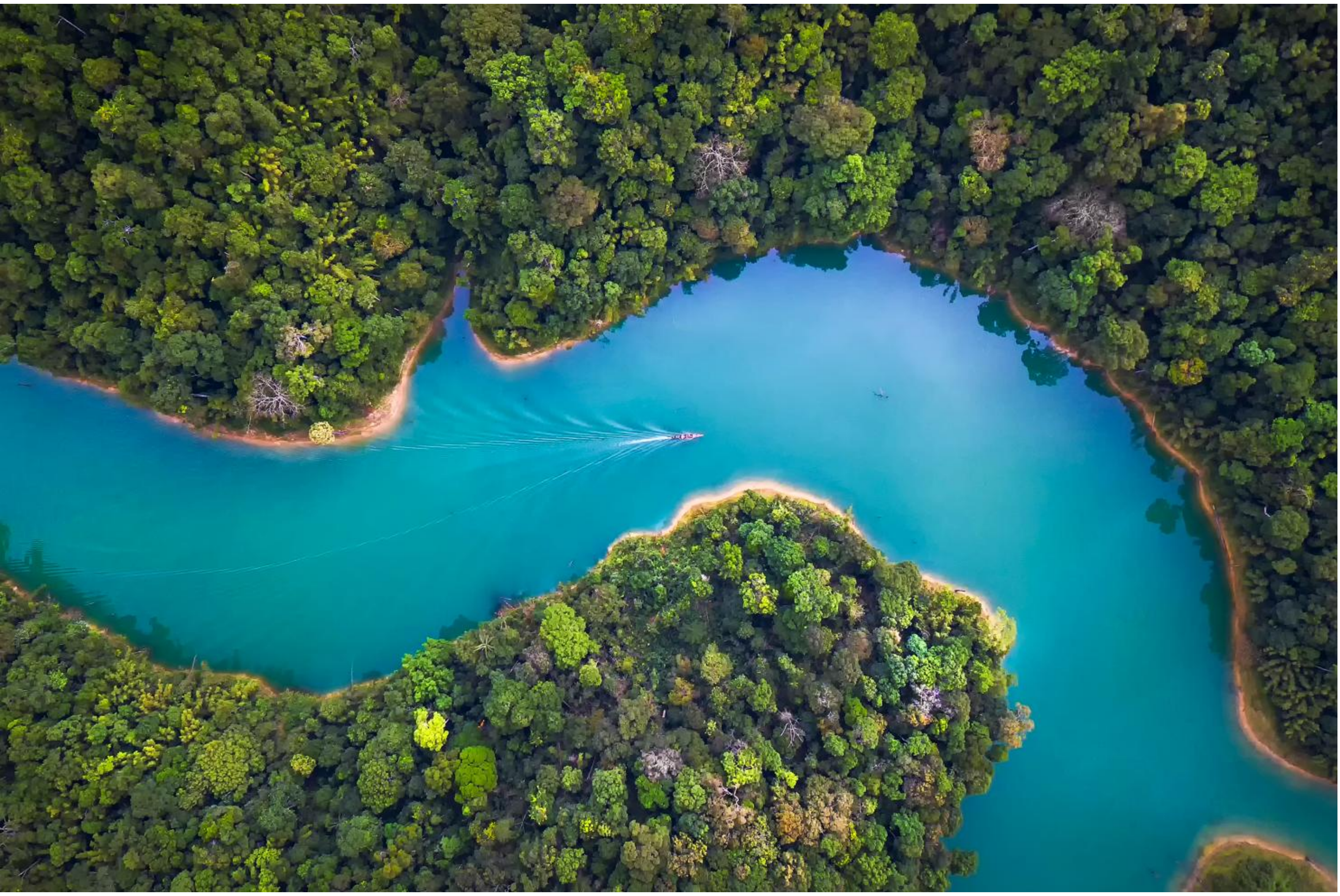

# SUSTAINABILITY RISK MANAGEMENT POLICY FOR PORTFOLIOS MANAGEMENT AND INVESTMENTS

Société Générale Luxembourg

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SOCIETE GENERALE
Private Banking

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# I. INTRODUCTION

The Societe Generale Group stands by its purpose: “building together, with our clients, a better and sustainable future through responsible and innovative financial solutions”.
This document (“Sustainability Risk Management Policy”) is prepared in compliance with **Article 3 of European Union Regulation (EU) 2019/2088** on sustainability-related disclosures in the financial services sector (“**SFDR**”). It sets out the manner in which sustainability risks are integrated in the **investment processes of Societe Generale Private Banking (SGPB)**.

In the course of its activities, SGPB operates on the financial markets[1] as a provider of portfolio management and financial advisory services[2].

Societe Generale Private Banking (SGPB) is the Group’s division dedicated primarily to the **wealth management business in France**. SGPB operates through Societe Generale Private Banking France (SGPBF), Societe Generale Private Banking Luxembourg and Societe Generale Private Banking Monaco (including SG Monaco).
Societe Generale Private Banking also comprises two portfolio management companies acting as delegated asset managers:

- SG IS[3] France (formerly SG29 Haussmann), based in France and serving the clients of SGPB France; and
- SG IS Europe (formerly SGPWM), based in Luxembourg and serving clients in Luxembourg and Monaco.

*Remark:*

*- This “Sustainability Risk Management Policy” does not cover the reception, transmission and execution of client orders included in the Prime Market Access and Direct Market Access offering. Also excluded from the scope of this policy are currencies, commodities, derivatives, interest rate structured products, indices and other products such as real estate, private equity, art and wine banking.*

*- However, for the sake of consistency and responsibility, Societe Generale Private Banking ensures that the princples and sectoral exclusions defined in this investment policy, also apply to securities pledged as collateral by clients.*

# II. GUIDING PRINCIPLES OF SUSTAINABILITY RISK MANAGEMENT

“**Sustainability risks”** arise when an environmental, social or governance (ESG) event or situation which, if it occurs, could have a significant adverse impact on the value of an investment.

In the same way as market risk, counterparty risk or liquidity risk, all of which are financial risks, sustainability risks are factored into all investments and may include:

- **Transition risks**, referring to the financial risks arising from the transition to a low-carbon economic model (regulatory and legal risks, technological risks, reputation risks and market opportunity risks).

[1] Within the meaning of Article 2 (1) of SFDR
[2] Within the meaning of Article 2 (11) of SFDR
[3] Societe Generale Investment Solutions.

- **Physical risks**, referring to the physical impacts resulting from extreme climate-related events. Such risks can be acute (due to natural events such as wildfires) or chronic (associated with rising temperatures and gradual geographical changes such as rising sea levels). They include heatwaves, extreme cold, drought, tropical cyclones, wildfires and floods.

- **Social risks and those related to fundamental human rights**, adversely affecting workers and their communities (forced labour and slavery, child labour, discrimination, disregard for indigenous peoples and their cultural heritage, property rights, freedom of association, worker health and safety, decent working conditions, compensation and social protection, and the right to privacy).

- **Governance risks and other ethical risks**, referring to sanctions and embargoes, terrorism, corruption and influence peddling, resource appropriation, tax evasion and data protection.

To assess the expected profitability of a financial product, the financial information about the issuer (usually a company) is further subject to extra-financial analysis based on ESG criteria.

## III. SUSTAINABILITY RISK MANAGEMENT POLICY FOR ASSET PORTFOLIOS AND INVESTMENT ADVISORY ON FINANCIAL SECURITIES EXCLUDING FUNDS

We integrate sustainability risks into our investment and advisory universe for direct securities (shares and bonds, excluding funds) and apply the Societe Generale group's sectoral exclusion policies. This is supplemented by our ESG integration policy.

### 1. Exclusion policy

SGPB excludes from its investment universe:

- thermal coal extractors, energy utilities and developers, depending on revenue or share criteria, or generation capacity;
- companies involved in the manufacture of weapons prohibited by international treaties (i.e. cluster munitions as defined by the 2008 Oslo Convention, landmines, biological/chemical weapons, nuclear weapon programmes of non-nuclear weapon states under the 1970 Non-Proliferation Treaty, depleted uranium munitions);
- companies producing or distributing palm oil that have not committed to being 100% RSPO certified (Roundtable on Sustainable Palm Oil) by 2030;
- companies manufacturing tobacco products (irrespective of revenues), their suppliers and distributors (subject to revenue thresholds);
    - players in unconventional oil & gas (including revenue derived from oil sands, oil shale, shale gas, shale oil, coal seam gas, coalbed methane, as well as oil and gas production in the Arctic region), subject to a revenue threshold; and
    - unconventional oil & gas players with revenue above a certain threshold.

## 2. ESG integration policy

To assess the expected profitability of a financial product, the financial information about the issuer (usually a company) is also subject to extra-financial analysis based on environmental, social, and governance (ESG) criteria. SGPB reinforces its commitment to integrating ESG factors by leveraging the extra-financial research of its provider MSCI. It systematically incorporates MSCI's ESG ratings into its investment management process and, as a minimum, excludes any investment in companies with the lowest rating ("CCC").
Moreover, companies involved in very severe controversies that may lead to heavy financial penalties, or those violating, for example, the principles of the United Nations Global Compact — guided by international conventions and declarations on ESG issues — are also excluded from the investment universe.

In their capacity as delegated asset managers, SGPB's portfolio management companies may apply their own additional exclusions: Politique_investissement_durable.pdf ; SG_IS_Europe_-_Sustainability_risk_policy_-_2025_03.pdf

SGPB reports the management of negative impacts in a separate disclosure:
SGL_SFDR_Politique_de_gestion_des_risques_de_durabilite_et_de_prise_en_compte_des_principales_incidences_negatives_2024_EN.pdf ; Présentation PowerPoint.

## 3. ESG process for selecting funds

SGPB applies an open-architecture approach to selecting its funds[4]. In addition to the fundamental analysis of its funds, sustainability risks are included in the overall analysis. Therefore, the qualitative fundamental criteria of each fund's socially responsible investment (SRI) approach are reviewed in order to form an opinion.

**Qualitative analysis of funds' SRI approach as part of investment due diligence**

When selecting a fund, the following are qualitatively analysed:

- the ESG policy of the portfolio management companies and their funds, and its implementation;
- the definition of sustainable investment;
- the normative and sectoral exclusions applied;
- the existence of dedicated ESG teams;
- the ESG analysis process for securities in the portfolio;
- the fund's classification according to regulations in force (SFDR articles, certifications, minimum sustainable investments, etc.); and
- the MSCI ESG Fund Metrics rating

This analysis allows us to qualitatively define the funds which funds can be described as having an SRI approach and "ESG approved".

[4] Funds managed by portfolio management companies not part of the Societe Generale group.

**Cross-analysis: Operational due diligence and ESG questionnaire**

These qualitative data are cross-checked through questionnaires sent to asset managers during operational due diligence reviews. Part of the questionnaire addresses the organisation of ESG teams, the tools used to implement ESG policies within the funds, their ability to be compliant with and adapt to various regulations.

Every two years, an ESG questionnaire is sent to and completed by each portfolio management companies in order to adapt to changes in national and European regulations.