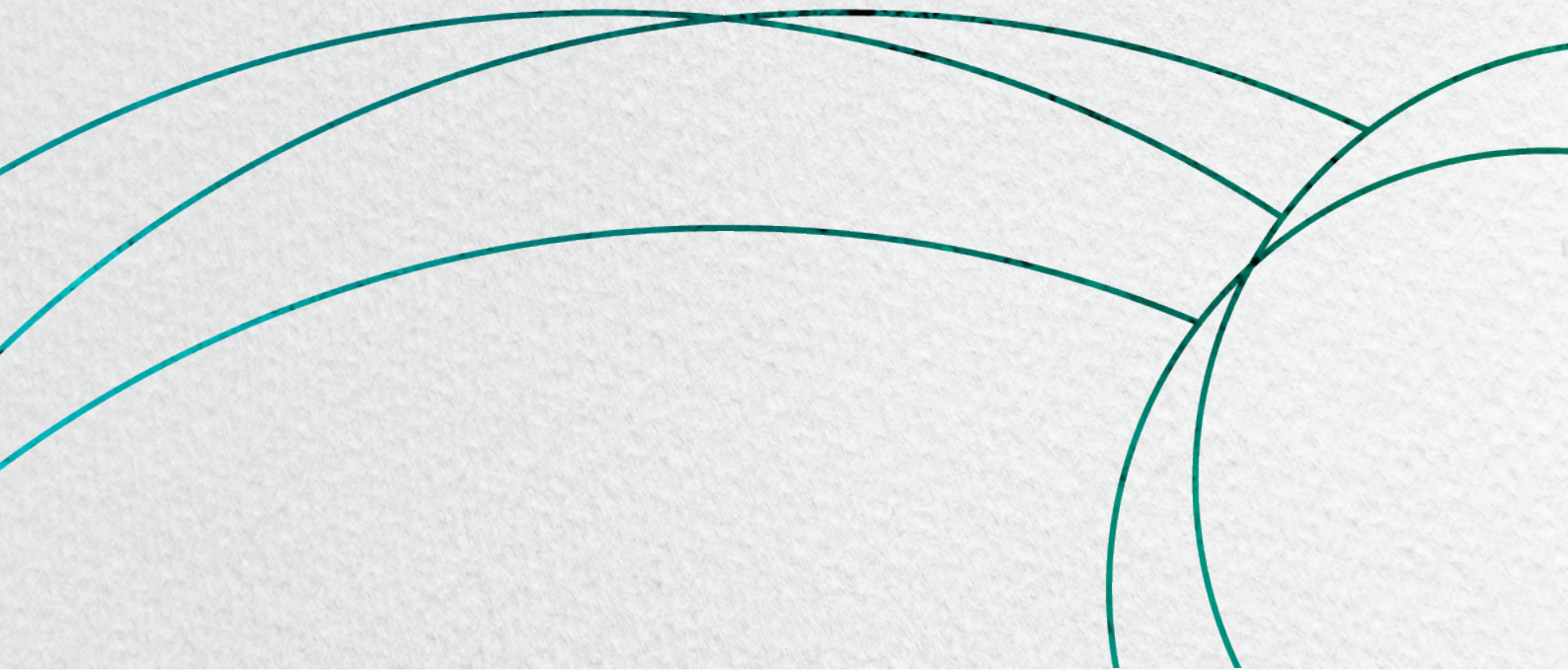




ACTIVE OWNERSHIP REPORT

2020



ACTIVE OWNERSHIP TO HELP ACTIVATE CHANGE

At Quintet, we place sustainability at the heart of our business and as a driver of our clients' investments. We engage as active owners because we are convinced that when companies adopt sustainable practices they become better businesses, which benefits investors, society and the planet.

Active ownership involves monitoring the companies in which we invest and identifying environmental, social and governance (ESG) issues or strategic business deficiencies, and engaging with their management teams and voting at annual general meetings to encourage them to change their practices and performance.

In 2020, Quintet voted on over 10,033 proposals at more than 710 shareholder meetings across the world. Over the same period, our partner EOS at Federated Hermes (EOS) engaged with 769 companies on our behalf on a range of 2,849 ESG issues and objectives. Engagement addressed key risks, challenges and opportunities companies face across different criteria, including ESG factors, strategy and communications.

In February 2020, Quintet joined Climate Action 100+. This leading, collaborative investor engagement initiative seeks to ensure the world's largest corporate greenhouse gas emitters take action against climate change. We believe this is a logical step to protect our planet because we recognise the importance of climate risks for our investments.

Actively exercising the influence we have as an investor and investment manager is consistent with both the fiduciary duties we have for our clients and our objective to be a sustainable company.

"WE UNDERSTAND THE POWER OF INVESTMENT TO IMPACT THE WORLD. BY CHANGING THE WAY WE INVEST WE CAN CHANGE IT FOR THE BETTER."

USING OUR INFLUENCE TO MAKE A DIFFERENCE

KEY VOTING FACTS 2020

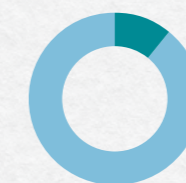


Proposals voted on

Meetings



Management proposals voted



11% votes against management

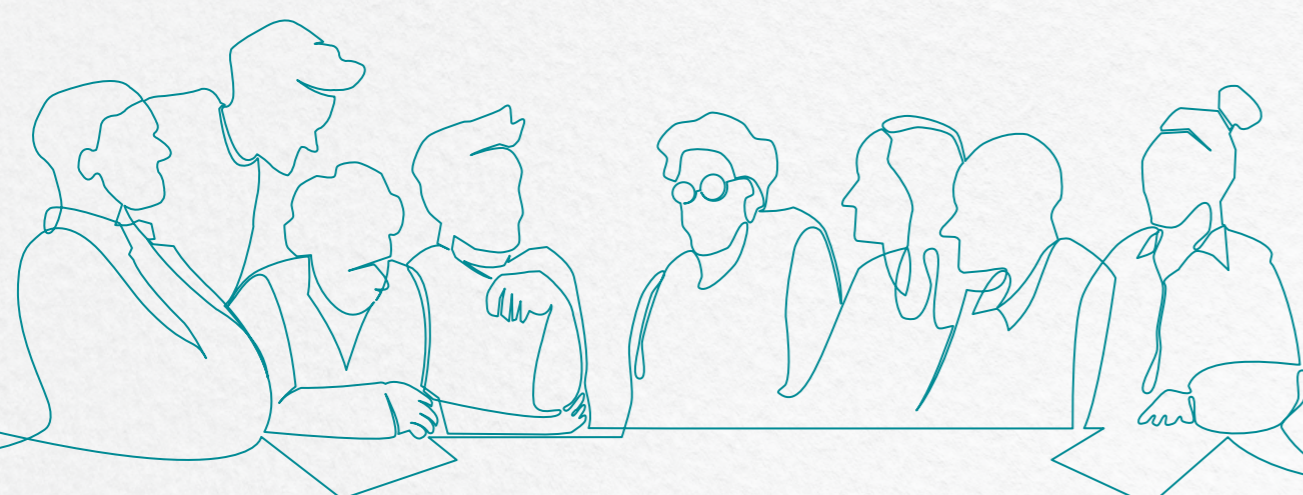
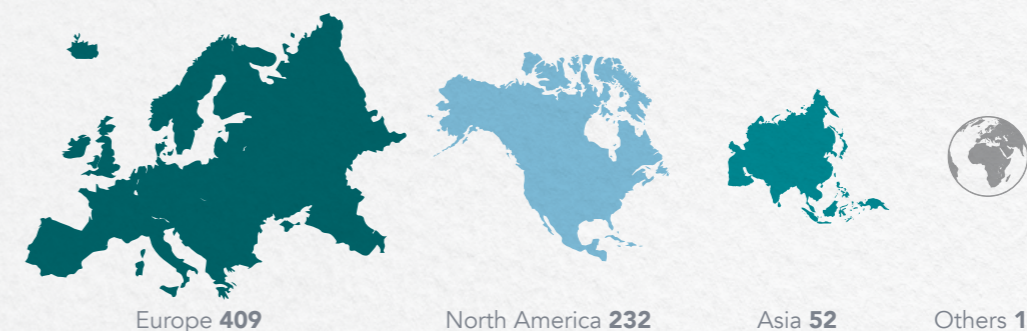


Shareholders proposals voted on



75% votes against management

BREAKDOWN OF MEETINGS BY GEOGRAPHY



USING OUR INFLUENCE TO MAKE A DIFFERENCE

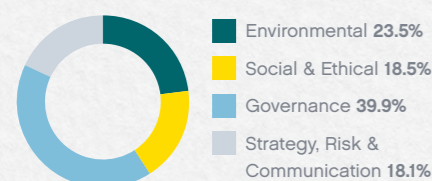
KEY ENGAGEMENT FACTS 2020



Companies engaged

Environmental, social, and governance issues and objectives

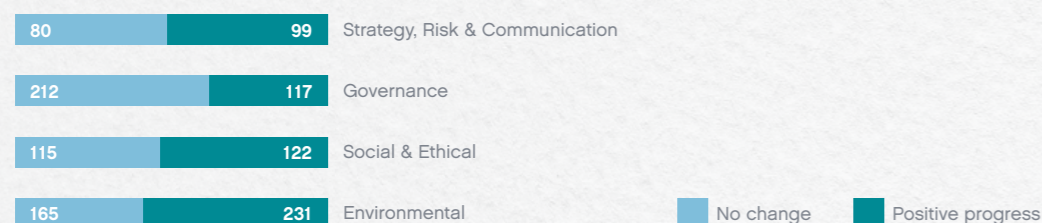
BREAKDOWN OF ISSUES AND OBJECTIVES BY THEME



BREAKDOWN OF COMPANIES ENGAGED ON ISSUES AND OBJECTIVES BY GEOGRAPHY



MILESTONE STATUS OF ENGAGEMENT



Source: EOS

OUR VOTE IN ACTION

Shareholders have the right to vote at shareholder meetings. Each year, public companies are required to hold an annual general meeting (AGM) and can also organise special or extraordinary general meetings (EGM).

We believe that exercising this shareholder right enhances the value of the companies in which we invest and contributes to the goal of providing an optimal return for our clients.

Last year was particularly eventful. By March, the Covid-19 outbreak had turned into a pandemic and most of the world entered a lockdown. Two months later, worldwide protests took place in a renewed call for social justice following the death of George Floyd in Minnesota. These events put companies around the world and the investors that fund them into the spotlight.

During the 2020 shareholder voting season, these events were front of mind for Quintet, as were other pressing ESG issues, including those related to climate change. We widely supported proposals asking companies to sufficiently address human capital management and diversity issues, such as at the AGMs of Alphabet, Amazon and Walmart. We were encouraged to find that several proposals related to these issues received majority shareholder support.

VOTING DISCLOSURE

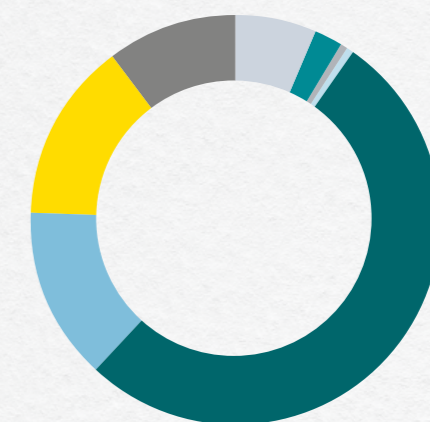
As part of our ongoing commitment to transparency, we started to publish all our voting decisions online [here](#) in 2020. After each company's meeting, we disclose our votes and all the votes we have cast over the past 12 months are available.

In addition, we will continue to produce mid-year and full-year reports on how we have voted to provide more context and information about our decisions.

MANAGEMENT PROPOSALS

Quintet voted on 9,752 management proposals in 2020 across a broad variety of topics. The most voted categories were board-related proposals, followed by audit/financial matters and then compensation.

BREAKDOWN OF MANAGEMENT PROPOSALS VOTED BY CATEGORIES



Board-related	5078
Audit/Financials	1341
Compensation	1374
Capital Management	990
Changes to Company Statutes	636
Meeting Administration	213
Other	69
M&A	51

Period: 2020

Management proposals tend to address important issues associated with running a company. While we supported most of these proposals, sometimes we believed it was in the best interest of investors to disagree and we voted against management for 11% of them. We have explained the reasons why on the next page.

VOTES ON MANAGEMENT PROPOSALS COMPARED TO MANAGEMENT



COMPENSATION

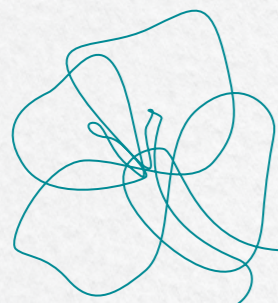
We voted against 51 advisory votes on executive compensation, which represents almost a third of those against management in this category. We opposed compensation plans when we believed they did not properly reward performance.

AUDIT/FINANCIALS

An overwhelming majority (91%) of our votes against management for audit/financial proposals were for the appointment/ratification of the auditor where we found that their tenure was too long. We believe true independence of an auditor is essential to give an objective opinion and fair view of financial statements.

BOARD-RELATED

Some 60% of our votes against management on board-related proposals were due to failure to address gender diversity on the board. Our policy is to oppose the election of male members of the nominating committee when women are poorly represented. We believe diversity is essential for a stable and efficient board.



In addition, 11% of our votes against management were related to opposing directors' election because of overboarding. Effectively exercising the role of director requires significant time and commitment, which we believe is not possible if a director sits on too many boards.

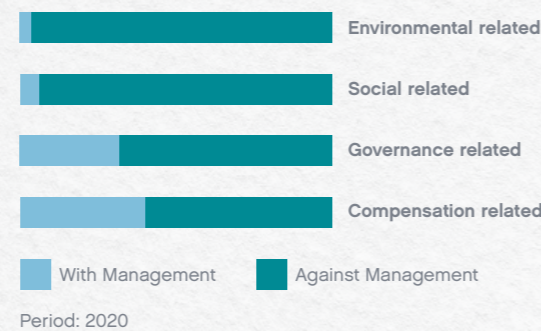
SHAREHOLDER PROPOSALS

In most jurisdictions, shareholders have a right to file resolutions at general meetings. This right is a tool for investors to achieve meaningful change to corporate policies and practices across a range of ESG issues.

Shareholder proposals are particularly common in the US and can be numerous, especially at large companies. This trend is emerging in Europe too.

We voted on 281 shareholder proposals. They often address important sustainability issues and management teams tend to reject shareholder proposals on principle. We found that many of the proposals had merit and voted against management in 75% of them.

VOTES ON SHAREHOLDER PROPOSALS COMPARED TO MANAGEMENT¹



¹ In addition, there were three miscellaneous resolutions for which Quintet voted with management.

ENVIRONMENTAL PROPOSALS

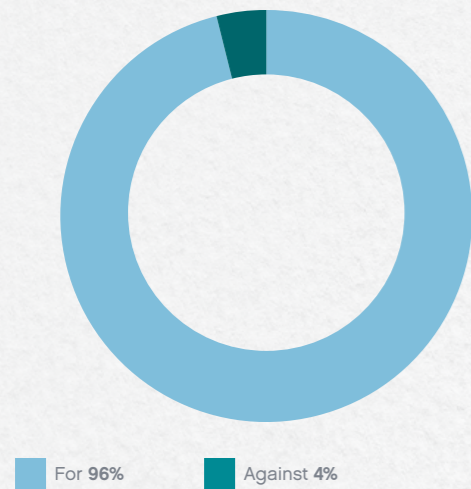
“ We use our votes to encourage disclosure, set goals and develop programmes that will make the difference. ”



We supported 96% of environment-related proposals. We believe systematic risks, such as those related to climate change, are issues that companies need to manage even when they are faced with significant short-term challenges, such as those posed by the coronavirus pandemic. Despite Covid-19, we supported proposals seeking to improve sustainability reporting and disclosure about company practices that impact the environment.

When voting on environmental proposals, we take into account the impact companies have on the environment, as well as the risks they may face by not adopting environmentally responsible policies. We believe companies that manage their environment-related matters effectively can mitigate their regulatory and reputational risks – and in some circumstances key operational risks too – in addition to having a positive impact on the environment. We also believe adopting sustainable practices is in line with changing consumer preferences for more environmentally sustainable products and services, and therefore helps companies maintain and increase their market share.

OUR VOTES ON ENVIRONMENT-RELATED PROPOSALS



Period: 2020

We encouraged companies to increase disclosure of environmental risk through their own reporting, as well as by complying with international conventions and principles.

We voted for all proposals that requested companies to develop greenhouse gas emissions reduction goals and comprehensive recycling programmes, as well as any initiatives to mitigate climate change, including reporting.

We supported all proposals from Climate Action 100+ for which we voted. These notably included resolutions requesting increased disclosure on lobbying activities and spending at the meetings of Caterpillar, Duke Energy, Chevron, Delta Air Lines, and independent chair resolutions at the meetings of Duke Energy and Southern Company. We explain the reasons behind some of our votes below.

ELIMINATION OF DEFORESTATION AND DEGRADATION OF INTACT FORESTS

At Procter & Gamble’s AGM, we supported a proposal requesting that the company issue a report assessing its efforts to eliminate deforestation and the degradation of intact forests in its supply chains.

Palm oil and forest pulp are among the leading causes of deforestation. When forests are degraded or destroyed, carbon is no longer captured by trees but is instead released into the atmosphere, accelerating global warming. Furthermore, deforestation is linked to biodiversity loss, soil erosion, disrupted rainfall patterns, land conflicts and forced labour.

We supported the proposal because we believe that if Procter & Gamble is more transparent about its exposure to deforestation and forest degradation activities, we will have a better understanding of the sustainability-related risks it faces. This approach should also help Procter & Gamble mitigate the risks to its supply chains, reputation and finances associated with inadequate practices.

INDUSTRY ASSOCIATION COVID-19 ADVOCACY ACTIVITIES

At BHP’s AGM, we supported a proposal requesting this global mining company review how its industry associations were supporting the economic stimulus measures in response to Covid-19.

The proposal’s sponsor indicated that some of these industry associations had pursued policies throughout the pandemic that are inconsistent with the goals of the Paris Agreement.

For example, the Australian Petroleum Production and Exploration Association has called for further oil and gas exploration and lobbied for weaker environmental regulation. In addition, the NSW Minerals Council published a report in July 2020 calling for the fast-tracked approval of 21 new or expanded coal-mining projects, claiming they were necessary for economic recovery.



We supported the proposal because we believe greater transparency could help to mitigate risks when companies become politically involved.

At the end of 2020, BHP released policies setting out clear expectations about the lobbying activities of any industry bodies and global climate standards.

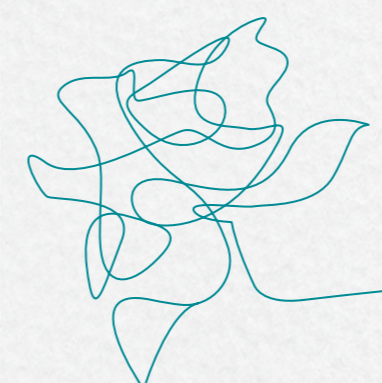
GREENHOUSE GAS (GHG) REDUCTION TARGETS

At the AGM of the French energy firm Total S.A., we supported a proposal requesting that the company amend its articles to require an annual report on its alignment with the Paris Agreement, including greenhouse gas (GHG) targets.

We believe that setting absolute emissions reduction objectives over the medium and long term will help to ensure the company’s long-term strategy is aligned with the Paris goals, which will benefit the business, shareholders and the planet.

Lower GHG emissions reduce regulatory risk and associated costs, such as carbon taxes. They also help to reduce the impact of prematurely writing off assets to which oil and gas companies are exposed – typically resulting from tighter regulations. Lastly, we believe it places the company in a better position to take advantage of the growing demand for renewable and greener energy.

Formulating and implementing a strategy consistent with the goals of the Paris Agreement is also consistent with the commitment made by Climate Action 100+, of which we are a member.



WE SUPPORTED SOCIAL PROPOSALS BY VOTING FOR 94% OF THEM

Almost 90% of our votes in favour related to proposals requesting a review of political spending or lobbying, reporting on compliance with international human rights standards and transparency on various employee and social issues.

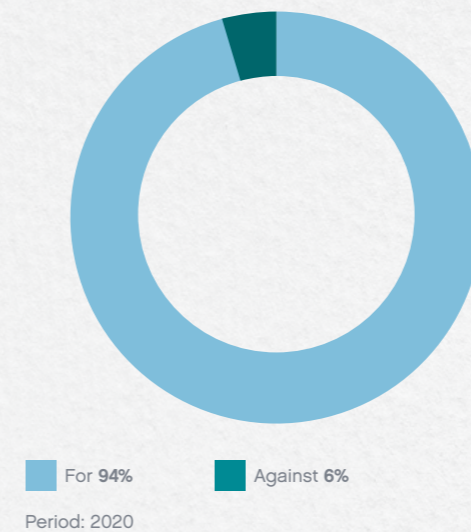


When analysing social proposals, we consider the communities and broader constituents in the areas in which companies do business. We supported proposals requesting that companies provide greater disclosure about their impact on local stakeholders, as well as employee and human rights. Healthy relationships with stakeholders ensure that the company can continue operating smoothly.

We voted in favour of proposals seeking increased disclosure on public health and safety issues, including those related to product responsibility.

We believe enhanced social disclosure will help investors understand how companies manage social matters and assess the risks companies face.

OUR VOTES ON SOCIAL PROPOSALS



MEDIAN GENDER AND RACIAL PAY EQUITY REPORT

At the AGM of Alphabet, the parent company of Google, we supported a shareholder proposal requesting disclosure of its global median gender pay gap across race and ethnicity, including base, bonus and equity compensation.

Research from McKinsey suggests that when a company has a diverse management team, the performance of its share price and return on equity both improve². The objective of median pay gap disclosure is to highlight the structural bias affecting the jobs women and minorities hold when white men are in most of the higher-paying roles. It is the key measure used by the Organization for Economic Cooperation and Development and the World Economic Forum.

We supported the proposal because we believe increased disclosure would allow shareholders to fully understand the steps the company is taking to ensure equitable compensation and opportunities. This approach could help Alphabet retain diverse talent and maintain its significant intellectual capital.

“CHANGES CAN COME FROM THE MANY, BUT WHEN THE MANY COME TOGETHER THEY CAN EFFECT REAL CHANGE.”

² <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters#>

Voting by Quintet is centralised through a voting committee. The actual votes require ongoing oversight by people who have experience of voting and are given the responsibility to take decisions in line with Quintet's policies. The voting committee monitors recommendations of our proxy voting provider, Glass Lewis, to ensure consistency with Quintet's policies. This centralised framework ensures we make consistent decisions for all our holdings. It ensures a single position for votes at each meeting and also that votes are consistent across meetings during the year.

Where possible and feasible, we seek to vote at all shareholder meetings of the companies in which we invest for our clients. Currently we vote for direct line equities on in-house funds managed by Brown Shipley, InsingerGilissen Asset Management, and held in Essential Portfolio Selection and Rivertree funds.

We do not vote where additional costs and/or barriers (such as share-blocking, share registration or in-person attendance) are deemed prohibitive or where our holdings are limited.

Our active ownership policy is available on our website: quintet.lu

CLIMATE ACTION 100+

REACHING BEYOND OUR ACTIVE OWNERSHIP

In 2020 Quintet joined the Climate Action 100+ (CA 100+) initiative. This leading collaborative investor engagement initiative seeks to ensure that the world's largest corporate GHG emitters take the necessary action on climate change. We believe this is a logical step to protect our planet, as we recognise the importance of climate risk for our investments.

Investors participating in Climate Action 100+ engage the world's largest 100 "systemically important emitters" and 60 other companies that have been identified as having material climate change investment risks or which will be key to the transition to a net zero emissions economy.

The 160 focus companies engaged through the initiative are collectively responsible for up to 80% of global industrial emissions. They are critical to progressing the global economy to net zero emissions by 2050.

THE COMPANIES ENGAGED ARE RESPONSIBLE FOR UP TO 80% OF GLOBAL INDUSTRIAL EMISSIONS

Responsibility for global industrial emissions



Companies engaged 80%

Source: CA100+

Over 500 participating investors, with more than \$ 47 trillion in assets under management, are engaging the focus companies with three key objectives:

1. to establish robust climate governance frameworks at board level;
2. to set emissions reduction targets aligned with the Paris Agreement; and
3. to issue reporting in line with the recommendations by the international Task Force on Climate-related Financial Disclosure (TCFD).

KEY GOALS OF THE CLIMATE ACTION 100+ INITIATIVE



Improve Governance of climate risks and opportunities



Reduce GHG emissions in line with goals of the Paris Agreement



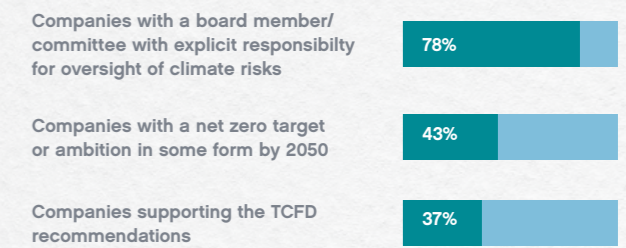
Provide enhanced disclosure aligned with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

Source: CA100+

Since the initiative was launched in 2017, significant progress has already been achieved.

First, 124 companies have now nominated a board member or board committee with explicit responsibility for oversight of climate risks. Second, nearly half (43%) of companies have set a net zero target or ambition in some form by 2050, which is an important signal to investors that companies understand and are preparing for the transition. Third, 59 companies have now formally supported the TCFD recommendations.³

PROGRESS SINCE THE LAUNCH OF THE INITIATIVE



³ Source: Press release <https://www.climateaction100.org/news/climate-action-100-calls-for-net-zero-business-strategies-sets-out-benchmark-of-largest-corporate-emitters/>

PRIORITIES AHEAD

It is important that the objectives announced by companies are achieved and that others follow. We welcome these changes and believe it is essential that this movement is further intensified in order to accelerate the transition to a carbon-free economy and prevent the negative effects of climate change.

In order to promote the implementation of credible carbon neutrality strategies and to assess the progress made, the network has developed a benchmarking method, including quantified objectives. The Climate Action 100+ Net Zero Company Benchmark will be used to publicly assess companies in 2021.

For more information, visit the initiative's website at www.climateaction100.org

EXAMPLE OF ENGAGEMENT (ROLLS-ROYCE)⁴

A constructive dialogue between Climate Action 100+ signatories and Rolls-Royce has been ongoing since the launch of the initiative in late 2017, including with internal specialists, senior management and the chair of the board.

EOS' engagement priorities with the company in 2020, as the lead signatory of the initiative, included:

- setting new interim targets, including goals to address scope 3 emissions, in line with a pathway to net zero;
- gaining reassurance over climate-related scenario analysis undertaken and its integration;
- advancing its climate-related financial disclosure; and
- asking the company to consider tying executive compensation to climate performance metrics.

Rolls-Royce continued to advance its reporting against the TCFD recommendations in its 2019 Annual Report, published in Q1 2020. In June 2020, it announced a commitment to net-zero emissions in its operations and facilities by 2030 (a science-based target) and to play a leading role in enabling the sectors in which it operates to reach net-zero emissions by 2050.

ENGAGEMENT IN 2021 WILL COVER:

- the company's roadmap to net-zero emissions and interim targets, in particular in a post-coronavirus recovery in the aviation industry;
- the integration of climate-related scenarios and goals into business planning;
- further improvements to climate-related disclosure where necessary;
- the integration of executive compensation with the net-zero pathway; and
- the governance of direct and indirect policy advocacy in line with the company's support for the goals of the Paris Agreement.

⁴Source: EOS. This case is presented as an example of the type of engagements that are led under the initiative, we are not directly involved in this engagement group although EOS engages on our behalf.

HOW ENGAGEMENT ON YOUR BEHALF HAS MADE A POSITIVE IMPACT ALREADY

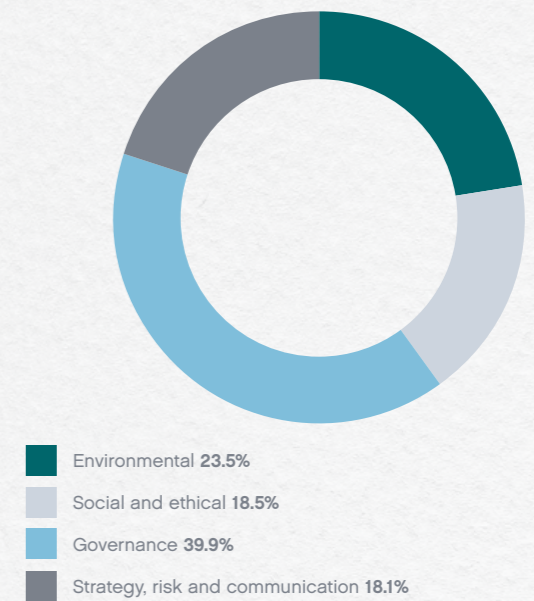
The full range of issues that our partner EOS engages with on our behalf reflects the increasing breadth of sustainability issues that are important to companies.

Governance was the focus in 40% of engagements in 2020, while the three other themes accounted for 18% to 24% each.

Engagement covers companies in which we hold shares or bonds on behalf of our in-house managed funds as well as advisory and discretionary mandates.

The following case studies are provided by EOS.

FOUR ENGAGEMENT THEMES



ALPHABET

“ Artificial intelligence should be better than us when it comes to human rights. ”

In April 2018 EOS began engaging with Alphabet on how its technologies manage the prioritised content of Google Search and on YouTube, to avoid human rights concerns arising through the application of artificial intelligence (AI). EOS encouraged the company to go beyond publishing AI principles, and to demonstrate how the principles are being applied.

After multiple touchpoints EOS stepped up engagement, including writing to the chair of the board, asking for further disclosure on content governance and recommending a feedback system in its AI ecosystem. At the 2019 annual stockholder meeting, in addition to supporting one of the shareholder proposals aimed at better addressing societal risks, EOS voiced our concerns relating to AI governance directly to the executives and board.

With regard to our request for demonstration of how the AI principles are being applied, in January 2019 the company published a 30-page white paper on AI governance. In January and February 2019, YouTube took a series of actions to improve transparency and accountability. Since 2019, the company has made improvements to tools to measure fairness, transparency and explicability of AI which also, helped satisfy our request. It has also improved stakeholder engagement and communications with regard to how AI social impact is assessed and measured. In November 2020, Alphabet changed its audit committee to become an audit and compliance committee (ACC). The ACC's charter now includes sustainability, data privacy and civil and human rights risks as items which must be reviewed by it closer to meeting our request for enhanced board oversight. EOS continues to engage on behalf of Quintet with the company through a human rights lens to encourage board accountability for the responsible use of AI.

Source: EOS

BURBERRY

“ From the ashes new sustainable practices are born. ”

In 2018, the BBC reported that Burberry had destroyed unsold products worth £28.6m, so EOS raised concerns in a call with the company secretary. EOS followed up with multiple meetings and calls with the vice president of corporate responsibility and the vice president of investor relations in 2019. After initial disruption from the coronavirus, in a video call with the vice president of corporate responsibility and the vice president of investor relations in June 2020, EOS focused on the potential impact the pandemic could have on progressing towards sustainability targets and commitments.

Building on its commitment to become carbon neutral in its operational energy use by 2022, in June 2019 the company announced targets to reduce absolute Scope 1 and 2 greenhouse gas emissions 95% by 2022 and absolute Scope 3 emissions 30% by 2030, from a 2016 baseline. In our conversation with the vice president of Corporate Responsibility and the vice president of Investor Relations in 2020, they also reaffirmed the company's commitment, initially made in September 2019, to finding alternatives to incinerating surplus stock, despite the impact of the coronavirus. The company has promised that all its plastics packaging will be recycled, recyclable or compostable by 2025 and has relaunched its consumer-facing packaging. EOS will continue dialogue on environmental impact and circular innovation, as well as labour rights and protecting staff in the light of the pandemic.

Source: EOS



DIAGEO

“ Keeping the pressure on water targets. ”

EOS began speaking to Diageo about water management in 2012, raising concerns about the future impact that water stress could have on the business. EOS held regular meetings with heads of sustainability and, latterly, the chief sustainability officer.

In 2015, the company set five-year targets and EOS continued to discuss progress annually. Informed by a materiality assessment the same year, which confirmed water as one of its most material environmental impacts, the company set a number of water targets for 2020. EOS welcomed these goals and sought annual updates on progress towards them in 2016, 2017 and 2018 – when we heard the company had achieved 40% of its 50% target for water efficiency and was focused on how it could achieve the final and most challenging 10%.

In 2019, in a meeting with the chief sustainability officer, EOS discussed the water risk assessments conducted by the company every three years, increasing its visibility of potentially stressed sites to 2030, enabling longer-term business planning. The company also employs various methods to reduce water use at stressed sites, enabled by new technologies and processes. EOS consider the initial objective of assessing and monitoring progress of Diageo's system to manage water risks across its supply to be substantially completed. EOS continues to engage on behalf of Quintet with the company on its water stewardship.

Source: EOS

HEINEKEN

“ Developing a transparent culture in the interests of everyone. ”

During a meeting with the head of sustainability in 2015, EOS highlighted that following the stream of acquisitions in emerging markets, several of Heineken's operating markets presented a high perceived level of public sector corruption, according to the Corruption Perception Index published annually by Transparency International.

EOS followed up in 2016 and was pleased that the request had led to an internal review of Heineken's approach towards transparency and that it would conduct an integral review of its related policies. In 2017 the review was taking longer than expected and the head of sustainability escalated our concerns to relevant experts internally. A meeting in 2018 and the launch of its updated code of business conduct and underlying policies such as the policy on bribery, on responsible alcohol consumption, on human rights and the supplier code in the September gave further reassurance that the company was taking the matter seriously.

In 2019, Transparency International published a report assessing the whistleblowing framework of 68 Dutch companies. Heineken ranked third with a total score of 82.7% compared to an average score of 45%. Since 2018, Heineken has also been working to improve the working conditions of brand promoters and engaged with industry peers. Since EOS began our engagement, the number of "Speak Up" reports of suspected misconduct has significantly improved. This is generally the sign of a culture that encourages employees to raise concerns, feeling confident to report wrongdoing.

EOS will continue to engage on behalf of Quintet with Heineken on this topic and on other areas including health and safety, climate change and board effectiveness.

Source: EOS



ADDITIONAL INFORMATION

CONTACT

If you would like to know more about our approach to active ownership then please visit our website at www.quintet.com or contact us by email at info@quintet.com



Quintet is a signatory of Climate Action 100+.



Quintet is a signatory of the Principles for Responsible Investment.

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