INDOSUEZ WEALTH MANAGEMENT GROUP ESG POLICY

The purpose of this policy is to define the scope, positioning, principles and organisation that govern the functioning of ESG analysis and management as practised within the Indosuez Wealth Management Group in accordance with Article 4 of the SFDR Regulation (transparency of adverse sustainability impacts).

1. INTRODUCTION

SFDR (Sustainable Finance Disclosure Regulation) is the European Regulation 2019/2088 adopted on 27 November 2019[1] which requires sustainability-related disclosures from financial services players. It is part of the European Union Action Plan to finance sustainable growth and a greener Europe. This plan aims to:

- redirect capital flows towards sustainable environmental, social and governance investments;
- integrate sustainability into risk management;
- promote transparency and a long-term vision of economic and financial activities

ESG: the acronym ESG (Environmental, Social and Governance) is commonly used by the international financial community to designate these three areas, which form the three pillars of a company's extra-financial analysis.

The environmental criterion takes into account factors such as waste management, reduction of greenhouse gas emissions and prevention of environmental risks.

The social criterion takes into account, in particular, accident prevention, training, respect for employees' rights, social dialogue, etc.

The governance criterion concerns, among other things, the independence of the Board of Directors or diversity within a company.

A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential negative material impact on the value of an investment.

2. INTRODUCTION

Indosuez Wealth Management has made responsible investment one of its growth levers fully in keeping with the societal pillar of its business plan and that of the Crédit Agricole SA Group.

3. THE SCOPE

This policy concerns funds, discretionary management mandates managed by an entity of the Indosuez Wealth Management Group and the advisory management carried out at Indosuez Wealth Management Group entities. It reflects the consideration given to the main negative impacts of investment decisions on sustainability factors.

[1] This Regulation aims to establish "harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability- related information with respect to financial products".

4. Dedicated governance

Indosuez Wealth Management has chosen to put ESG at the heart of its investment offer and has dedicated resources for this purpose within its various entities.

Thus:

- The Head of Sustainable Development and the Societal Project is responsible, in coordination with the relevant centres of expertise, for creating a comprehensive offer of socially responsible investments and financing across all asset classes.
- The operational managers of each of the entities are responsible for developing and promoting the offer.
- The ESG expertise is embodied by the various Divisions concerned.

With the support of these various actors, socially responsible investment is monitored by a ESG committee that meets quarterly whose objective is to harmonise approaches, define methodologies, decide on exceptions and assess ESG risks and ensure that management decisions within the Indosuez Wealth Management Group are consistent.

5. ESG rating within Indosuez Wealth Management

Indosuez Wealth Management relies on the expertise and ESG ratings of data providers and external analysts recognised by the market for securities and funds.

They examine the behaviour of companies along these three dimensions: Environment, Social and Governance (ESG) and assess their exposure to risks and opportunities in each of these 3 areas as well as their management of these issues.

Environmental dimension

This analysis focuses on how an issuer deals with environmental issues in both their negative and positive aspects: it is a question of analysing the ability of companies to control their direct and indirect impacts on the environment by limiting their energy consumption, reducing their greenhouse gas emissions, combating the depletion of resources and protecting biodiversity, but also assessing the contribution of an issuer to the construction of a positive ecology in the territories where it operates.

Social dimension

This is a matter of measuring how a company designs its strategy to develop its human capital with reference to the fundamental principles of universal value. The “S” in ESG refers to two subjects. It encompasses two distinct concepts: the social aspect in terms of the human capital of the company and the social aspect in terms of human rights in general.

Governance dimension

This dimension aims to verify that the management of the company is able to organise a collaborative process amongst the various stakeholders in order to guarantee the achievement of long-term objectives (and therefore the value of the company over time). It makes it possible to analyse how a company includes all stakeholders in its development model: its shareholders as well as its employees, customers, suppliers, local communities and the environment.

Awarded ESG ratings are updated regularly and may be reviewed between two calculations in the event of serious controversy.

The rating system is subject to the governance of the ESG Committee (see 4. Dedicated governance).

6. THE EXCLUSION POLICY

6.1. ISSUER-BASED EXCLUSIONS

The exclusion policy, applied in all management strategies, consists of excluding companies that do not comply with the Indosuez Wealth Management Group's ESG policy or the international conventions and internationally recognised frameworks or national regulatory frameworks.

The Indosuez Wealth Management Group applies the Crédit Agricole SA Group's exclusion policy.

For example, the following activities are excluded:

- Any direct investment in companies involved in the manufacture, trade, storage of or services associated with anti-personal mines and cluster bombs in accordance with the Ottawa and Oslo Conventions;
- Companies producing, storing and selling chemical weapons, biological weapons and depleted uranium weapons;
- Companies that seriously and repeatedly violate one or more of the 10 principles of the Global Compact, without credible corrective action.

6.2. SECTOR-BASED EXCLUSIONS

In accordance with the commitments made by the Crédit Agricole Group, the Indosuez Wealth Management Group implements targeted sector exclusions specific to the coal and tobacco industries.

Coal Policy

In accordance with the climate strategy of the Crédit Agricole SA Group, and in accordance with the United Nations Sustainable Development Goals and the 2015 Paris Accords, exclusion thresholds have been defined based on the exposure of income to thermal coal.

Thus, the following exclusion thresholds apply to all companies that do not commit to a transition path that is consistent with the Group's climate commitments:

- Companies developing or planning to develop new thermal coal capacity throughout the value chain (producers, extractors, power plants, transport infrastructure),
- Companies earning more than 25% of their income from the extraction of thermal coal,
- Companies carrying out thermal coal extraction of 100 million tonnes or more without the intent to reduce,
- All companies whose income from the extraction of thermal coal and production of electricity from thermal coal exceeds 50% of the total income without analysis,
- All coal power and coal extraction companies with a threshold of between 25% and 50% of their income and a poor energy transition score.

Tobacco Policy

In accordance with the commitments of the Crédit Agricole SA Group as a signatory of the Tobacco-Free Finance Pledge, the exclusion policy is extended to tobacco. For example, companies that manufacture tobacco products (income greater than 5%) are excluded.

The Indosuez Wealth Management ESG Committee is responsible for excluding issuers presenting extreme sustainability risks from funds, mandates and advisory management.

The purpose of this exclusion is to mutually limit the primary negative impacts of investment decisions on external sustainability factors, namely negative environmental, social or governance impacts of funded issuers.

7. REGULATORY CLASSIFICATION AND PRODUCT MANAGEMENT RULES

7.1. SFDR CATEGORY 8 / REDUCED COMMUNICATION WITHIN THE AMF MEANING

Funds or mandates invested in securities

A fund or mandate invested in securities is classified "Article 8" by the Indosuez Wealth Management ESG Committee if:

- The average ESG rating of the portfolio is strictly higher than the average rating of the official benchmark of the portfolio or index (or combination of indices) representing the investment universe. The average portfolio and index ratings are calculated using the ratings of each issuer, weighted according to their weight;
  and
- At least 90% of the portfolio is invested in assets from ESG-rated issuers. This rate may be reduced to 75% for issuers located in emerging zones, small and medium-sized caps and high-yield bonds whose universes are often harder to rate according to ESG criteria.

Funds of funds or mandates of funds

For a portfolio to be classified as "Article 8", at least 90% of it must be invested in funds which are themselves classified as "Article 8" or "Article 9" or deemed "Article 8" or "Article 9" equivalent by the Indosuez Wealth Management ESG Committee.

7.2. SFDR CATEGORY 9 / CENTRAL COMMUNICATION WITHIN THE AMF MEANING

Funds or mandates invested in securities

A fund or mandate invested in securities is classified "Article 9" by the Indosuez Wealth Management ESG Committee if:

- The average ESG rating of the portfolio is strictly higher than the average rating of the official benchmark of the portfolio or index (or combination of indices) representing the investment universe from which 20% of the lowest rated issuers are excluded;

  and

- At least 90% of the portfolio is invested in assets from ESG-rated issuers.

Fund of funds or mandate of funds:

For a portfolio to be classified as "Article 9", at least 90% of it must be invested in funds classified as "Article 9" or deemed "Article 9" equivalent by the Indosuez Wealth Management ESG Committee.

8. VOTING POLICY

Shareholders have the right to participate in the annual and extraordinary general shareholders' meetings as well as the significant decisions of listed companies in which they have holdings via their portfolio.