PUILAETCO
A QUINTET PRIVATE BANK

Puilaetco'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 products

How sustainability risks are integrated into investment decisions

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 investment 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 Puilaetco, sustainability risks are integrated in the instrument selection and portfolio construction steps of the investment decision making process.

When investing directly in stocks or 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 thermal coal, exposure to controversial weapons, high material ESG risks and ESG controversies. We manage and limit the sustainability risks the financial product is exposed to through

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

When investing in third party funds, the funds are required to have a process 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.

For more detailed information, please refer to our Sustainability Risks in Investment Policy on our website. Durabilité | Quintet Puilaetco |Duurzaamheid | Quintet Puilaetco

The likely impact of sustainability risks on the returns of the product

The financial product invests or may invest in stocks, corporate bonds, sovereign bonds, third party funds and other financial instruments (such as cash and derivatives for liquidity and hedging purposes). Sustainability risks have the potential to impact the value of the financial instruments that we directly or indirectly invest in, therefore affecting the return of this financial product. The financial product is likely exposed to environmental, social and governance risks.

Concentration in certain sectors and geographies can expose the financial product to more sustainability risks, leading to potentially higher impact on the financial product return. For example, exposures to fossil fuel sectors present transition risks that can cause a decrease in investment values. When the world moves towards less use of fossil fuel, fossil fuel assets may become stranded, which means they lose most or all of their economic value. Furthermore, an increasing carbon price may lead to higher costs for fossil fuel producers.

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Puilaetco est une succursale de Quintet Private Bank (Europe) S.A., une institution de crédit luxembourgeoise dont le siège est situé 43, boulevard Royal, L-2449 Luxembourg, Grand-Duché du Luxembourg.

Because we mitigate sustainability risks using measures described in the above section, their impact on the return of the financial product is expected to have been reduced and we believe it to be low for the following reasons (one or more):

(i) the financial product is well-diversified geographically and sectorally;
(ii) through the use of exclusions, we avoid exposures to certain ESG risk factors that are deemed too high;
(iii) when we invest in third-party funds, the funds are required to have an exclusion process to avoid exposure to cluster munitions, an active ownership policy to engage and vote where possible and feasible;
(iv) when we invest directly in equities and bonds, we engage with investee companies where there are significant long-term sustainability or corporate governance issues. When we invest directly in equities, we vote at investee companies on sustainability matters.