SOCIETE GENERALE
Private Banking

SUSTAINABILITY RISK POLICY

January 2022

This document is made in compliance with article 3 of EU regulation 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") and aims at stating how sustainability risks are integrated in investment decision-making and advice activities ("**Sustainability Risk Policy**") of Société Générale Private Wealth Management (hereinafter "SGPWM").

Sustainability risk is defined as an environmental, social or governance event or situation that, if it occurs, could have a material adverse impact on the value of the investment.

Consistently with its patrimonial philosophy, SGPWM aims for more sustainability and social responsibility within its investments and allow its institutional and private clients to contribute to the positive and necessary changes that are set in motion. This Sustainable Risk Policy describes how SGPWM integrates sustainability risks within its portfolio management and investment advice activities.

The objective of this Sustainability Risk Policy is to describe the integration of sustainability risks into **SGPWM's portfolio management services and investment advisory activities.**

For the avoidance of doubt, this Sustainability Risk Policy does not cover derivatives, structured products on a stock index or a basket of securities, currencies, commodities.

In the same way as market risk, counterparty risk or liquidity risk, sustainability risks should be taken into consideration in any investment, such as:

- **transition risks**, resulting from the development of a low-carbon economic model (regulatory and legal risks, technological risks, reputational risks or risks linked to market opportunities),
- **physical risks**, resulting from damage caused by extreme weather and climate events. These can be acute (due to natural events such as fires), or chronic (related to sustained higher temperatures and long-term geographic shifts such as rising sea level). These include heat, cold, drought, tropical cyclones, fires and floods.
- **social and human rights risks**, impacting negatively workers and surrounding communities (forced labour and slavery, child labour, respect for indigenous peoples and their cultural heritage, the right of ownership, discrimination, freedom of association, the health and safety of persons, the decent nature of working conditions, remuneration and social protection, the right to privacy),
- **governance and other ethical risks** (embargoes and sanctions, terrorism, corruption and bribery, resources appropriation, tax evasion, data protection).

Evaluating the interest and/or the intended yield of an investment therefore requires complementing financial data with:

- **Environmental** criteria ("E") including notably energy efficiency, reduction of emission of greenhouse gases and waste treatment);
- **Social** criteria ("S") concerning in particular respect of human and workers' rights, human resources management (workers' health and safety, diversity) and
- **Governance** criteria ("G") relating in particular to the independence of the board of directors/management body, the remuneration of managers and the respect of minority shareholders rights).

(together hereinafter referred to as "ESG" criteria) which are the three pillars of extra-financial analysis used by SGPWM for assessing how and to what extent a financial product issuer integrates ESG matters in its strategy and risks policy.

In the framework of its daily activities, SGPWM is likely to act as a financial market participant[1] providing portfolio management services, as well as financial advisor[2] providing investment services, within the meaning of SFDR.

1. INTEGRATION OF SUSTAINABILITY RISKS IN PORTFOLIO MANAGEMENT AND INVESTMENT ADVISORY

In the context of portfolio management and investment advisory, the management of sustainability risks covers several financial instruments:

- Equities and fixed-income bonds issued by private companies,
- Single-stock structured products, i.e. structured products made up from a single equity,
- Single share or basket of shares derivatives, i.e. derivatives where the underlying is a single share or a basket of shares,
- Investment funds.

1.1 Equities, Corporate fixed-income bonds, single-stock structured products or basket of shares, single share derivative products or basket of shares

1.1.1 General Investment Policy

The SGPWM general investment policy consists, on the one hand, in defining its investment universe, integrating ESG criteria, and on the other hand, in integrating systematically ESG analysis alongside financial analysis when making investment decisions.

To define this investment universe:

- SGPWM systematically applies the recommendations of the Société Générale Group and complies with sectoral policies,
- SGPWM excludes any financial security from an issuer with the worst ESG rating or facing a very severe ESG controversy.

[1] Within the meaning of Article 2 (1) of the SFDR
[2] Within the meaning of Article 2 (11) of the SFDR

Exclusions related to Greenhouse gas emissions

The Societe Generale Group has defined a "*Thermal Coal Sector Policy*" (see https://investors.societegenerale.com/fr/base-documentaire for the complete list of sectoral policies), the entities of the Societe Generale Group, which manage assets for their own account, or on behalf of third parties, exclude from their investment universe companies with the following characteristics:

- More than 10% of turnover is linked to thermal coal mining,
- Members of the energy sector and more than 30% of their electricity production comes from coal.
- Who are thermal coal developers. Thermal coal developers develop or plan to develop new thermal coal mines, new coal-fired power generation capacities (strictly over 300 MW) or new dedicated thermal coal transmission projects. Only majority owners of assets will be considered. Companies purchasing Thermal Coal assets will be considered as developers if they do not make a commitment to stop operating them within a reasonable time.

Exclusions related to controversial arms

The Société Générale Group has also defined a "*Defense and Security Sector Policy*" (see https://investors.societegenerale.com/fr/base-documentaire for the complete list of sectoral policies), which prohibits knowingly financing transactions and investing in companies linked to prohibited or controversial weapons (anti-personnel mines, cluster bombs, depleted uranium-based munitions).

Exclusions related to tobacco

The Societe Generale Group has defined a policy related to tobacco producing companies. SGPWM has decided to exclude from the investment universe tobacco producing companies, as well as supplier or distributor companies, if more than 15% of their turnover is linked to tobacco.

Exclusion of issuers from sanctioned jurisdictions

International sanctions are regulatory obligations issued by the Competent Authorities listed below. These sanctions aim to restrict all or part of the activities in designated countries, regimes, entities, or persons or to prevent targeted persons, entities, or countries from using their funds and to access the financial system, depending on the type of international sanctions applicable. Société Générale Group applies zero tolerance for violations of international sanctions.

SGPWM excludes from its investment universe all issuers from countries subject to economic or financial sanctions, trade embargoes or similar measures adopted, applied, or implemented by one of the following Competent Authorities (or by one of their bodies):

- United Nations Security Council,
- The United States of America,
- the European Union,
- France or,
- any local Competent Authority in charge of legally enforceable sanction measures.

Controversies exclusion filter

SGPWM do not make any investment in companies whose ESG controversy rating is considered very severe.

→ ***What is an ESG controversy?*** *An ESG controversy may be defined as an incident or an ongoing situation in which a company faces allegations of negatively impacting stakeholders (i.e.: workers, communities, the environment, shareholders, or society at large), via some type of wrongdoing across several ESG indicators. The controversial indicator is also a warning measure of the reputational and operational risks to which companies are exposed when they directly or indirectly contravene the 10 principles of the United Nations Global Compact in the field of human rights,* *international labour standards, the environment, and the fight against corruption. A very severe controversy can ultimately result in heavy financial penalties. The aim of ESG Controversies research is to assess the severity of the negative impact of each event or situation, rather than the extent of negative press attention or public opprobrium.*

ESG integration based on extra-financial analysis

SGPWM is committed to considering ESG factors by relying on the extra-financial research of its partner MSCI. SGPWM systematically incorporates ESG ratings into its investment management process and at a minimum excludes any investment in companies with the lowest ESG rating ("CCC").

→ ***What is the ESG rating?*** *SGPWM has access to the ESG analysis of issuers. This ESG analysis provides an evaluation of the positioning of companies in the face of sustainable development issues by assigning a rating to the three ESG pillars and then a global ESG rating. The purpose of this rating is to identify the companies that best succeed, on the one hand, to limit the ESG risks they face and, on the other hand, to seize the opportunities related to sustainable development.*

Each analysed company receives an ESG rating on a scale from AAA to CCC (CCC being the worst).

1.1.2 Investment Policy dedicated to SRI management

Consistently with its commitment, SGPWM promotes a sustainable portfolio management offer which is based on a dedicated investment policy consisting in a Socially Responsible Offer (“SRI”) investment sub-universe and in a specific policy for selecting financial securities according to ESG criteria.

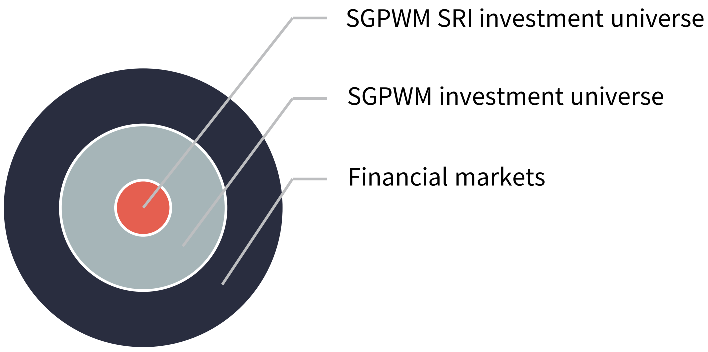
Built from the SGPWM investment universe, the SGPWM SRI investment sub-universe results from:

- the application of the above described filters (sectors excluded by Société Générale Group, worst controversies, CCC ESG rating),
- the application of additional exclusions related to controversial activities (which are defense and armament, tobacco gambling, GMOs, adult entertainment, when the issuers are linked to these activities with more than 15% of their turnover) as well as those based on ESG ratings (exclusion of ratings below or equal to B).

The SGPWM SRI investment universe is updated on a regular basis.

The policy of ESG selection of financial securities consists in selecting the issuers with the best practices or the best improvements related to ESG criteria in their sector.

Financial markets and SGPWM investment universes



1.2 Investment funds (UCITS, AIF)

SGPWM works in open architecture and thus selects investment funds managed by third party management companies. The selection process of these funds is based on:

- On the analysis of the management company itself, including a minimum annual rating, carried out on the basis of a questionnaire including points relating to its ESG policy and its rating from the United Nations Principles for Responsible Investment (UNPRI), supplemented if necessary, if the management company is listed or belongs to a listed group, its ESG rating, its ESG controversy rating and elements of reputation;
- The analysis of the funds, which consists of the use of their financial data such as the level of assets under management, the history and quality of management and financial performance.

On this basis, a list composed of 150 to 200 investment funds on average is established for the purpose of integrating the SGPWM investment universe.

In addition, an internal methodology for rating the extra-financial data of the investment funds belonging to the SGPWM investment universe has been developed. It consists of:

- on an ex-ante basis, on criteria such as their ESG investment policy, the potential existence of an SRI label, the asset manager ESG standards; and
- on an ex-post basis, via the database called MSCI FundMetrics, allowing to access fund extra-financial data based on a look-through approach (ratings, controversies, sectorial exclusions).

2. INTEGRATION OF INDICATORS OF IMPACT IN PORTFOLIO MANAGEMENT

Within the framework of funds labeled witl ESG Label delivered by LuxFLAG and classified as Article 8 funds within the SFDR Regulation, SGPWM engages itself to use the impact indicators for the 3 pillars E, S, G and to include them in the monthly reports made available on the site www.sgpwm.societegenerale.com/en/range-moorea-fund/ .

2.1 Environment

Carbon footprint (in tCO2/$M sales)

As key climate change indicators, Greenhouse gas emissions (GHG) are classified as per the Greenhouse Gas Protocol and are grouped in three categories:

> ***Scope 1 - Direct scope:*** *GHG emissions are those directly occurring from sources that are owned or controlled by the institution.*
>
> ***Scope 2 - Indirect scope****: GHG emissions are indirect emissions generated in the electricity production consumed by the institution.*
>
> ***Scope 3 - Indirect scope****: GHG emissions are all the other indirect emissions that are consequences of the institution's activities, but that occur from sources not owned and controlled by the institution.*

The uses MSCI datas who are based on declarative or estimated figures from companies. It aims to take into account the GHG emissions of Scope 1 and 2, produced by the companies held in the portfolio. GHG emissions are compared to the sales of each company and adjusted with the security weight in the portfolio. Emissions are expressed in carbon dioxide equivalent (CO2e). This indicator measures the portfolio's exposure to carbon-intensive emitters without, however, taking into account all of the emissions induced indirectly by the company, in particular those produced by the use of products and services marketed or by suppliers.

Science-Based Target signatory

Science-based targets provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions. Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered “science-based” if they are in line with the goals of the Paris Agreement –to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

Sustainable impact revenues

Revenue exposure to Sustainable Impact Solutions reflects the extent to which company revenue is exposed to products and services that help solve the world’s major social and environmental challenges. It is calculated as a weighted average, using portfolio or index weights and each issuer’s percent of revenue generated from Sustainable Impact Solutions. To be eligible to contribute, an issuer must maintain minimum ESG standards.

2.2 Social

Severe or Very severe controversies related to human capital or work rights

SGPWM analyzes the share of issuers, weighted by their weight in the portfolio, which have a severe and very severe controversy in terms of human capital and work management. These indicators show whether a company is exposed to reputational and operational risks due to major and/or very important (controversy) breaches with regard to social issues such as the management of Human Capital and labor.

Concerns about respect for human rights

SGPWM analyzes the share of issuers, weighted by their weight in the portfolio, which have a very severe controversy in terms of human rights. This indicator helps to ensure that companies comply with the main principles laid down by the United Nations in the field of Human Rights and in particular freedom of expression, civil liberties, the fight against discrimination, respect for minorities and communities.

2.3 Governance

Presence of women on the Board of Directors

SGPWM analyzes the rate of feminization of the boards of the companies present in the portfolio. SGPWM measures the percentage of women on the boards of invested companies compared to that of companies in the investment universe of each of the funds. For companies with a two-tier board of directors, the calculation is based only on the members of the supervisory board.

Independence of the Board of Directors

SGPWM assesses the percentage of independent members on the Board of Directors. The independence of the Board of Directors is fundamental to harmonize the interests of management and investors. This indicator is calculated on weighted average basis.

3. INTEGRATION OF SUSTAINABILITY FACTORS

SGPWM assesses, integrates and manages the main negative impacts of these investment or advisory decisions on sustainability factors. The sustainability factors are grouped together on the Environmental (E) and Social (S) themes and more specifically:

- In the field of the environment: greenhouse gas emissions, biodiversity, water, waste management.
- In the social, employment and respect for human rights field: international companies take into account the United Nations Global Compact, pay gaps between men and women, diversity in governance bodies, but also exposure to controversial weapons.

The regulation has identified a list of indicators allowing market players to manage their negative impacts in terms of sustainability. To date, SGPWM has adopted a policy of reducing the negative impacts of sustainability in its investment process and incorporates the following sustainability factors for all of its portfolio management strategies:

- Exposure to companies violating the United Nations Global Compact
- Exposure to companies involved in the coal sector
- Exposure to companies involved in the production or sale of controversial weapons.

This policy consists in practicing exclusions from the investment universe as described above, with the exception of certain market instruments such as funds managed by external managers, monetary supports, structured products with underlying indices, currencies and derivatives.

In addition, for all SGPWM funds that are subject to the LuxFlag ESG Label labeling, the following 2 factors are subject to regular monitoring:

- Greenhouse Gas (GHG) emissions and more particularly the carbon intensity of the portfolios;
- Diversity of the Boards of directors of the companies underlying the portfolios and more particularly the female presence rate in the Boards. The policy consists in targeting, for a given portfolio, a higher result (lower carbon intensity or better rate of female presence in the Boards) than the reference universe of the product.

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