June 2024

STATEMENT OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS FOR PORTFOLIO MANAGEMENT ACTIVITIES

SG LUXEMBOURG

A. Summary of the Principal Adverse Impacts on sustainability factors

SG Luxembourg (LEI: TPS0Q8GFSZF45ZZFL873) takes into consideration the Principal Adverse Impacts of its investment decisions on sustainability factors. This document is the statement on the principal adverse impacts on the sustainability factors issued by SG Luxembourg and Société Générale Private Wealth Management (SGPWM). Under a delegation agreement, SG Luxembourg entrusted the SGPWM Management Company with the management, in its name and on its behalf, of the portfolios covered in particular by management mandates, in compliance with the laws and regulations in force, the rules of good conduct applicable to individual portfolio management, and the provisions of said mandates.

This statement on the principal adverse impacts on sustainability factors is applicable to the reference period from 1 January to 31 December 2023.

The adverse impacts are grouped under **environmental (E) and social (S)** themes and more specifically:

In environmental matters: greenhouse gas emissions, biodiversity, water, waste management and treatment.

In social, employment and human rights matters: application by international companies of the United Nations Global Compact, wage gap between men and women, diversity in governance bodies, as well as exposure to controversial weapons.

SG Luxembourg and SGPWM have adopted a **policy to reduce adverse impacts on sustainability** in its investment process and incorporate the following indicators for all of its management activities:

- **Exposure to companies violating the United Nations Global Compact**
- **Exposure to companies involved in the thermal coal sector**
- **Exposure to companies involved in the production or sale of controversial weapons**
- **Exposure to companies involved in palm oil production**
- **Exposure to companies involved in tobacco production**
- **Exposure to companies involved in the exploration and production of unconventional and conventional hydrocarbons**

This policy consists of exercising exclusions from the investment universe as described above. These exclusions are also applied to SGPWM funds under delegated management, to investments in structured products and derivatives based on a market index.

Integrating ESG criteria into the selection of securities based on the extra-financial behaviour of companies also contributes to SG Luxembourg's and SGPWM's objective of reducing adverse impacts on sustainability.

SGPWM as a signatory to the **Net Zero Asset Managers Initiative**, affirms its objective of achieving carbon neutrality by 2050. This is the context in which SGPWM accounts for the adverse effects of greenhouse gas emissions in its investment process.

B. Description of the Principal Adverse Impacts on sustainability factors

Indicator of adverse impacts on sustainability		Measuring element	Unit	Impacts [year n]	Coverage	Eligible	Impacts [year n-1]	Coverage	Eligible	Explanation	Actions taken, planned measures and targets defined for the next reference period
CLIMATE INDICATORS AND OTHER ENVIRONMENTAL INDICATORS											
Greenhouse gas (GHG) emissions	1. GHG emissions	Scope 1 GHG emissions	tCO2e	98.078,3	54,6%	76,7%	75.199,1	80,9%	*62,5%*	The total GHG emissions rose due to the increase of assets under management, as well as due to the rise in assets covered. Following the changes in the scope and calculation method from 2022 vs 2023, the elements of the carbon footprint and the carbon intensity are not comparable. The exposure to companies active in the fossil fuel sector slightly decreased in 2023 compared to 2022.	- Element taken into account in the context of ESG selectivity - Commitment to Net Zero Asset Managers
		Scope 2 GHG emissions	tCO2e	18.109,3	55,8%	76,7%	14.642,4	80,9%	*62,5%*		
		Scope 3 GHG emissions	tCO2e	711.535,9	54,4%	76,7%	588.625,2	78,7%	*62,5%*		
		Total GHG emissions	tCO2e	794.525,6	54,4%	76,7%	674.641,8	78,6%	*62,5%*		
	2. Carbon footprint (scopes 1+2+3)	Carbon footprint	tCO2e/mEUR invested	594,1	48,1%	76,7%					- Element taken into account in the context of ESG selectivity - Commitment to Net Zero Asset Managers
	3. GHG intensity of investee companies	GHG intensity of investee companies (scopes 1+2+3)	tCO2e/mEUR invested	1.273,8	54,1%	76,7%					- Measurement and management of the carbon intensity of funds holding the SRI label - Commitment within the framework of Net Zero Asset Managers
	4. Exposure to companies operating in the fossil fuels sector	Share of investment in companies operating in the fossil fuels sector	%	4,04%	11,5%	76,7%	4,79%	8,9%	*62,5%*		Coal and oil & gas non-conventional and conventional exclusion policy
	5. Share of consumption and production of non-renewable energy	Share of energy consumption and production of investee companies from non-renewable energy sources, compared to renewable energy sources, expressed as a percentage of total energy sources	%	67,30%	39,7%	76,7%	61,14%	71,5%	*62,5%*		Element taken into account within ESG selectivity
	6. Energy consumption intensity by sector with high climate impact	Energy consumption in GWh per million euros of revenue of investee companies, by sector with high climate impact	GWh/mEUR Revenue	0,44	56,6%	76,7%	0,52	72,5%	*62,5%*		Element taken into account within ESG selectivity

Indicator of adverse impacts on sustainability		Measuring element	Unit	Impacts [year n]	Coverage	Eligible	Impacts [year n-1]	Coverage	Eligible	Explanation	Actions taken, planned measures and targets defined for the next reference period
Biodiversity	7. Activities having an adverse impact in biodiversity sensitive areas	Share of investments in companies with sites/establishments located in or near biodiversity sensitive areas, if the activities of these companies have an adverse impact on these areas	%	0,01%	7,3%	76,7%	0,13%	1,4%	*62,5%*	The negative impact on biodiversity remained stable despite the increased coverage.	- Deforestation exclusion policy: Palm oil - Signature Biodiversity Pledge
Water	8. Discharges into water	Tonnes of discharges into water by investee companies, per million euros invested, as a weighted average	t / mEUR invested	0,0	0,2%	76,7%	9,0	1,6%	*62,5%*		Element taken into account within ESG selectivity
Waste	9. Ratio of hazardous waste and radioactive waste	Tonnes of hazardous waste and radioactive waste produced by investee companies, per million euros invested, as a weighted average	t / mEUR invested	2,0	16,0%	76,7%	0,8	33,0%	*62,5%*		Element taken into account within ESG selectivity
INDICATORS RELATED TO SOCIAL, PERSONNEL, HUMAN RIGHTS MATTERS AND TO THE FIGHT AGAINST CORRUPTION AND ACTS OF CORRUPTION											
Social and personnel issues	10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises;	Share of investment in companies that have participated in violations of principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises	%	0,17%	64,0%	76,7%	0,30%	78,9%	*62,5%*	Some positions in the fixed income portfolios changed the assessment on the indicator for violation of the United Nations Global Compact principles in 2023. In line with our exclusion policy, these positions were arbitrated within the timeframe (three months from the notification of wongrade to very severe level of controversies).	"Controversy"-based exclusion policy
	11. Lack of compliance processes and mechanisms to monitor compliance with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	Share of investment in companies that do not have a policy of monitoring compliance with the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises, or mechanisms for dealing with complaints or disputes to remedy such violations	%	13,63%	54,7%	76,7%	11,19%	59,9%	*62,5%*		"Controversy"-based exclusion policy
	12. Gap in remuneration between men and women not adjusted	Unadjusted average pay gap between men and women in investee companies	%	12,68%	24,0%	76,7%	39,08%	28,7%	*62,5%*	Given the changes in the quality and scope of the underlying data between 2022 and 2023, the indicators are not comparable.	Element taken into account within ESG selectivity
	13. Diversity in the bodies of governance	Average gender ratio in the governance bodies of the relevant companies, as a percentage of the total number of members	%	35,64%	53,2%	76,7%	30,15%	78,5%	*62,5%*		Element taken into account within ESG selectivity
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons)	Share of investment in companies involved in the manufacture or sale of controversial weapons	%	0,01%	55,0%	76,7%	0,00%	78,9%	*62,5%*	The exposure to controversial weapons in 2023 comes from an external fund held in certain multi-assets portfolios. SGPWM has engaged discussions with the manager of this fund.	Controversial defence exclusion policy

Indicators applicable to investments in sovereign and supranational entities

Indicator of adverse impacts on sustainability		Measuring element	Unit	Impacts [year n]	Coverage	Eligible	Impacts [year n-1]	Coverage	Eligible	Explanation	Actions taken, planned measures and targets defined for the next reference period
Environnement	15. GHG intensity	GHG intensity of investee countries	tCO2e/mEUR GDP	181,77	93,5%	0,6%	243,66	91,3%	*5,3%*	Countries GHG intensity decreased by 8% compared to last year, in line with global decarbonization needs.	Element taken into account within ESG selectivity
Social	16. Investee countries with violations of social norms	The number of investee countries experiencing violations of social norms (as an absolute number and proportionately to the total number of investee countries), within the meaning of international treaties and conventions, the principles of the United Nations or, where applicable, national law.	%	0,00%	88,5%	0,6%	0,00%	90,5%	*5,3%*	The indicator remained at zero.	"Controversy"-based exclusion policy

C. Description of policies aimed at identifying and prioritizing the principal adverse impacts on sustainability factors

SG Luxembourg, via SGPWM, evaluates, integrates and manages the principal adverse impacts of these investment or advisory decisions on sustainability factors. SG Luxembourg has adopted a policy to reduce adverse impacts on sustainability in its investment process and incorporates sustainability factors for all of its management activities through exclusions, ESG integration and commitment.

This policy consists of exercising exclusions from the investment universe, with the exception of certain market instruments such as funds managed by external managers, money market vehicles, structured products with index underliers, currencies and derivatives.

Details of the exclusion policies are set out in the **Sustainability Risk and Principal Adverse Impact management policy**.

The guiding principles of this policy are validated by the Private Banking business line division of the Société Générale Group.

Governance

ESG factors are fully integrated into the portfolio management and advisory mandates of SG Luxembourg delegated to SGPWM. The consideration of non-financial factors is built into the investment process, from the analyst to the portfolio manager, and is applied at each stage of the value chain. ESG expertise is led by SGPWM's ESG investment manager, whose ESG expertise is complemented by investment experts within its teams

Three specific committees/bodies guide SGPWM's ESG policy:

- **ESG Committee:** it brings together about twenty members working mainly on ESG issues, as well as the managers (CEO, CIO) of the two management companies of Société Générale Private Banking (SGPWM & SG29 Haussmann). The objective of the committee is to review sustainability and exclusion policies as well as labelling projects. Members meet frequently, with 6 meetings per year.
- **Voting and engagement committee:** it brings together about fifteen members in connection with the voting and engagement activities of Société Générale Private Banking (Group level). The objectives of this committee, which meets twice a year, are the annual review of the voting and engagement policy of the two management companies (SGPWM & SG29 Haussmann), as well as the validation of the engagement action plan (choice of companies for targeted dialogues, collective dialogues, commitment themes).
- **SGPWM's Board of Directors**: it reviews the commitments and progress in ESG policy matters; KPI and project monitoring is carried out twice a year in order to ensure the consistency and maintenance of this policy.

Levels of consideration of adverse impacts and indicator selection method

In sectoral and normative exclusion policies, SGPWM, in charge of managing SG Luxembourg's management mandates, systematically applies the recommendations of the Société Générale Group and complies with its sectoral and normative policies, particularly in environmental and social matters.

SGPWM's managers have access to ESG analysis of companies covered by the non-financial data provider MSCI ESG. ESG analysis provides an assessment of the positioning of companies in the face of sustainable development issues by assigning a rating to the three ESG pillars. Each company analysed receives an ESG rating on a scale ranging from AAA to CCC (CCC being the worst). The ESG rating takes into account all PAI (Environmental and Social) indicators. In this context, SGPWM excludes issuers rated CCC and B from the "investible" universe, based on the MSCI ESG rating. The managers also adopt a Best-in-Class approach aimed at favouring the leading issuers in their sector of activity according to ESG criteria relevant to the sector.

In post-trade, the risk teams conduct a second-level monitoring to ensure that the portfolio managers take the adverse impacts into account. The monitoring is carried out on all the individual securities of the funds and mandates managed by SGPWM on behalf of SG Luxembourg.

For more details, please refer to the **Sustainability Risk and Principal Adverse Impact management policy** available on the SG Luxembourg website.

Limits related to valuation methods

The assessment of the adverse impact factors may be exposed to the risk of availability and quality of the data collected. SG Luxembourg and SGPWM rely on data provided by MSCI and S&P Trucost Limited © which have significant coverage on the asset classes and portfolio securities of the management company.

D. Engagement policy

The engagement and voting policy also mitigates the risks associated with adverse impacts on sustainability factors through direct dialogue with portfolio companies on sustainability and governance issues.

In concrete terms, SG Luxembourg, via SGPWM, establishes shareholder dialogue on non-financial issues both bilaterally and collectively on companies. As part of the engagement dialogue with companies, particular attention is paid to the following:

On the Environmental pillar: being a signatory of several environmental investor initiatives (Net Zero Asset Managers, Finance for Biodiversity, Climate Action 100+), SGPWM engages in shareholder dialogue with those involved in the transition, particularly those in the energy sector. To do this, they study the transition plans proposed by companies by ensuring their scientific consistency (validated by the SBTi initiative, for example), the amounts of the investment plans (detailed and realistic), the forward-looking evolution of their carbon emissions at different deadlines (2025, 2030 and 2050), as well as the assessment of the impacts of their activities on biodiversity. This commitment is ultimately reflected in the vote on climate resolutions (Say-on Climate) for the scope of SGPWM's collective funds.

On the Social pillar: During engagement dialogues, SGPWM raises awareness in the companies on the following topics: human rights in their value chain, remuneration and benefits policies, equal opportunities and parity policies, as well as engagement with suppliers/sub-contractors.

In order to support individual actions, SGPWM actively participates in coalitions of investors on the challenges of the transition such as that of Finance for Tomorrow. As a management company, SGPWM is required to exercise, through the UCIs it manages, all the voting rights attached to the underlying securities. The vote is exercised in the exclusive interest of the holders and with the aim of increasing the value of their investments in the long term.

SGPWM has developed a set of rules to concretely determine how the voting rights are organised and exercised. The management company has also defined a policy that specifies the criteria for analysis by type of resolutions submitted to general meetings. This policy is reviewed annually to account for legal developments, changes in governance codes and market practices that may have taken place throughout the year.

SGPWM's engagement and voting policy is validated by SGPWM's Management Committee and is part of the management company's ESG procedure. SGPWM publishes its engagement and voting policy annually as well as the voting reports. They are available on SGPWM's website. For more information, please see the voting and engagement policy on the company's website: 2023 voting and engagement policy

SG Luxembourg, via SGPWM, relies on a set of international conventions and norms, including, in particular:

The United Nations Global Compact

OECD OECD Guidelines for Multinational Enterprises

Nations Unies United Nations Guiding Principles on Business and Human Rights

The main conventions of the International Labour Organisation

The Oslo and Ottawa conventions on cluster munitions and anti-personnel mines

The Paris Climate Agreement

E. References to international norms

SG Luxembourg's sectoral and standards policies are based on these international conventions and norms. In addition and with regard to the investment policy of the Management Company (SGPWM), companies whose controversy rating is very severe (red) according to the MSCI rating are excluded from the investment universe. The controversy note is in particular a warning about the reputation and operational risks to which companies are exposed when they directly or indirectly violate the norms listed above.

As a committed management company, SGPWM is a stakeholder in several Luxembourg, European and international initiatives aimed at greater transparency and improvement of sustainable finance practices.

Signatory of the UNPRI

Member of Finance for Tomorrow

Member of the Finance for Biodiversity Foundation

Member of FAIRR

Adherence to the CDP engagement campaign

Signatory of Net Zero Asset Manager

Member of LuxFlag

Alignment with the Paris Agreement

In line with its philosophy of wealth transfer to future generations, SG Luxembourg aims to make its clients' investments meaningful, by investing in companies that place sustainable development at the heart of their strategy.

As an investor that is deeply involved with these challenges, in June 2022, SGPWM decided to join the **Net Zero Asset Manager Initiative (NZAM)** and is therefore committed to decarbonising its portfolios with **the objective of achieving carbon neutrality by 2050** and increasing its investments in **players in the climate transition**.

SGPWM has defined a climate action plan that relies on three drivers to decarbonise its portfolios in line with its Net Zero commitment:

DRIVERS		ACTION PLAN
INVESTMENTS	1	**Systematically integrate in the management, the companies' carbon assessment data, identifying the level of transparency and climate trajectory**
	2	Step up **sustainable impact revenues** through the creation of new products aligned with climate objectives
ENGAGEMENT	3	**Engage with companies, particularly those that do not disclose their carbon assessment or do so only partially, through coalitions and continuous dialogue**
EXCLUSIONS	4	In **2025,** divest companies that have been identified as not meeting the transparency criteria
	5	In **2030,** divest companies that do not have a defined climate strategy and are not in a transition path towards carbon neutrality

F. Historical comparison

This statement covers the principal adverse impacts on sustainability factors as measured over the reference period from 1 January to 31 December 2032.

The scope of assets eligible for Principal Adverse Impact statement increased in 2023 compared to 2022. The additional data on external and internal investment funds, which can be invested in various portfolios, were included. However, the availability of data on external investment funds remains very limited, with varying quality. For this reason, the final coverage of the various indicators remains relatively low. Due to limited data quality, and changes in eligible assets scope, several data sets are thus not comparable to 2022.

NOTE

This document is issued by Société Générale Luxembourg, a public limited company registered with the Luxembourg Trade and Companies Register under number B6061, located at 11, avenue Emile Reuter L-2420 Luxembourg, a credit institution authorised and supervised by the Commission de Surveillance du Secteur Financier (CSSF), 283, route d'Arlon L-1150 Luxembourg. Further details can be obtained on request or at www.privatebanking.societegenerale.com/.

This document is intended solely for information purposes. It does not under any circumstances constitute investment advice, an offer to sell or a service offering, or a solicitation of purchase, and must not serve as a basis or be taken into account for any contract or commitment whatsoever. All the information contained in this document is based on non-financial data available from various sources deemed reliable.