

# **PORTFOLIO MANAGEMENT MANDATE SELECT**

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Article 10 (SFDR)

Website disclosure for an Article 8

Discretionary Portfolio Management Mandate

**Société Générale Private Wealth Management S.A.**

**June 2023**

This document includes information relating to environmental and social characteristics of financial products, and sustainable investments, in accordance with article 10 of the Sustainable Finance Disclosure Regulation (SFDR)<sup>1</sup>.

<b>PRODUCT NAME: PORTFOLIO MANAGEMENT MANDATE SIGNATURE</b>	
<b>Does this financial product have a sustainable investment objective?</b>	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, <b>it will have a minimum proportion of 5 % of sustainable investments</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments.</b>

<sup>1</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.



## A. SUMMARY

The investment objective of the Mandate is to provide midterm growth to investors from a diversified portfolio of investments. The Mandate aims at meeting the long-term challenges of sustainable development while delivering financial performance by the combination of financial and extra-financial criteria.

The Mandate may invest in equities, fixed income and alternative asset class, mainly via mutual funds from Moorea range and ETFs. The strategic asset allocation depends on the investor profile. The strategic asset allocation depends on the investor profile.

The consideration of environmental, social responsibility and corporate governance (ESG) criteria in the selection of securities aims to assess the ability of companies to transform the challenges of sustainable development into vectors of performance. The investment manager is assessing ESG characteristics of the mutual funds using data provided by external ESG providers, including MSCI, as well as proprietary ESG analysis.

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment. At least 85% of the Mandate investments promote environmental and social characteristics. The Mandate will do at least 5 % of the sustainable investments within the meaning of Regulation (EU) 2019/2088 (SFDR). The Mandate invests at least 5% of assets in Sustainable Investments, typically across both environmental and social objectives. It does not commit to any specific individual or combination of Sustainable Investment objectives and therefore there is no committed minimum share. Investment Manager is not currently in a position to specify the exact proportion of the product's underlying investments aligned with the EU Taxonomy (Regulation (EU) 2020/852). At least 85% of the portfolio mandate assets are classified as Article 8 or 9 within SFDR Regulation (cash excluded).

The good governance practices are assessed in the proprietary analysis of the underlying mutual funds. This includes the analysis of the stewardship policies of the funds' management companies and well as operational due diligence of the funds' management company.

In order to measure the attainment of the E/S characteristics promoted by the mandate, the Investment Manager uses ESG portfolio score, environmental indicators (Sustainable Impact revenues, GHG Science-Based Target signatories, Carbon footprint of the portfolio) and social indicators (presence of women on the boards of directors and concerns about respect for Human Rights).



## **B. NO SUSTAINABLE INVESTMENT OBJECTIVE**

The Mandate promotes environmental or social characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5 % of sustainable 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 Mandate's objectives of the sustainable investments will be those of its underlying's investment vehicles.

1. For the underlying mutual funds managed by external asset managers, the selection process of the mutual funds include the analysis of asset manager sustainable investment definition.
2. For the underlying mutual funds which are managed by Société Générale Private Wealth Management S.A. (SGPWM or the Management Company) in its capacity as investment manager, SGPWM implements the framework of the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 with a target date for delivery of 2030 and the European Taxonomy.

The 17 SDGs aim to foster collaboration within private and public entities to address the global challenges such as poverty, climate change, inequality, or peace and justice.

In order to identify the contribution, positive or negative, to an SDG, the issuer is assessed in terms of his operational and product alignment towards each of the 17 SDGs. Every company may contribute to the goals in a variety of ways (positively and negatively) and across several goals. The operational alignment assesses the extent to which an issuer addresses a specific SDG via its internal policies and practices, targets, performance metrics. The product alignment assesses the net impact of issuer's products or services to achieve a specific SDG. The data provider MSCI has been selected to measure this companies' alignment with the SDGs.

In order that investment would be considered as sustainable, it must be aligned to at least one SDG without being misaligned to any other SDG, while respecting all the principles of SGPWM's ESG policy. In addition, SGPWM takes into account the alignment of companies with the European Taxonomy.

### **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?**

The Sub-Fund integrates ESG criteria into its investment policy and decisions. Through this, the Sub-Fund ensures that the investments made do not cause significant harm to any of the environmental or social sustainable investment objectives and that the companies benefiting from these investments apply good governance.

### **How does this financial product take into account principal adverse impacts<sup>2</sup> on sustainability factors?**

Principal adverse impacts (PAIs) are taken into account based on the assessment of ESG characteristics of the mutual funds using data provided by external ESG providers, including MSCI, as well as proprietary ESG analysis. Within its portfolio management, the investment manager considers how the underlying investments reduce the negative impacts via its investment strategies.

In particular, the Mandate considers the following PAIs:

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<sup>2</sup> 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, anticorruption and antibribery matters.

	PAI	Measurement criteria	Exclusion and Integration	Comment
1	<b>Greenhouse Gas Emissions</b>	Scope 1 GHG emissions	X	- Thermal Coal Sector Policy - Unconventional Oli & Gaz - Net Zero Asset Managers Signatory - Integration of PAIs into proprietary ESG analysis for mutual funds
		Scope 2 GHG emissions	X	
		Scope 3 GHG emissions	X	
		Total GHG emissions	X	
2	<b>Carbon footprint</b>	Carbon footprint	X	
3	<b>GHG intensity of investee companies</b>	GHG intensity of investee companies	X	
4	<b>Exposure to companies active in the fossil fuel sector</b>	Share of investments in companies active in the fossil fuel sector	X	
7	<b>Activities negatively affecting biodiversity-sensitive areas</b>	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	X	- Palm oil exclusion policy - Biodiversity Pledge Signatory - Integration of PAIs into proprietary ESG analysis for mutual funds
10	<b>Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</b>	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	X	- Controversies exclusion filter - Integration of PAIs into proprietary ESG analysis for mutual funds
11	<b>Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</b>	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	X	- Red Flag exclusion - Integration of PAIs into proprietary ESG analysis for mutual funds
13	<b>Board gender diversity</b>	Average ratio of female to male board members in investee companies	x	- Engagement policy - Integration of PAIs into proprietary ESG analysis for mutual funds
14	<b>Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)</b>	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	X	- Exclusions related to controversial arms - Integration of PAIs into proprietary ESG analysis for mutual funds

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

In accordance with the Société Générale Group's "Defense" sector policy, which meets the obligations of the Ottawa (1999) and Oslo (2008) conventions applicable to all French management companies, involved in activities related to prohibited or controversial weapons (anti-personnel mines, cluster bombs, depleted uranium weapons) are excluded from the fund's investment universe.

In addition, and in accordance with the Management Company's investment policy, companies with a very severe controversy rating (red) according to the MSCI nomenclature are excluded from the investment universe. These exclusions guarantee full compliance with the OECD guidelines for multinational enterprises and the United Nations guidelines on business and human rights.

For the investments via mutual funds, the investment manager monitors the compliance of the management company with these policies.



## C. INVESTMENT STRATEGY

### **What are the environmental or social characteristics promoted by this financial product?**

The Mandate promotes environmental and social characteristics through its integration of extra-financial criteria in the investment process. The Mandate is mainly invested via UCITS mutual funds. It integrates "Environmental, Social and Governance" (ESG) criteria within its mutual fund selection and portfolio management investment decisions.

Through its integration of ESG criteria, the Mandate promotes environmental characteristics: development of sustainable impact revenues, engagement towards Paris agreement, targeted reduction of CO2 emissions. The Mandate also promotes social characteristic: gender diversity. The Mandate is promoting the alignment with the 17 Sustainable Development goals through the sustainable investments.

### **What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?**

The investment objective of the Mandate is to provide midterm growth to investors from a diversified portfolio of investments. The Mandate aims at meeting the long-term challenges of sustainable development while delivering financial performance by the combination of financial and extra-financial criteria.

The Mandate may invest in equities, fixed income and alternative asset class, mainly via mutual funds from Moorea range and ETFs. The strategic asset allocation depends on the investor profile.

The investment decisions are based on the proprietary trend detection model. The proprietary trend detection model follows the medium-to-long term buying and selling signals on the different regional equity indexes. When the buying signal is detected, the allocation towards equities in the region is increased. When the selling signal is detected, this allocation is reduced and invested in the fixed income underlyings.

The alternative asset class allocation has the purpose of the diversification and it targets to be 10%.

The consideration of environmental, social responsibility and corporate governance (ESG) criteria in the selection of securities aims to assess the ability of companies to transform the challenges of sustainable development into vectors of performance.

The investment manager is assessing ESG characteristics of the ETFs and mutual funds. The proprietary ESG analysis includes, among other, analysis of the ETFs and mutual funds underlying responsible policies, analysis of stewardship activities, analysis of the ESG characteristics of the underlying portfolios.

**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?**

At least 85% of the Mandate investments promote environmental and social characteristics. The Mandate will do at least 5 % of the sustainable investments within the meaning of Regulation (EU) 2019/2088 (SFDR).

At least 85% of the portfolio mandate assets are classified as Article 8 or 9 within SFDR Regulation (cash excluded).

The Investment Manager incorporates a policy that the underlying funds via its underlying investments must respect. The mandate does not have the direct or look-through exposure to:

- Companies that have significantly and repeatedly transgressed one of the 10 United Nations Global Compact principles;
- Companies being involved in one or more recent very severe controversies under the MSCI nomenclature (red flag);
- Companies having controversial activities such as (but not limited to):
  - o Controversial weapons (anti-personnel mines, cluster munitions, chemical, biological weapons, white phosphorus, depleted uranium weapons and nuclear weapons), in case of any involvement;
  - o Tobacco: exclusion of tobacco, tobacco-related products (e-cigarettes and next-generation tobacco/nicotine products) and supporting services (filters, smoking halls, etc) producing companies in case of any involvement, as well as supplier or distributor companies, if more than 15% of their turnover is linked to tobacco;
  - o Thermal coal: exclusion of 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,
  - o Unconventional oil & gaz: exclusion of companies whose revenues from unconventional oil and gas activities (revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore/offshore) represent more than 10% the issuer's revenues.
- Investments issued by or mainly listed in countries, companies or related to individuals or other entities in a controversial jurisdictions identified and as specified in the United Nations Security Council Sanctions and those high risk jurisdictions subject to a "Call for Action" identified by the Financial Action Task Force

The investment manager addresses ESG factors throughout the investment process, including research, company engagement and portfolio construction. The investment manager is assessing ESG characteristics of each mutual funds in the portfolio using data provided by external ESG providers, including MSCI, as well as proprietary ESG analysis. .

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

The good governance practices are assessed in the proprietary analysis of the underlying mutual funds investment universe. The minimum safeguards regarding governance are analyzed: whether the funds

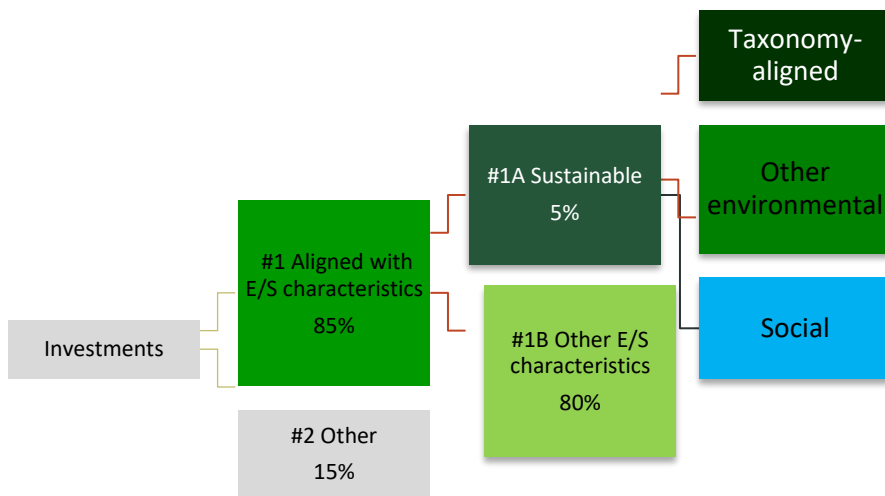
comply with United Nations Global Compact principle, what is the approach of the fund towards issuers with very severe level of controversies and how the underlying funds analyze the governance aspects. This good governance assessment should include the assessment of the investee company sound management, employee relations, pay practices, management structures and tax compliance.

The proprietary analysis of the underlying mutual funds includes the analysis of the stewardship policies of the funds' management companies and well as operational due diligence of the funds' management company.

 **D. PROPORTION OF INVESTMENTS**

**What is the planned asset allocation for this financial product?**

The Mandate will primarily invest indirectly in fixed income, floating rate securities, equities and alternatives funds compliant with UCITS rules. For the indirect investments, the financial and extra-financial analysis is done during the selection process and continuous monitoring of the fund structure.



#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.

**What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)?**

The Mandate does not currently commit to invest more than 0% of its assets in sustainable investments with an environmental objective aligned with the EU Taxonomy, however, these investments may form part of the portfolio. The Investment Manager is not currently in a position to specify the exact proportion



of the product's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position will be kept under review as the underlying rules are finalized and the availability of reliable data increases over time.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy and with a social objective?**

The Mandate invests at least 5% of assets in Sustainable Investments, typically across both environmental and social objectives. It does not commit to any specific individual or combination of Sustainable Investment objectives and therefore there is no committed minimum share.

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

The investments included under “#2 Other” are cash and cash equivalent securities, alternative asset class. The alternative asset class might include also UCITS hedge funds.

The first objective of this asset class is the diversification within the asset allocation. In any case, all underlyings mutual funds or ETFs or ETNs asset managers are analyzed and due dilligenced for their investment and operational processes.



**E. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS**

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

The sustainability indicators used are as follows:

- ESG portfolio score  
The ESG score of the underlying assets is provided by the external ESG data provider MSCI. The portfolio coverage by ESG score is at minimum 70% (out of cash and/or cash equivalent).
- Environmental
  - *Percentage of the portfolio invested in 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 weights and each issuer's percent of revenue generated from sustainable impact solutions. This information is obtained for each invested mutual funds and the final percentage of the sustainable impact revenues is calculated as the weighted average of sustainable impact revenues of each fund and its weight in the portfolio.
  - *Carbon footprint of the portfolio*: This indicator measures emissions (Scope 1 and 2) in tons of CO2 equivalent per unit of company revenue (in millions of euros of revenue). This information is obtained for each invested mutual funds via the external data provider MSCI and the final carbon footprint is calculated as the weighted average of carbon footprint of each fund and its weight in the portfolio.

○ Social

- *Presence of women on the board of directors:* Rate of feminization of the boards of the issuers present in the portfolio. For companies with a two-tier board of directors, the calculation is based only on the members of the supervisory board. This information is obtained for each invested mutual funds via the external data provider MSCI and the final weight of women in the boards is calculated as the weighted average of women in boards for each fund and its weight in the portfolio.
- *Concerns about respect for Human Rights:* This indicator indicates whether companies comply with the main principles laid down by the United Nations in terms of human rights, in particular freedom of expression, civil liberties, the fight against discrimination and respect for minorities and communities. This indicator is monitored on a look-through basis for the mutual funds. In case of finding any non-complying investments in the underlying mutual funds, the discussion about the investment is initiated with the external portfolio managers and can lead to the fund divestment.

**How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?**

**1. Monitoring by the portfolio manager**

Portfolio Managers are responsible for portfolio rebalancing in line with the global allocation strategy and the ESG criteria. Portfolio Managers implement the trend detection model in order to improve the portfolio's overall risk, return and sustainable characteristics. The mutual funds and ETFs are regularly assessed for their financial and extra-financial characteristics.

Holdings of the portfolio are monitored on a continuous basis in terms of financial and ESG criteria.

**2. Monitoring by SGPWM risk management**

The risk department of the management company monitors the overall financial and non-financial parameters of the portfolio.

If the position does not pass one of these controls, the risk department alerts the portfolio management team, which processes to the divestment process as described below. The Portfolio management team will also take into consideration the liquidity of the issue and the market conditions.



**F. METHODOLOGIES**

**What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?**

All the binding elements and sustainability indicators are measured on a monthly basis by SGPWM risk management team. If the values are in line with the objectives (indicators at 0% or above pre-defined thresholds), the environmental and social characteristics promoted of the sub-fund will be considered as attained.



**G. DATA SOURCES AND PROCESSING**

**What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?**

The management company has established a number of partnerships, which are due diligence on an annual basis:

- The Mandate's ESG analysis relies on external data providers (MSCI, Bloomberg, MFEX, RegXchange)
- SGPWM uses the Carbon database provided by MSCI, CDP and S&P Trucost.

The management team also has multiple sources of external ESG information (brokers' extra-financial research).



## H. LIMITATIONS TO METHODOLOGIES AND DATA

**What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)**

The investment process is based on qualitative and quantitative research based solely on the raw data published by companies in the invested mutual funds. Thus, a first limit consists in the reliability of the published data based on credibility and the audit of non-financial reports of companies.

In addition, the Mandate's ESG methodology is a proprietary and transparent methodology but is not based on any international standards. For this reason, maximum transparency on all the indicators used in the calculations is mandatory and an integral part of the management process. As regards the monitoring of controversies, it remains an evaluation exercise in which the best means are put in place to exclude from management companies that are controversial or at risk of controversy. Nevertheless, a limit lies in the impossibility of preventing all controversies and thus displaying a zero risk on this point.

The investments via mutual funds might also lag certain ESG data, when the underlying funds positions adjust its positionings.



## I. DUE DILIGENCE

**What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?**

In the course of its investment process, SGPWM is conducting a due diligence process on the underlying funds. This due diligence process assesses the quality of each fund company and tries to rule out that investments are done with companies where it can be reasonably assumed that they severely violated generally accepted global norms in their business practices and conduct.



## J. ENGAGEMENT POLICIES

### Is engagement part of the environmental or social investment strategy?

- Yes  
 No

### If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

Convinced of the environmental, social and governance challenges, Société Générale Private Wealth Management has defined – as an extension to its approach as a responsible investor – a stewardship policy covering our engagement activities as well as proxy voting policy attached to the securities held by the collective investment schemes which it manages. The Stewardship policy covers the underlying mutual funds managed by SGPWM.

This policy has two complementary components: an engagement policy and a voting policy, thus meeting the fiduciary obligations towards SGPWM's clients. SGPWM's Stewardship policy lists the main principles of corporate governance to which the management company adheres. As shareholders' meetings cover many different subjects, this document sets out SGPWM's voting principles on key issues.

The engagement and voting principles are reviewed annually to take into account legal changes, changes in governance codes and market practices that may have occurred throughout the year. This policy is validated by an internal governance committee and is in line with our socially responsible investor (SRI) approach.

You can find the full version of our voting and engagement policy by following this link:

[Stewardship policy - General Engagement and Voting Principles](#)



## K. REFERENCE BENCHMARK

### Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

- Yes  
 No

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