Pre-contractual disclosure template for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Puilaetco – Sustainable Tailor-Made Discretionary Management Mandate

Legal entity identifier: KHCL65TP05J1HUW2D560

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

Does this financial product have a sustainable investment objective?

☐ **Yes**

☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%

☐ In economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** ___%

☑ **No**

☑ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☑ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following environmental and social characteristics are promoted by the financial product:

- Limit investments in companies that do not adhere to internationally recognised standards related to human rights, labour rights, the environment, and anti-corruption.
- Limit investments in companies involved in the area of controversial weapons (anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium, white phosphorus and nuclear weapons in the case of emitters linked to countries that are not signatories to the Non-Proliferation Treaty (NPT))
- Limit investments in investment instruments issued by countries subject to European Union (EU) arms embargoes.
- Make a minimum proportion of sustainable investments in accordance with Quintet's proprietary Sustainable Investment Framework.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The financial product uses the following sustainability indicators to measure the attainment of each of the environmental and social characteristics promoted by the financial product:

- Investee companies that violate the United Nations Global Compact principles.
- Investee companies involved in controversial weapons.
- Investment instruments issued by countries subject to EU arms embargoes.
- Sustainable investments made by the financial product.

These sustainability indicators are measured in the form of a percentage of investments.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The objective of the sustainable investments made by the financial product is to contribute to the transition to a more sustainable economy by investing in issuers or projects whose substantial economic activities contribute to this transition, without causing significant harm in other areas. This contribution can be linked to different environmental and social objectives, including, but not limited to, one or more of the following areas: climate action, healthy ecosystems, resource protection, access to basic needs, human capital development and one or more of the United Nations Sustainable Development Goals (UN SDGs). The UN SDGs are 17 goals adopted by the United Nations in 2015 as a call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity (https://www.undp.org/fr/sustainable-development-goals).

A proprietary sustainable investment framework has been developed and is used to determine which of the investments made by the financial product may be considered sustainable. Investments can only be considered sustainable if it can be demonstrated that they contribute to an identified environmental or social objective, that the no material harm requirements are met (see details in the next question) and, for investee companies, that the good governance requirement is met. Companies contribute to an environmental or social objective if they meet at least one of the following criteria:

significant revenue aligned with the European Taxonomy based on Taxonomy data from an external data provider or

- significant revenue in sustainable activities or contributing to impact themes (contribution to a more sustainable economy) defined by an external data provider or

- low carbon intensity combined with a carbon reduction plan , measured via carbon intensity and carbon reduction policy data from an external data provider, or

- the majority of their revenues in the health or education sectors

- significant revenue aligned with United Nations Sustainable Development goals based on UN SDG data from an external data provider, or

- strong company performance for gender pay gap combined with strong performance of board gender diversity, measured via gender pay gap and board gender diversity data from an external data provider, or

- strong transition management score, measured via transition pathway initiative management data from an external data provider.

Where sustainable investments are made through funds, Quintet applies its proprietary sustainable investment framework and extensive third party fund sustainability due diligence process to ensure that third party fund managers can demonstrate that the sustainable investments they make contribute to explicit environmental or social objectives, meet the Do No Significant Harm (DNSH) requirement, and meet Good Governance practices (for investments in companies). Also, through this process Quintet ensures that the identified objectives of the sustainable investments made by the third party funds are aligned with the environmental and social objectives of Quintet's proprietary sustainable investment framework.

The sustainable investments that the third party funds make can contribute to the beforementioned objectives in various ways, including through investments in companies that through their economic activities, or their operations, contribute to one or more of the following areas: climate action, healthy ecosystems, resource protection, access to basic needs, human capital development and one or more of the United Nations Sustainable Development Goals (UN SDGs). .

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

In order for single line investments to qualify as a sustainable investment, a number of requirements needs to be met, including various criteria related to significant harm. As a consequence, investments need to meet specific thresholds related to adverse impacts and operate in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The sustainable investments made by the third party funds that the financial product invests in need to meet a number of requirements, including various criteria related to assessing there is no significant harm to any environmental or social objectives. Funds making sustainable investments are required to have policies in place regarding their own research and investment process to ensure that sustainable investments do not cause significant harm. Principal adverse impacts should be considered when assessing do no significant harm, and any sustainable investments made in investee companies should be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Quintet considers all Principal Adverse Impacts from Table I, Annex I of the Regulatory Technical Standards, for more information please refer to the Sustainable Investment Framework.

To achieve this, Quintet investigates various aspects of the third party funds' approach. This includes reviewing how third party funds determine whether a sustainable investment does not cause significant harm and the specific methods they employ, such as exclusions or setting any thresholds at the issuer or instrument level. This ensures that sustainable investments made by the financial product do not cause significant harm.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

For single line sustainable investments, all the indicators for adverse impacts on sustainability factors have been taken into account quantitatively and qualitatively, from table 1 of Annex 1 of the Delegated Regulation 2022/1288, to ensure sustainable investments do not cause significant harm to any environmental and social objectives. When the indicators are assessed quantitatively, specific thresholds have been set for corporate Principal Adverse Impacts (PAIs) (from Annex I of the SFDR Delegated Regulation (EU) 2022/1288) that are considered relevant to assess significant harm, and for which sufficient robust data or proxies are available. In some cases, the threshold is a yes or no, as in the case of violation of the UN Global Compact principles. In other cases, the threshold is quantitative, as in the case of greenhouse gas emissions. Investments need to stay below these thresholds in order to cause no significant harm.

Where third party funds that the financial product invests in make sustainable investments, these funds have to take into account indicators for adverse impacts on sustainability factors as part of the do no significant harm assessment. The way they are taken into account can differ, as the SFDR does not prescribe a specific methodology and there is no single market approach for this. Therefore, across the third party funds that the financial product invests in, different approaches are applied, which include, where possible and feasible, quantitative and/or qualitative assessments of the indicators listed in table 1 of Annex I of the Delegated Regulation 2022/1288. In addition, the way indicators are considered can depend on various factors, such as whether the specific indicator is relevant for the investment and the availability of (reliable) data.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights*?*

For direct investments, to ensure alignment with the UNGPs and OECD Guidelines, research is conducted by a specialised external provider. This research provides an opinion on whether a company is in violation or at risk of violating one or more of the UN Global Compact Principles and the corresponding chapters of the OECD Guidelines and related UN Guidelines. Any violation by a company is considered a material harm. The financial product's proportion of sustainable investments in direct lines is not invested in such cases.

Where third party funds make sustainable investments, the financial product only invests in third party funds for which the third party fund manager ensures that the sustainable investments made are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This should be done in a structural manner as part of the investment process.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

● Yes,

The financial product takes into account the principal adverse impacts on sustainability factors, using a combination of methods. The exclusions, further detailed in the section below, allow the financial product to avoid a range of negative impacts in advance, as the exclusion criteria relate to areas where the negative impacts are deemed too high for this financial product to invest in. In addition, for the investments it makes, the financial product intends to further mitigate or reduce negative impacts through structured engagement with issuers (where possible and feasible) and voting (where possible and feasible). Please see the Quintet Active Ownership Policy for more information on voting and engagement for direct line investments. In addition, where possible and feasible, where the financial product invests in funds, these funds must commit to addressing key negative impacts and must have a formal policy on how they address key negative impacts on sustainability factors. Information on how the financial product has addressed key negative impacts on sustainability factors is published in the financial product's annual report.

☐ No,

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The financial product integrates the following environmental and social criteria into the investment process:

1. For direct line investments:

a. Exclusion of investments on the basis of the exclusion criteria that apply to the financial product. The exclusion criteria are as follows: shares and bonds issued by companies directly or indirectly involved in controversial weapons; bonds issued by countries under an EU arms embargo; shares and bonds issued by companies deriving more than 10% of their revenues from the extraction of thermal coal or the production of electricity from thermal coal (>10% of their revenues); shares and bonds issued by companies which are in non-compliance with the principles of the UN Global Compact, where engagement is not or no longer possible with the company.

b. Exclusion of investments as part of the portfolio construction process requirements that apply to the financial product. Quintet has developed additional criteria for investments with ESG factors in the portfolio construction process, applying to all direct lines, such criteria include but not limited to screens for controversies, ESG risk (at company and sector level) and compliance with international standards. For more information on the portfolio construction process and required thresholds please refer to Quintet's Responsible Investment Policy.

c. Dialogue with companies as part of the policy of engagement on environmental and social issues. In order to have a greater impact, the Investment Manager has established a partnership with an external provider specialized in engagement. This partner pays special attention to companies that are in violation of the UNGC or that are involved in severe controversies. In parallel, the Investment Manager also engages with fund managers.

d. Proxy voting at shareholder meetings, including on environmental and social issues. For more information, please see the link to the website in the last section of this document.

2. For investments in funds:

The financial product integrates environmental and social criteria into the investment process through an extensive due diligence process on third party funds. This includes reviewing the robustness of the investment process, the people responsible for the strategy, the risk-adjusted return characteristics, the third party fund manager and the sustainability practices of the fund. The due diligence is composed of 5 pillars:

- Intentionality: explicit and intentional links to sustainable investment;
- Portfolio characteristics: sustainable characteristics among invested companies;
- Research: sufficient skills and tools, integrated into methods and processes;
- Active ownership: voting and high-quality dialogue, supported by clear policies; and
- Transparency: frequent reporting on commitment and progress towards sustainable goals.

The extensive sustainability due diligence process is conducted prior to investing in a third party fund. However, also after the investment is made Quintet interacts actively with the third party fund managers and collects data on their portfolios on a regular basis to ensure compliance with the financial product's environmental and social characteristics. Through the due diligence and selection process, Quintet ensures that the sustainable investments made by third party funds are aligned with Quintet's own sustainable investment framework.

Quintet uses the sustainable investment disclosures of third party funds in order to determine the percentage of sustainable investments which third party funds are invested in. For more information on Quintet's proprietary sustainable investment framework or the sustainability due diligence process please see the link to the website in the last section of this document.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The financial product has the following binding elements:

1. For direct line investments:

a. The exclusion criteria apply to all direct line investments.

b. All direct line investments in companies must comply with the UN Global Compact principles and, where this is not the case, discussions should be held with the companies in question.

2. For funds:

Funds should have an active ownership policy with respect to investments in companies, where possible and feasible, i.e., voting activities and engagement practices for equities, and engagement for corporate bonds.

What is the committed minimum rate to reduce the scope of investments considered prior to the application of that investment strategy?

Not applicable.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to assess the good governance practices of investee companies?

Where investments are made in companies, these companies need to meet good governance practices, for example in relation to corporate governance, ethical business conduct, responsible accounting and tax practices and employee relations. Quintet expects all third party funds that the financial product invests in to assess whether investee companies indeed follow good governance practices. Quintet validates that third party funds consider good governance practices by assessing their formal good governance policy.

Where a third party fund does not have a formal good governance policy, the fund's holdings are assessed by Quintet at the company level to determine whether the companies in which the third party fund invests do in fact follow good governance practices.

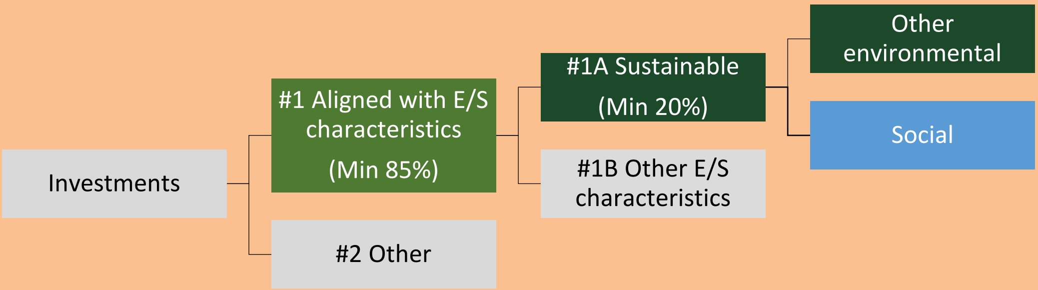
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets

revenues from green activities of investee companies;
- **capital expenditure** (CapEx) to show the green investments made by investee companies, e.g. in the transition to a green economy
- **Operating expenses** (OpEx) reflecting the green operational activities of investee companies.

At least 85% of the investments are aligned with the environmental and social characteristics of the financial product. The remaining portion of the investments is intended for diversification, hedging, and is also made up of cash that is held on an ancillary basis. The remaining portion may also include funds held for diversification purposes (including ETCs and ETFs) that are not aligned with the environmental and social characteristics of the financial product. There are no minimum environmental or social safeguards for these investments. The minimum proportion of sustainable investments in the financial product is 20%. financial product

financial product



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The subcategory **#1A Sustainable** covers sustainable investments with environmental or social objectives;
- The subcategory **#1B Other E/S characteristics** covers investments aligned with environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and

Not applicable

To what minimum extent are sustainable investments with an environmental objective aligned with the EU taxonomy?

The financial product intends to partly make sustainable investments but does not specifically strive to make EU Taxonomy aligned investments. As such, the minimum extent of sustainable investments with an environmental objective that are aligned with the EU Taxonomy is 0%.

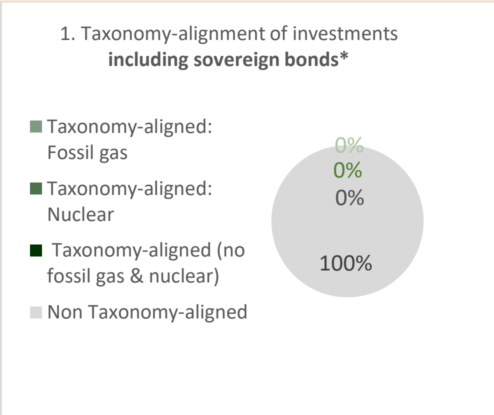
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy[1]?**

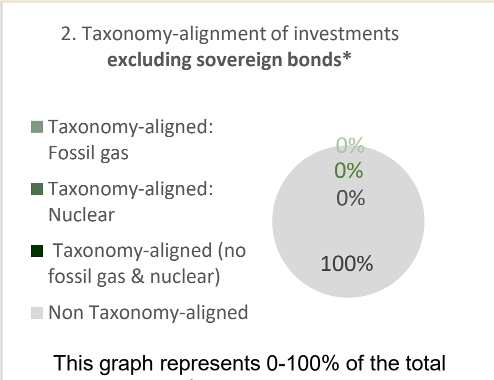
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

X No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 0-100% of the total investments.

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

- **What is the minimum share of investments in transitional and enabling activities?**

0%

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The symbol represents sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy?

The financial product intends to partly make sustainable investments, but does not specifically strive to make sustainable investments with an environmental objective that are not aligned with the EU taxonomy. As such, the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 0%.

What is the minimum share of socially sustainable investments?

The financial product intends to partly make sustainable investments, but does not specifically strive to make socially sustainable investments. As such, the minimum share of socially sustainable investments is 0%.

financial product

What investments are included under "#2 Other", what is their purpose and are there any environmental or social safeguards?

Investments included in the category "#2 Other" relate to derivatives held for diversification and hedging purposes, and cash held for ancillary liquidity purposes. They also could include funds held for diversification or hedging purposes (including ETCs and ETFs) that are not aligned with the environmental and social characteristics of the financial product. For example, third party funds that do not have a sustainable investment objective and do not promote environmental and/or social characteristics, and commodity ETCs can fall into this category. There are no minimum environmental or social safeguards for these investments.

Is a specific index designated a reference benchmark to determine whether this financial product is aligned with environmental and/or social characteristics that it promotes?

Reference benchmarks are indices to measure whether the financial product attains the environmental or social characteristics that they promote.

No

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis ?***

  Not applicable.

How does the designated index differ from a relevant broad market index?

Not applicable.

Where can the methodology used for the calculation of the designated index be found?

Not applicable.

Where can I find more product-specific information online?

More product-specific information can be found on the website: https://www.puilaetco.be/fr-be/durabilite