SFDR – Article 5 of Regulation (EU) 2019/2088

REMUNERATION POLICY - SUSTAINABILITY RISKS

Introduction

This document outlines the principles and procedures required for integrating sustainability risks into the remuneration policy in compliance with Article 5 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088.

Sustainability risks

Sustainability risks refer to environmental, social and governance (ESG) factors that may impact the financial performance of the organisation.

Sustainability risks include (but are not limited to) the following:

- **Environmental risks**: This category includes climate change risk which, encompass both physical risks (e.g. extreme weather events, rising sea levels) and transition risk (e.g. regulatory changes, market shifts)
- **Social risks**: These risks are related to human rights violations by portfolio companies, which may operate in regions with poor human rights records and can face legal and reputational risk.
- **Governance risks**: These risks emerge from poor board management by portfolio companies which can lead to decisions not aligned with shareholders best interests.

As per Quintet's Sustainability risks in Investments Policy, Quintet has defined sustainability risks, as ESG events or conditions, which if occur, could cause material negative impact on the value of investments. These risks influence investment decisions and are 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.

Relevant persons should respect and duly apply the Quintet Private Bank Sustainability risks in investments Policy and the Responsible Investment Policy . The Group CIO, as owner of the policy, shall ensure that Relevant Persons comply with the policy to ensure effective management of sustainability risks.

Quintet's Remuneration Policy

Quintet is committed to responsible and client centric remuneration practices. The need to reward employees fairly and competitively based on performance is balanced with the requirement to do so within the context of principled behaviour and actions, particularly in the areas of risk, compliance, control, conduct and ethics to ensure good client outcomes.

The Group Remuneration Policy is compliant with Directive 2013/36/EU2019/878 of the European Parliament and the Council (CRDV), related EBA remuneration guidelines, Regulation (EU) 2019/2088 of the European Parliament and the Council ("SFDR") and related laws and/or CSSF Circulars transposing the same in Luxembourg.

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Remuneration practices

Quintet has a client centric approach to risks embedded in the remuneration policy framework. Risk and control considerations are an integral part of the performance assessment and compensation processes. The approach to compensation includes a focus on risk and internal control matters and discourages excessive risk taking, which includes sustainability risks by nature, as well as not incentivising behaviours which pose a risk to clients.

Malus and clawback provisions are in place to recover remuneration in cases of excessive (sustainability) risk taking and failure of (sustainability) risk management.

Board approval and revision

The Group remuneration Policy is effective as of 1 January 2022 and will be reviewed on an annual basis by the Board Renumeration & Nomination Committee.

Change log

Version	Publication date	Details
1.0	28/02/2021	Initial version
2.0	31/12/2023	Added further details on sustainability risks, Quintet's remuneration policy and remuneration practices