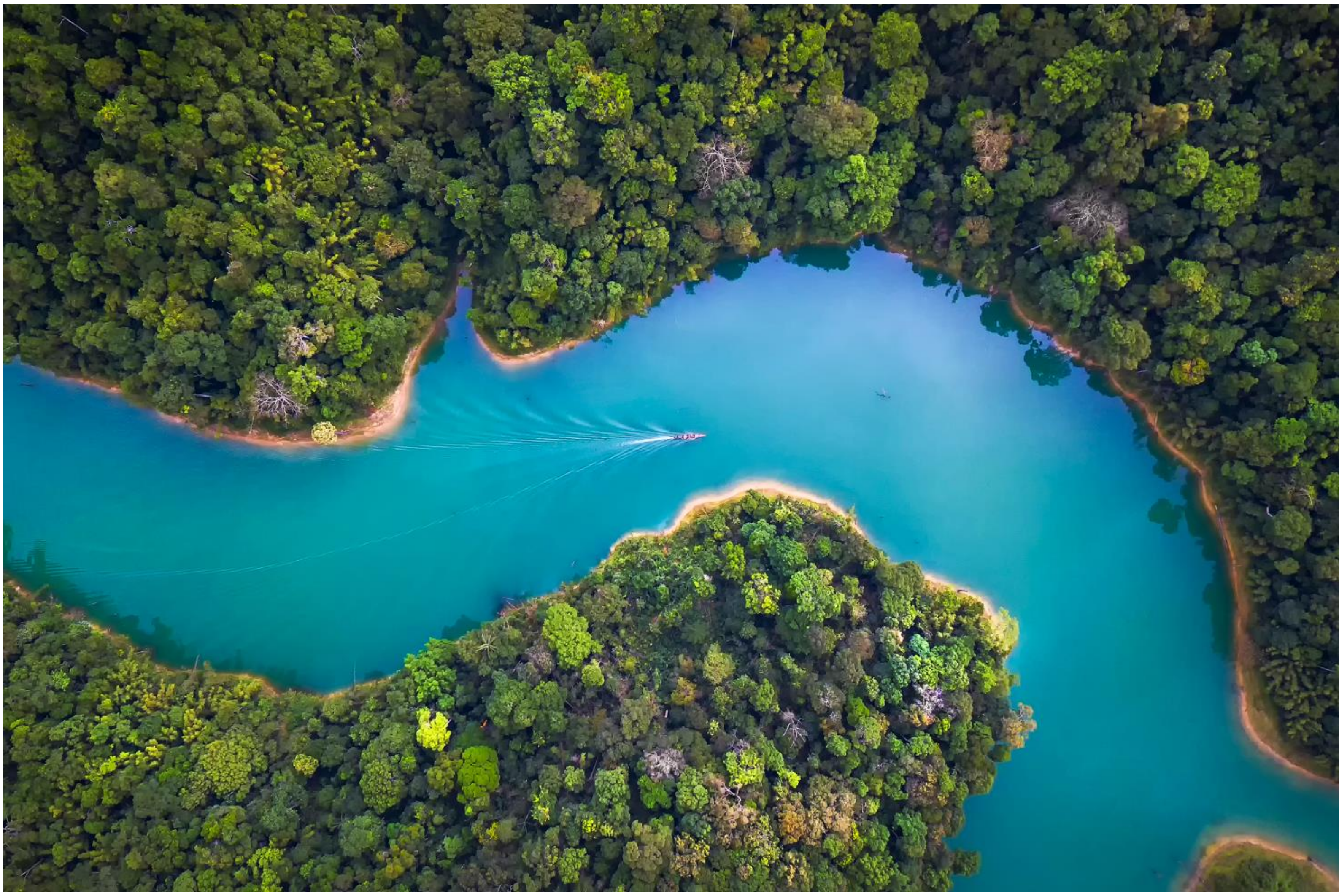


SUSTAINABILITY RISK AND PRINCIPAL ADVERSE IMPACT MANAGEMENT POLICY

SOCIETE GENERALE PRIVATE BANKING

JUNE 2023

CONTENTS

1. INTRODUCTION

1.1 Presentation of Société Générale Private Banking

Economic development is no longer conceivable without environmental and social progress. It is also the responsibility of big business to suggest the next virtuous models—models that encourage positive transformations in the world.
Société Générale is fully aware of its responsibility in the field of banking. The Group has a leading role to play in helping build greener and more inclusive development models, and to enable the emergence of new sustainable growth drivers.

Société Générale Private Banking Luxembourg ("SGPB Luxembourg") is part of the SG Luxembourg legal entity and is linked to Société Générale Private Banking ("SGPB"), the private banking division of the Société Générale Group. SGPB also operates in France and in various other countries, namely (i) Société Générale Private Banking (Monaco) and (i) Société Générale Private Banking (Switzerland), which together with Société Générale Luxembourg are referred to collectively as "SGPB Entities".

In accordance with the corporate purpose of the Société Générale Group, the SGPB Entities aim to contribute to a more sustainable world through the products and services they offer, thus allowing their institutional and private clients to contribute to the positive and necessary changes.

1.2 Scope of activities covered by the sustainability risk management and adverse sustainability impacts policy

As part of its activities, each SGPB Entity participates as a player in the financial markets[1], providing portfolio management services, as well as financial investment advisory services[2].

It must be noted that this document covers these two activities but does not cover Order Receipt-Transmission (i.e. simple execution without advisory services) or the execution of client orders in the context of Prime Market Access[3] and Direct Market Access offers.

In the context of portfolio management services, sustainability risk management covers several financial instruments:

- Shares and bonds issued by companies;
- Single underlier structured products (the underlier of which is a single share or bond) or underlying basket (the underlier of which is a basket of shares or bonds);
- Single underlier derivatives (the underlier of which is a single share or bond) or underlying basket (the underlier of which is a basket of shares or bonds);
- Investment fund.

Currencies, commodities, derivatives and interest rate-based structured products, currencies, commodities or indices, and other products such as real estate, private equity, Art, and Wine banking are outside the scope of this policy.

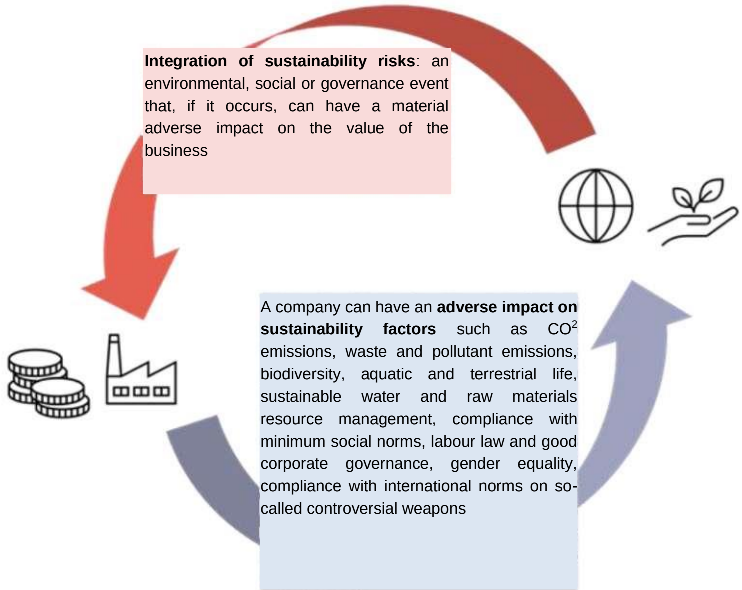
2. DEFINITIONS AND OBJECTIVES OF THE SUSTAINABILITY RISK AND PRINCIPAL ADVERSE IMPACT MANAGEMENT POLICY

This document has been prepared in accordance with Articles 3 and 4 of the European Union Regulation 2019/2088 on the publication of sustainability information in the financial services sector ("**SFDR**"). It aims to describe how SGPB takes **the principle of double materiality** into account, i.e. the management of "**sustainability risks**" in investment processes in portfolio management and financial investment advisory services, and to what extent SGPB evaluates, integrates and manages the principal adverse impacts of its investment or advisory decisions on "**sustainability factors**"

2.1 The principle of dual materiality

[1] Within the meaning of Article 2 (1) of SFDR
[2] Within the meaning of Article 2 (11) of SFDR
[3] Orders for which advisory services are provided in the context of the Prime Market Access service are covered by this document

"**Dual materiality**" refers to the fact of considering both sustainability risks and adverse impacts on sustainability factors.



2.2 Sustainability risks and ESG criteria

Sustainability risks

"**Sustainability risk**" means an environmental, social or governance event or situation that, if it occurs, could have a material adverse effect on the value of the investment. Sustainability risk is considered an external event and is a factor that can contribute to other risks (including market risk, operational risk, liquidity risk, etc.).

As with market risk, counterparty risk or liquidity risk, which are financial risks, sustainability risks must be taken into account in all investments. These are:

- Transition risks resulting from the effects of the implementation of a low-carbon business model (regulatory and legal risks, technological risks, reputational risks and market opportunity risks);

- Physical risks resulting from damage caused by extreme weather and climate conditions. These can be acute (due to natural events such as fires) or chronic events (related to rising temperatures and long-term geographic changes such as rising water levels). They include heat, cold, drought, tropical cyclones, fires and floods.

- Social risks and those related to fundamental human rights, having an adverse impact on workers and communities around them (forced labour and slavery, child labour, respect for indigenous peoples and their cultural heritage, right of ownership, discrimination, freedom of association, health and safety of persons, decent working conditions, remuneration and social protection, right to privacy);

- Governance and other ethical risks (sanctions and embargoes, terrorism, corruption and influence peddling, appropriation of resources, tax evasion, data protection).

ESG criteria

In order to assess the expected profitability of a financial product, the financial information relating to the issuer of the product (most often a company) must be supplemented by non-financial analysis based on the Environmental, Social and Governance criteria, known as "ESG" non-financial criteria. They constitute the three pillars of SGPB's analysis for its portfolio management and investment advisory activities. They are used to assess the extent to which a financial product issuer integrates and manages its sustainability risks:

- The Environmental criterion ("E") includes in particular energy efficiency, greenhouse gas reduction and waste treatment;

- The Social criterion ("S") concerns in particular respect for human rights and workers' rights, the management of human resources (health and safety of workers, diversity);

- The Governance criterion ("G") is related in particular to the independence of the boards of directors, the directors' fees and the protection of minority shareholders' rights.

2.3 Sustainability factors and indicators

Sustainability factors

"**Sustainability factors**" means the factors taken into account by companies and states to contribute to sustainable development:

- In the environmental field: the quality of biosphere such as the condition of the climate, air and water, the preservation of forests or oceans, the richness of biodiversity, etc.

- In the social and governance field, factors related to economic relations (trade relations, decent work, respect for human rights and the fight against corruption, the quality of human relations, peace, respect for communities and fragile populations, access to health or food)

These sustainability factors are notably found in the 17 United Nations Sustainable Development Goals[4].

[4] https://www.un.org/sustainabledevelopment/fr/objectifs-de-developpement-durable/

Adverse impacts on sustainability factors

An investment decision for portfolio management or following investment advice may adversely affect these sustainability factors. Issuers of selected financial instruments could cause harm to sustainability factors through their business and corporate behaviour.

Here are some indicators that are used to assess the damage to sustainability factors:

- In environmental matters: issuers' GHG emissions, pollution management, waste management,

- In social and governance matters, the application by international companies of the United Nations Global Compact[5], of the wage gap between men and women, diversity in governance bodies, and exposure to controversial weapons[6].

SGPB has established partnerships to develop its non-financial research, in particular with:

- **MSCI**, which defines **the ESG ratings and ESG controversy ratings of companies;**

- **Trucost**, which gives access in particular to the climate data of issuers (carbon footprint, alignment with commitments relating to the Paris Agreement)

[5] The United Nations Global Compact is an initiative of the United Nations launched in 2000 to encourage companies to align their strategy and operations with the ten universal principles relating to human rights, labour, the environment and the fight against corruption.

[6] Controversial weapons include the various types of weapons prohibited by international conventions or regulations of the European Union such as certain cluster munitions, anti-personnel mines, biological or toxin weapons, chemical weapons, depleted uranium mines.

- **Ethifiance**, which gives access to ESG research on small issuers.

ESG rating

This ESG analysis, regularly updated by the MSCI data provider, provides an assessment of the issuers' positioning with regard to the integration of sustainability issues. This assessment is materialised by a rating on the three ESG pillars and then an aggregate ESG rating. The purpose of this rating is to assess the issuers' ESG risk management and their ability to seize opportunities related to sustainable development.

Each issuer analysed is given an ESG rating on a scale ranging from AAA to CCC (CCC being the lowest). This rating can therefore be used to compare issuers in a given sector with each other on their consideration of sustainability risks.

The ESG controversy note

This is one of the indicators used to assess how an issuer harms sustainability factors. It is provided by the MSCI data provider.

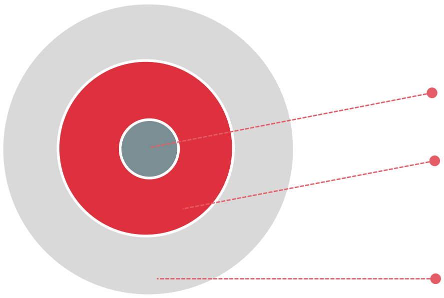
An ESG controversy can be defined as an incident or an existing situation that a company faces as a result of alleged negative behaviour towards various parties (employees, communities, environment, shareholders, and society at large), through bad practices relating to several ESG indicators.

The controversy note is also a warning about the reputation and operational risks to which issuers are exposed when they directly or indirectly violate 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 result in heavy financial penalties. The objective of the ESG controversies analysis is to assess the severity of the adverse impact of each event or situation on the investment.

The sections below describe how SGPB manages sustainability risks and adverse impacts in portfolio management, investment advisory services, life insurance product distribution and capitalisation contract activities.

3. SUSTAINABILITY RISK AND PRINCIPAL ADVERSE IMPACT MANAGEMENT FOR PORTFOLIO MANAGEMENT AND INVESTMENT ADVICE ON NON-FUND FINANCIAL SECURITIES

Based on the non-financial research described above, SGPB defines a global investment universe and a sustainable investment universe.



SGPB defines an investment universe that integrates the monitoring of sustainability risk and adverse impact management relating to the following instruments:

- Shares and bonds issued by companies or States;
- Single underlier structured products (the underlier of which is a single share or bond) or underlying basket (the underlier of which is a basket of shares or bonds);
- Single underlier derivatives (the underlier of which is a single share or bond) or underlying basket (the underlier of which is a basket of shares or bonds);

3.1 Sustainability risk and adverse impact management for defining the level 1 investment universe

3.1.1 Level 1 sustainability risk management

To define the investment and investment advisory universe for directly securities (non-fund shares and bonds), SGPB applies the following sectoral policies[7] of the Société Générale Group:

- **Defence and Safety Policy**, referenced under the name "Environmental & Social Exclusion List" (Controversial Defence) which aims to exclude issuers involved in controversial weapons (anti-personnel mines, cluster munitions or their key components, depleted uranium ammunition, as well as biological, chemical, nuclear or radiological weapons).
- **Thermal Coal sector policy** that aims to exclude issuers that derive more than 10% of their revenue from the extraction of thermal coal, or that operate in the energy sector with electricity production from thermal coal exceeding 30%, or that are developers of thermal coal.

[7] https://investors.societegenerale.com/fr/base-documentaire?theme=rse&category=politiques-sectorielles

- **Sector policy for industrial agriculture and forestry** (on funds, ETFs and derivatives) which aims to exclude issuers of financial securities in the tobacco sector, and non-responsible palm oil producers.

- **Exclusions related to oil & gas.** Following the Net Zero objective by 2050, SGPB excludes from its investment universe oil & gas pure players when more than 90% of their turnover is generated from production or exploration. In addition, SGPB excludes from its investment universe companies whose turnover is more than 10% linked to the exploration and production of unconventional oil & gas: tar sands, oil shale (rich deposits in kerogen), shale gas, shale oil, coal gas, coal bed methane as well as production in the onshore or offshore Arctic.
- **"Environmental and Social Identification List" normative policy** that aims to exclude companies involved in one or more controversial cases involving violation of the principles of the United Nations Global Compact (10 principles related to Human Rights, International Labour Standards, Environment and Anti-Corruption), inspired by international conventions and statements on ESG issues.

3.1.2 Level 1 adverse impacts management

The level 1 investment universe incorporates the management of adverse impacts on sustainability factors by excluding issuers that adversely affect:

- **The climate**: excludes companies involved in coal and more specifically companies that derive more than 10% of their revenue from the extraction of thermal coal, or that operate in the energy sector with electricity production from thermal coal exceeding 30%, or that are developers of thermal coal.

- **Human health**: excludes issuers of financial securities involved in the Tobacco activity and more specifically tobacco producers right from the first euro of revenues and tobacco distributors that earn 50% and more of their income from this activity.

- **Biodiversity**: excludes non-sustainable palm oil producers ("RSPO").

- **International standards on human and labour rights**: excludes issuers with a very severe ESG controversy rating.

- **International standards on controversial weapons**: excludes issuers involved in this sector.

- **Other sustainability factors:** excludes issuers with the lowest ESG rating (CCC).

3.2 Sustainability risk and adverse impact management for defining the level 2 investment universe (known as "Sustainable")

Under its commitment as a sustainable private bank, SGPB deploys a **portfolio management and responsible investment advisory offering** based on a level 2 sustainable investment universe that applies the principle of dual materiality.

3.2.1 Level 2 sustainability risk management

The level 2 sustainable investment universe supplements level 1 by incorporating sustainability risk management on global sustainability factors: SGPB excludes issuers with an ESG rating of BB or less.

3.2.2 Level 2 adverse impacts management

To integrate the management of adverse impacts in the level 2 sustainable investment universe, SGPB includes the following ethical principles in addition to the exclusions listed in level 1:

- **Defence and weapons** excludes issuers that derive more than 15% of their revenue from these activities;

- **Gambling,** excludes issuers that derive more than 15% of their revenue from these activities;

- **Pornography,** excludes issuers that derive more than 15% of their revenue from these activities.

3.3 Integration of sustainability risks and adverse impacts in portfolio management of non-fund financial securities

SGPB is committed to offering its clients responsible portfolio management solutions.
Once the level 2 investment universe has been defined, the investment procedure systematically considers the ESG criteria for each issuer that may be included in a responsibly managed portfolio. It is based on the selection of issuers using a combined approach:

- "**Best in Class**": selection of leaders in terms of ESG practices in their sectors

- "**Best effort**": selection of companies in the process of transition and improvement of ESG practices

This selection is based on the non-financial search of SGPB's various partners.

4. INTEGRATION OF SUSTAINABILITY RISKS AND PRINCIPAL ADVERSE IMPACTS FOR THE SELECTION OF INVESTMENT FUNDS (UCITS, AIFS)

4.1 Integration of sustainability risks

The activities concerned are portfolio management and investment advisory services.
SGPB selects approximately 200 open architecture investment funds, i.e. funds managed by management companies outside the Société Générale group.
In order to take sustainability risks into account, these selected funds are subject to ESG analysis in several steps:

Step 1: A proprietary tool has been developed to classify the funds on a quarterly basis according to their SRI profiles[8] in a quantitative manner, using the MSCI ESG Fund Metrics database. This data source is used to determine the coverage rate of each fund for the securities (equities, bonds, etc.), both SRI and non-SRI.
This tool, which integrates several key indicators, provides insight into the positioning of each fund according to:

- The SRI or non-SRI profile of the fund, i.e. whether it has an SRI classification and/or a label;
- The fund's sustainable profile in relation to its comparable peer group;
- The inclusion of SRI elements in its investment process;
- The fund's exposure to companies subject to "red" controversy or not;
- The average carbon intensity of the fund.
- These measures are also compared against benchmarks according to each category of fund.

Step 2: A qualitative analysis is carried out to understand how SRI policy is implemented by the management company and the fund. To do this, a detailed questionnaire is sent to each management company every two years.
Given the rapid and frequent changes in SRI regulations and the time needed to implement them within management companies, ad hoc requests are also sent to management companies to best monitor all the developments in the industry.
The contents of the questionnaire are not limited solely to the SRI policy of the management company, but take into account in particular: the number of people involved in the SRI analysis, the existence of several committees (investment, management and sustainable management), the voting and engagement policy with regard to the undertakings in which the company invests, key performance indicators monitored, and climate and environmental impact assessment measures, etc.

[8] Socially Responsible Investment (SRI) refers to an investment made by taking into account, in addition to financial criteria, non-financial ESG (Environmental, Social, and Governance) criteria.

The result of these two steps gives a final ranking called "ESG Green Sheets", which are used to select and regularly monitor the quality of the SRI processes of the funds selected from the approved fund universe.

Based on the process described above, from the list of approved funds, SGPB can define a sub-universe of "sustainable" funds capable of integrating the SRI portfolios managed by SGPB, in its portfolio management and investment advisory activity.

4.2 Integration of principal adverse impacts on sustainability factors

The activities concerned are portfolio management and investment advisory services.

On the funds marketed by SGPB produced by the internal management companies:
SGPB considers the adverse impact on sustainability factors in its investment advisory business for listed funds produced by internal management companies, i.e. by SG29 Haussmann and Société Générale Private Wealth Management (SGPWM).

The principal adverse impacts are taken into account by ensuring that the funds comply with the exclusion policies used to define the level 1 investment universe described in section 3.1.2.

On the funds marketed by SGPB and produced by external management companies.
In the current state of the development of SRI in the asset management industry, and regulations, which are still very recent, the quality, completeness and use of data sources do not yet allow SGPB to take adverse impacts into account in the selection of open architecture funds in a reliable and stable manner. SGPB monitors these developments, which will be dealt with in an additional step in its process.

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