

## SUSTAINABILITY RISK POLICY OF INDOSUEZ WEALTH MANAGEMENT GROUP

The purpose of this policy is to define the provisions of Indosuez Wealth Management regarding the integration of sustainability risks applicable to all portfolios (funds or mandates) managed or advised by an Indosuez Wealth Management Group entity in accordance with Article 3 of the SFDR (transparency of policies on sustainability risks).

### PREAMBLE

**SFDR (Sustainable Finance Disclosure Regulation)** is the European regulation 2019/2088 adopted on 27 November 2019<sup>1</sup> which requires the disclosure of sustainability-related information to financial services players. It is part of the European Union's action plan for financing of 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 that constitute the three pillars of a company's non-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 accident prevention, training, respect for employee rights, industrial relations, etc.

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

**Sustainability risk** is an environmental, social or governance event or condition which, if it occurs, could cause an actual or a potential material adverse impact on the value of an investment.

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<sup>1</sup> This regulation aims to establish "harmonised rules for financial market participants and financial advisors on transparency with regard to the integration of sustainability risks and the consideration of negative sustainability impacts in their processes as well as the provision of sustainability information with regard to financial products".

## 1. ESG ASSESSMENT WITHIN INDOSUEZ WEALTH MANAGEMENT GROUP

As part of its ESG policy, Indosuez Wealth Management's ESG Committee draws on the expertise and ESG ratings of external data providers and analysts recognised by the market for directly-held securities and conventional funds (invested in directly-held securities).

For private markets funds held by its funds of funds, Indosuez Wealth Asset Management carries out a preliminary analysis of the main ESG risks, drawing on the expertise of its teams or specialist service providers, with a particular focus on the primary market and on the interests of Tiera Capital funds in co-investment activities.

## 2. THE SUSTAINABILITY RISK POLICY

The sustainability risk policy, applicable to all portfolios (funds or mandates) managed or advised by an Indosuez Wealth Management Group entity, is based on two areas:

- The exclusion policy
- Taking ESG into account in investment processes

Sustainability risk is currently not included in the investment process:

- Article 6 mandates invested in funds or structured products
- Article 6 funds of funds strategy (including Private Markets and alternative strategies)

- **Exclusion policy**

Indosuez Wealth Management has defined an exclusion policy in line with the commitments made by Crédit Agricole Group, covering exclusions by issuer and sectoral exclusions. These exclusions are designed to avoid extreme sustainability risks and therefore limit the likely negative impact of sustainability risk on the performance of funds and mandates.

Companies that do not comply with Indosuez Wealth Management Group's ESG policy, international conventions and internationally recognised frameworks, or international regulatory frameworks are excluded. In particular, Indosuez Wealth Management Group implements targeted sector exclusions specific to the coal and tobacco industries.

The detailed exclusion policy is specified in the Indosuez Wealth Management ESG policy: <https://luxembourg.ca-indosuez.com/en/pdfPreview/44274>

The Exclusion Policy is applied to portfolios of listed securities managed or advised, unless otherwise requested by the client, but always in compliance with applicable laws and regulations.

For Private Markets strategies, which essentially include fund of funds strategies, Indosuez Wealth Management Group applies the Exclusion Policy mentioned for these primary and co-investment strategies. Secondary investments, due to the nature of this investment strategy, do not currently allow for the systematic deployment of the Exclusion Policy.

- **Consideration of ESG in investment criteria**

For investments in assets listed in portfolios managed or advised by Indosuez Wealth Management, ESG ratings and their breakdown into E, S and G criteria are made available to managers or advisors in the various systems used. Thus, they can manage sustainability risk at the issuer and portfolio level.

For investments in actively managed external funds of listed assets (i.e. excluding index funds or ETFs) or funds whose management it delegates to external managers, Indosuez Wealth Management Group includes an analysis in its due diligence on the manager in order to assess the ESG policy implemented and its compliance with the Group's principles.

The Private Markets investment process also incorporates the ESG dimension through due diligence on external managers and assessment of their ESG process. This analysis is performed for primary investments and co-investments. Secondary investments do not currently allow this analysis to be deployed.

### **3. COMPENSATION POLICY**

In general, Indosuez Wealth Management ensures that its compensation policy complies with the current national, European and international legal and regulatory environment. It incorporates the provisions of the Volker Rule, the Banking and Financial Separation Act, the MiFID and the Insurance Distribution Directive.

Indosuez Wealth Management also incorporates the European Sustainable Finance Disclosure Regulation (SFDR) by including the integration of sustainability risks in its compensation policy.

This information is published through this sustainability risk policy.

Extract from the Indosuez Wealth Management compensation policy, consistent with that published by Crédit Agricole S.A.:

*“The integration of sustainability risks into the compensation policy contributes to meeting the regulatory requirements as set out in Article 5 of European Regulation 2019/2088 on sustainability-related disclosures in the financial services sector.*

*Indosuez Wealth Management's compensation policy does not encourage excessive sustainability risk-taking in investment advisory and insurance advisory activities and is linked to risk-adjusted performance.*

*As such, Indosuez Wealth Management's policy does not encourage advice on financial products that would be detrimental to the protection and primacy of customers' interests.”*