessing and reporting these impacts, aiming to enhance transparency and accountability in the financial sector.

While PAIs are an SFDR-specific concept, their principles are relevant across Quintet, including Brown Shipley, as a framework for assessing sustainability risks and opportunities. For Brown Shipley, while SDR and Anti-Greenwashing Rules (AGR) introduced by the FCA focus more on ensuring transparency and accountability in sustainable investment products, the integration of PAI principles further strengthens the identification and mitigation of sustainability risks.

At Quintet, we recognise that the practical application of PAIs is still an evolving process, and there is currently some ambiguity regarding what these metrics mean in practice and how they translate into investment decisions. The integration of PAIs involves continuous learning and adaptation as regulatory guidance and data availability improve.

Despite this evolving landscape, we actively incorporate PAIs into our investment decision-making framework. For our Quintet funds and Discretionary Portfolio Management (DPM) propositions, we use a combination of methods—including exclusions, ESG factor integration, portfolio construction limits, engagement, and voting—to consider and address the adverse impacts of our investments where possible and feasible.

For single-line investments (e.g., equities and bonds), PAIs are considered through exclusions, ESG factor integration, and voting. When it comes to external fund managers, we evaluate PAIs as part of our fund due diligence process to ensure alignment with Quintet's standards. Although we do not prioritise specific PAIs over others, certain impacts may receive more focused consideration based on their relevance to a particular sector or client objective.

Given the diversity of financial products we offer, the degree to which PAIs are integrated varies by product type, and this is further detailed in product-specific disclosures. For the entities within Quintet that manage mutual funds, which are classified as separate Financial Market Participants (FMPs) under the SFDR, each entity publishes its own PAI statement annually by June 30.

Additionally, for Quintet's Advisory propositions, where Quintet is considered to be a Financial Advisor under the SFDR, Quintet is required to publish a "Statement on principal adverse impacts of investment decisions on sustainability factors." However, this statement does not require PAI figures. Nonetheless, Quintet considers and mitigates adverse impacts in its investment advice, where possible and feasible, through a combination of exclusions and engagement, as set out in this Policy document.
Finally, Quintet remains committed to improving our understanding and application of PAIs. We engage with investee companies (via our engagement partner), external fund managers, and data providers to enhance the availability, reliability, and timeliness of PAI data, with the goal of refining our approach as the industry and regulatory standards continue to evolve.

2.5 Additional single line sustainable investment criteria for portfolio construction

For our portfolio construction process, Quintet has developed extensive and additional ESG criteria that we apply to single line investments in addition to the minimum ESG requirements described in section E.2. These criteria are applied to most of the DPM funds and portfolios managed under Quintet. However, given the broad array of financial products managed at Quintet, the exact application of these additional criteria to single-line investments varies according to product type and is outlined in greater detail within product-specific disclosures.

These criteria reflect Quintet's view on activities, products and conduct of companies that are considered to have environmental and social (E&S) characteristics . They help us in aligning our investments with specific E&S considerations, particularly in terms of avoiding controversial practices, managing sustainability risks, and ensuring that products and services are consistent with a responsible and future-focused outlook. Although SDR does not explicitly define environmental and social (E&S) characteristics as SFDR does, Brown Shipley integrates these principles selectively to enhance ESG transparency and manage sustainability risks.

Under SFDR, E&S characteristics refer to attributes of an investment that promote environmental or social objectives but do not necessarily meet the full criteria to be classified as "sustainable" under Article 9. For product disclosures related to investments to be classified as "sustainable" under the SFDR and SDR, we apply further rigorous standards that extend beyond these E&S criteria. For more information, please refer to our Sustainable Investment Framework.

Principles for ESG portfolio construction:

1. **Sustainability score at sector level**: Subindustries with an average **ESG risk rating** of Negligible, Low, or Medium will pass. If the average ESG risk rating for a subindustry is High or Severe, a company can still pass if it ranks in the top 25th percentile for ESG risk within its specific subindustry.
2. **Sustainability score at company level of most material ESG risks**: A company will pass if the ESG risk score of the company is below the 90th percentile relative to it's subindustry.
3. **Product involvement**: the company's revenue derived from activities listed below is within boundaries

   (refer to point 4 below).
4. **Controversy severity level**: A company shall pass if it has a maximum controversy level of 4 or below.

For further information for each, see below:

1. **Sustainability score at sector level**

   The sustainability score at sector level is based on Sustainalytics risk scores. Sub-industries which have an average ESG risk score of either negligible, low or medium are deemed as not conflicting with a sustainable transition.

   We believe that companies demonstrating a strong commitment to sustainable transition, even those operating in sub-industries with high or severe ESG risks, can play a pivotal role in advancing their sectors. By identifying "best-in-class" companies—those recognized as industry leaders—we focus on organizations actively driving meaningful change and leading their industries towards a sustainable future. We believe companies which are in the top 25th percentile for ESG risk in high/severe ESG risk subindustries, as demonstrating an ability to drive positive change and be industry leaders for sustainability within their subindustry.
2. **Sustainability score at company level of most material ESG risks**

   Material ESG risks are assessed using Sustainalytics' ESG risk scores. The score measures the degree to which a company's economic value is at risk driven by ESG factors, or more technically speaking, the magnitude of a company's unmanaged ESG risks. An issue is material within the ESG Risk Ratings if its presence or absence in financial reporting is likely to influence the decision made by investors. To be considered relevant in the ESG Risk Ratings, 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 risk scores are composed of three building blocks that contribute to a company's overall rating score: 1) Material ESG issues, 2) the baseline issues: corporate governance & stakeholder governance, and 3) Systemic ESG issues & Idiosyncratic issues. The ESG risk score, the company's full unmanaged risk, is calculated as the sum of the individual material ESG Issues' unmanaged risk scores. For more information on ESG risk score please refer to Sustainalytics methodology.

3. **Product involvement**

   This research includes details on how a company is involved in one or more business activities that can be considered of a controversial nature as well as the degree of involvement, generally using revenue as a proxy.

   For greater detail on the product involvement approach, please refer to Appendix VII.

   Exemptions:

   Some corporates may be exempt from the above rules providing that there are sound arguments and rationale as to why they do not meet these thresholds. More information on the exemption process can be found in Appendix 3.

4. **Controversy severity level**

   Controversies are incidents and events that may pose a business or reputation risk to a company due to the potential impact on stakeholders or the environment. Controversies are classified by Sustainalytics in five categories; low (level 1), moderate (level 2), significant (level 3), high (level 4) and severe (level 5). Severe controversies (level 5) have a highly negative impact on the environment and society with serious business risk. They reflect exceptional egregious behaviours, high frequency of incidents, and / or companies with poor management of the controversy.

   If a score is not available for a company a score of n/a is given.

2.6 Sustainability themes for single lines and third party funds

At Brown Shipley, investments are assessed in order to evaluate their alignment with clearly defined sustainability themes to ensure that they contribute meaningfully to environmental, social or governance objectives. Brown Shipley uses external data providers to determine the contribution of investments to environmental, social and governance objectives.

The below are examples of activities we consider under these sustainability themes:

Sustainability Themes	Activities that meet this definition
Environmental	Renewable energy, electric vehicles, green buildings, water and waste treatment and energy efficient technologies.
Social	Healthcare, Affordable Housing, Microfinance and Education.
Governance	Compliance with Global Standards such as United Nations Global Compact Principles and no involvement in controversial weapons.

For a more exhaustive list of activities and more information on how we determine an asset's contribution to these sustainability objectives, please refer to Appendix 8 which provides a detailed explanation of our methodologies and criteria.

2.7 Active ownership

Quintet believes that active ownership enhances the long term economic and societal value of the investee company over time. As such, exercising the influence Quintet has as an investor and investment manager in order to achieve beneficial change, is consistent with both our fiduciary duty towards our clients and our objective to be a responsible company. Quintet's ownership practices consist of dialogue and engagement with investee companies, and the exercise of voting rights to hold investee companies' management accountable.

In addition, since Quintet invests a significant share of the assets entrusted to us by our clients via third-party funds, Quintet is well positioned to stimulate active ownership and Responsible Investment practices of fund managers through the work of the Quintet's Fund Solutions Team. By actively engaging with fund management companies and allocating capital to their funds on the basis of ESG and RI considerations, Quintet can further contribute to the development of Responsible Investment in the asset management value chain.

2.7.1 Voting

Quintet believes that exercising shareholder rights enhances the economic value of companies and contributes to the goal of providing an optimal return to our clients. In addition, Quintet considers voting to be an essential part of being an active owner, and will therefore seek to vote, where possible and feasible, at shareholder meetings of the companies in which we invest for our clients. Our Active Ownership policy and voting guidelines, which draw upon the expertise of our external service provider, emphasises governance, environmental, and social matters. We partner with GlassLewis, a global proxy voting provider, for proxy research and recommendations and to cast our votes. The Active Ownership Group reviews in detail voting when the investment is large or there is an increased level of controversy, or on request from members of our investment team, as further explained in our Group Active Ownership Policy.

Voting is currently implemented for direct line equities within funds managed by Brown Shipley, Insinger Gillissen Asset Management and KTL (Rivertree and Essential Portfolio Selection fund ranges).

3.6.2 Engagement

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. Our ultimate objective is to create value for investors, the company, and people and the planet.

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 the firm. To be effective in engaging with these companies, we believe that collaborative engagement is likely to achieve better results than efforts we might undertake on our own. We have therefore partnered with EOS at Federated Hermes, a specialised external service provider, which conducts engagement on our behalf. In cases where collaborative engagement is not practical, we may undertake direct engagement ourselves with the companies we invest in.

Quintet has instructed its engagement partner to give special attention to companies that violate the principles of the UN Global Compact, or that are involved in significant ESG controversies.

Quintet allocates a significant portion of its client's assets to external managers. In addition to engagement for direct lines, Quintet engages with external fund managers. Active ownership to create sustainable investor value is important for all investments, and we incorporate this conviction into the selection and monitoring of external managers. We also engage with these managers to communicate our beliefs and to understand theirs, and for insight into their active ownership policy and practice.

For more information on our engagement policy and practices please refer to our Group Active Ownership Policy.

2.8 Reporting and transparency

Reporting is an integral part of being a responsible investor. In addition to any regulatory requirements for entity and product level reporting, Quintet reports to external stakeholders about Quintet's Responsible Investment activities in the following ways:

- Annual group active ownership report
- Disclosure of Quintet's voting decision's online, dating back to the past 12 months.
- PRI Transparency Report

Furthermore, depending on the exact product or proposition, Quintet also provides Responsible Investment related reporting to clients beyond regulatory requirements, such as for example on specific engagement cases and the ESG performance of their portfolios.

2.9 Third-party managed assets[3]

Since Quintet's RI Policy includes all asset classes, Quintet also applies RI requirements to third-party managed assets, which are intended to reflect the intentions and objectives behind the guidelines for internally managed assets.

While Quintet Group cannot unilaterally determine the investment approach in pooled investment funds, we can leverage our position in the asset management value chain as a fund selector. By asking questions, stimulating certain types of behaviour/approaches, and ultimately, allocating capital accordingly, Quintet can positively influence the development of the Responsible Investment field as a whole.

[3] In this section, we refer interchangeably to "assets," "funds," and "mandates."

Quintet Group makes a distinction between:

- Funds managed by a third-party for which Quintet can determine the investment approach
- Funds managed by a third-party for which Quintet cannot determine the investment approach
- Passive Funds
- Alternative investments

2.9.1 Funds managed by a third-party for which quintet can determine the investment approach

For third-party managed assets that are managed for any Quintet entities on a discretionary basis (i.e. where Quintet has a formal say on how the assets are managed) external managers are expected to follow the same requirements and guidelines as Quintet applies to its internally managed assets. Feasibility and (potential) cost implications will be assessed on a case by case basis.

2.9.2 Funds managed by a third-party for which quintet cannot determine the investment approach

Quintet has developed specific third-party fund selection RI guidelines, which utilises research in order to validate that fund managers stick to their commitments. The Group Fund Solutions team require fund managers to fill out a rigorous questionnaire in order to assess how ESG factors have been integrated into the investment process.

All fund managers should at least meet Quintet's Responsible Investment criteria:

1. Integrate ESG factors in financial analysis and portfolio construction (for active funds)
2. Be active owners: engage with investee companies and where applicable vote at shareholder meetings.
3. Exclude issuers involved in controversial weapons (applies only to issuers of cluster munitions)

Funds with stronger sustainable characteristics are analysed based on 5 key pillars.

1. Intentionality (explicit and intended link to ESG in the objectives)
2. Sustainability of the portfolio (sustainable characteristics of the holdings)
3. Quality of sustainable research (sufficient skill, capacity & tools embedded in robust methods and processes)
4. Active ownership (high quality engagement and proxy voting, supported by clear policies)
5. Transparency (frequent reporting on voting, engagement and progress on ESG targets)

For a more detailed overview of our sustainable funds selection process please refer to our fund sustainability due diligence policy. The Sustainable Investment team and Group Fund Solutions team have been mandated to jointly develop the RI requirements and related thresholds that funds need to meet. This also applies to the timelines that funds are granted to meet the requirements and to the differences between current investments and 'new' funds.

2.9.3 Partner products

Quintet has several partner products, which are manufactured by Blackrock in collaboration with Quintet, or under Quintet Guidelines. Quintet has provided investment guidelines for these products which must follow the rules set out in this policy.

2.9.4 Passive funds

With passive funds or ETFs no interview with the fund manager is conducted. The questionnaire is partly answered by the fund manager and partly by the underlying index provider.

In line with our requirement that funds should engage with investee companies, when the fund managers engage with the index provider on ESG matters with regards to the constituents of the index, we consider this as meeting our expectation.

2.9.5 Alternative investments

When we invest in alternatives managed by external managers, we leverage on the SFDR disclosures by the product manufacturers. Furthermore, our Alternative Investment team follows a detailed due diligence process as part of the investment process where they work with external partners when needed to complete a detailed operational and investment due diligence. As part of this process they also get the managers to fill out a responsible investment questionnaire for each fund.

APPENDIX I – THE UN GLOBAL COMPACT PRINCIPLES

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

APPENDIX II – THRESHOLDS FOR PRODUCT INVOLVEMENT

Product Involvement	Thresholds				Criteria
Adult Entertainment	Adult Entertainment Production	Adult Entertainment Distribution			
This involvement area provides an assessment of whether companies derive revenue from adult entertainment. This includes producers of adult movies, cinemas that show adult movies, adult entertainment magazines, and the broadcasting of adult entertainment.	5%	15%			Revenue %
Alcoholic Beverages	Alcoholic Beverages Production	Alcoholic Beverages Retail	Alcoholic Beverages Related Products/ Services		
This involvement area provides an assessment of whether companies derive revenue from alcoholic beverages. These include producers of these beverages as well as retails and distributors and suppliers of alcohol-related products/services to alcoholic beverage manufacturers.	25%	25%	25%		Revenue %
Gambling	Gambling Operations	Gambling Supporting Products	Gambling Specialized Equipment		
This involvement area provides an assessment of whether companies derive revenue from gambling. This includes companies that offer gambling services (operation of casinos, lotteries, bookmaking, online gambling, etc.), gambling products (slot machines and other gambling devices) or supporting products/services to gambling operations.	5%	15%	15%		Revenue %
Genetically Modified Organisms (GMO)	Genetically Modified Plants and Seeds Development	Genetically Modified Plants and Seeds Growth			
This involvement area provides an assessment of whether companies derive revenue from the development and/or cultivation of genetically modified seeds and/or plants, as well as the growth of genetically modified crops	5%	15%			Revenue %
Tobacco	Tobacco Products Production-	Tobacco Products Related Products/Servi ces	Tobacco Products Retail		
This involvement area provides an assessment of whether companies derive revenue from tobacco products including cigarettes, cigars, tobacco, electronic cigarettes, paper used by end consumers for rolling cigarettes, filters, snuff tobacco, etc. It includes tobacco products	0%	5%	5%		Revenue %

manufacturers, retailers and distributors, as well as companies providing tobacco-related products or services.					
Civilian Weapons	Small Arms Civilian customers production (Assault weapons)	Small Arms Civilian customers production (Non-assault weapons)	Small Arms Retail/distribution (Non-assault weapons)	Small Arms Retail/distribution (Assault weapons)	
This involvement area provides an assessment of whether companies derive revenue from firearms. It includes manufacturers of firearm weapons such as guns, rifles, and pistols, manufacturers of components of these weapons and retailers.	0%	0%	5%	5%	Revenue %
Nuclear weapons	Nuclear Weapons Non tailor-made or non essential	Nuclear Weapons Tailor-made and Essential			
This involvement area provides an assessment of whether companies are involved in the manufacturing of nuclear weapons or components or services thereof. Nuclear weapons, in contrast to conventional weapons, have a disproportionate and indiscriminate impact on civilian populations as well as consequential impacts to surrounding ecosystems.	involvement	involvement			Involvement or no involvement

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