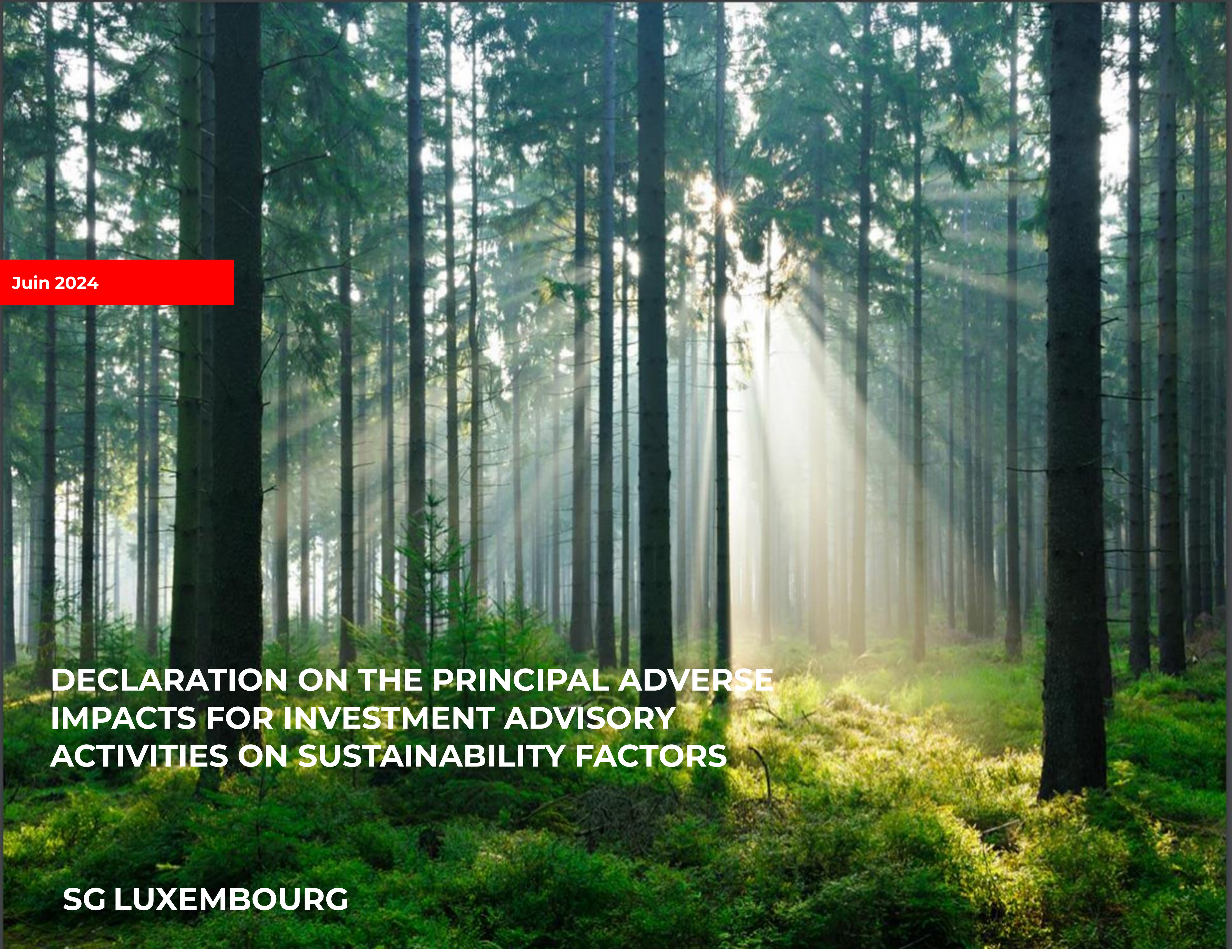

Juin 2024

DECLARATION ON THE PRINCIPAL ADVERSE IMPACTS FOR INVESTMENT ADVISORY ACTIVITIES ON SUSTAINABILITY FACTORS

SG LUXEMBOURG

Context and purpose of the declaration

Société Générale Luxembourg (SG Luxembourg) (LEI: TPS0Q8GFSZF45ZZFL873), in its capacity as financial advisor and financial market participant, is subject to the SFDR (also known as the Sustainable Finance Disclosure Regulation) dated 27 November 2019[1] as well as the Delegated Regulation of 6 April 2022[2], which create new transparency obligations in terms of sustainable finance.

This declaration presents how SG Luxembourg, through the services of its private bank SGPB Luxembourg, takes into account in its investment advice the Principal Adverse Impacts on sustainability factors also referred to as "environmental, social and governance issues".

In the context of its investment advisory services, this declaration covers several types of financial instruments:

- Shares and bonds issued by companies,
- Single underlying structured products or basket of underlying securities,
- Single underlying derivative products or basket of underlying securities,
- Investment funds produced by issuers within the Societe Generale group.

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[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on sustainability disclosure in the financial services sector

[2] Commission Delegated Regulation (EU) 2022/1288 of April 6, 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regulatory technical standards detailing the content and presentation of information relating to the "not cause significant harm" principle and specifying the content, methods and presentation for information relating to sustainability indicators and negative sustainability impacts, as well as the content and presentation of information relating to the promotion of environmental or social features and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

Use of information published by financial market participants as part of our investment advisory service

As a financial advisor for financial products, within the meaning of the SFDR, SG Luxembourg, via the services offered by its private bank SGPB Luxembourg, systematically integrates information relating to the Principal Adverse Impacts indicators.

This information is provided by the issuers of these financial instruments, via the European ESG Templates (EETs), or by financial market participants, via indices issued by non-financial data producers in particular, and used by SG Luxembourg in its investment advisory services on financial securities and funds.

The Principal Adverse Impacts on sustainability factors are the adverse impacts of investment decisions on sustainability factors, namely environmental, social and personnel issues, respect for human rights and the fight against corruption and bribery.

Thus, an investment decision resulting from investment advice may have an adverse impact on these sustainability factors contributing to sustainable development.

SG Luxembourg's approach to understanding the Principal Adverse Impacts consists, while relying on a range of analyses and sources of extra-financial data, of developing its extra-financial research through partnerships with various data producers:

- **MSCI**, which makes it possible to assess the ability of companies to manage their extra-financial risks via **ESG ratings** and **ESG controversy ratings;**

- **Trucost**, which provides access to issuers' climate data (carbon footprint, alignment with the Paris Agreement commitments).

Among the indicators used by SG Luxembourg to take into account the adverse impacts of issuers of financial instruments distributed as part of its investment advisory services:

- **The ESG rating**

This ESG analysis, regularly updated by data provider MSCI, provides an assessment of issuers' positioning on sustainability issues.

This assessment takes the form of a rating for each of the three ESG pillars, followed by an overall aggregate ESG rating. The aim of this rating is to assess issuers in terms of their management of ESG risks and their ability to seize opportunities linked to sustainable development.

Each issuer analysed receives a rating on a scale from AAA to CCC (CCC being the lowest). This rating enables issuers in the same sector to be compared in terms of how well they take sustainability risks into account.

- **The ESG controversy rating**

It is one of the indicators used to assess how an issuer harms sustainability factors and is made available by MSCI.

An ESG controversy can be defined as an incident or situation faced by a company following allegations of negative behaviour towards various parties (employees, communities, the environment, shareholders, society at large), due to poor practices with regard to one or more of the ESG indicators.

The controversy rating is also a measure of vigilance with regard to the reputational or operational risks to which issuers are exposed when they directly or indirectly contravene the 10 principles of the United Nations Global Compact in the areas of human rights, international labour standards, the environment and anti-corruption.

A very serious controversy can result in heavy financial penalties. The objective of the ESG controversy analysis is to assess the severity of the adverse impact of each event or situation on the investment.

Consideration of Principal Adverse Impacts and sustainability factors in the methodology for selecting and classifying non-investment fund financial products

Management of sustainability risks and consideration of Principal Adverse Impacts for investment advice on non-fund financial securities

Based on the results of the extra-financial research described above, SG Luxembourg defines an overall investment universe, which includes, for the following instruments, the monitoring of sustainability risks and the management of adverse impacts in its selection process for:

- Shares and bonds issued by companies or governments;
- Single underlying structured products (whose underlying is a single share or bond) or basket of underlying securities (whose underlying is a basket of shares or bonds);
- Single underlying derivative products (where the underlying is a single share or bond) or a basket of underlying securities (where the underlying is a basket of shares or bonds).

To define the investment and investment advisory universe for direct securities (non-fund shares and bonds), SG Luxembourg applies the following sector policies[3] of the Societe Generale group:

- **Defence and Security Policy**, referred to as the "Environmental & Social Exclusion List" (Controversial defence), which aims to exclude issuers involved in the sector in controversial weapons (anti-personnel mines, cluster bombs or their key components, depleted uranium munitions, as well as biological, chemical, nuclear or radiological weapons).

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

- **Thermal coal sector policy** which aims to exclude companies whose revenue from thermal coal mining activities exceeds 10% and companies in the energy sector where more than 30% of electricity generation (energy mix) is derived from thermal coal, or with plans to expand coal infrastructure (developers of new coal-fired electricity generation capacity of at least 100 MW; or developers of new coal mines or planning a significant increase in annual thermal coal production of at least 1 Megatonne; or developers of coal transport activities or other coal-related infrastructure such as coal-to-gas facilities). Including financial subsidiaries that are more than 50% owned, where these do not have ESG metrics at their level.

- **Industrial Agriculture and Forestry sector policy** which aims to exclude issuers of financial securities from the tobacco sector and issuers producing non-responsible palm oil.

- **"Environmental and Social Identification List"** normative policy, which aims to exclude companies involved in one or more controversial cases involving a breach 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 declarations on ESG issues.

Management of adverse impacts

The investment universe incorporates management of adverse impacts on sustainability factors by excluding issuers that undermine:

- **Human health**: issuers of financial securities involved in the Tobacco business are excluded: more specifically, tobacco producers from the 1st euro in revenue and tobacco distributors when 50% of their revenue comes from this activity;

- **Biodiversity**: producers of unsustainable palm oil ("RSPO") are excluded;

- **International human and labour rights standards**: issuers with a very severe ESG controversy rating are excluded;

- **Climate**: companies involved in coal, and more specifically companies whose revenue is more than 10% linked to thermal coal extraction, or which belong to the energy sector and whose electricity production is more than 30% from thermal coal, or which are developers of thermal coal are excluded;

- **International standards on controversial weapons:** issuers involved in this sector are excluded
- **Other sustainability factors:** Issuers with an ESG rating equal to or lower than BB are excluded;
- **Defence and weapons,** by excluding issuers whose revenue is more than 15% from these activities;
- **Gambling,** by excluding issuers whose revenue is more than 15% from these activities;
- **Pornography,** by excluding issuers whose revenue is more than 15% from these activities.

Therefore, the consideration of the Principal Adverse Impacts[4] is based on both the exclusion policies and the application of ethical principles described above.

This consideration of the Principal Adverse Impacts results in compliance with our clients' sustainability preferences as part of our investment advisory services[5].

[4] RTS SFDR, Appendix 1, Table 1
[5] Delegated Directive (EU) 2021/1253, article 54, paragraph 2

In accordance with MiFID regulations, they are invited to give their opinion on the issues (by grouping the PAIs - see the table below), which they wish to promote in their portfolio of financial instruments via the SG Luxembourg ESG questionnaire.

Themes	N°	PAI
Reduction of CO2 emissions	1	GHG emissions
	2	Carbon footprint
	3	GHG intensity of investee companies
	4	Exposure to companies active in the fossil fuel sector
	5	Share of non-renewable energy consumption and production
	6	Energy consumption intensity per high impact climate sector
Protection of biodiversity, aquatic and terrestrial life	7	Activities negatively affecting biodiversity-sensitive areas
Sustainable management of water and rwa material resources	8	Emissions to water
Reduction of waste and pollutant emissions	9	Hazardous waste and radioactive waste ratio
Compliance with minimum social standards, labor law and good corporate governance	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
Respect for equality between men and women	12	Unadjusted gender pay gap
	13	Board gender diversity
Exclusion of controversial weapons such as biological weapons	14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Consideration of the Principal Adverse Impacts for the selection of investment funds (UCITS, AIF)

SG Luxembourg's investment universe is made up of around 200 open-architecture investment funds, i.e. funds managed either by management companies external to the Societe Generale group or internal funds managed by the management companies of its private bank (SG 29 Haussmann and Société Générale Private Wealth Management). All the funds selected are subject to an ESG analysis based on the analysis of the management companies and the funds themselves.

For internal funds managed by the management companies of the Societe Generale group, SG Luxembourg (via its private bank SGPB Luxembourg) takes into account the adverse impacts on sustainability factors in its investment advisory activity.

The Principal Adverse Impacts[6] are taken into account by ensuring that the funds comply with the exclusion policies used to define the investment universe previously defined.

In the case of funds managed by Asset Managers outside the Societe Generale group, the Principal Adverse Impacts are taken into account based on the assessment of the ESG characteristics of these funds as provided:

- By the mutual fund's asset manager itself; or failing that;
- By external ESG providers, including MSCI;
- as well as an ESG analysis specific to SG Luxembourg (e.g. evaluation of the ESG investment policy and ESG standards of the management company, the existence or not of an official SRI label).

[6] RTS SFDR, Appendix 1, Table 1