

## INDOSUEZ WEALTH MANAGEMENT GROUP POLICY FOR TAKING INTO ACCOUNT THE PRINCIPLE ADVERSE IMPACTS (PAIS) OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Article 4 of Regulation (EU) 2019/2088/EU, the “Sustainable Financial Disclosure Regulation” (SFDR), requires financial market participants to publish information on the integration of the principle adverse impacts (PAIs) of investment decisions on sustainability factors. Under the regulation, financial advisers are obliged to publish disclosures on the integration into their investment or insurance advisory of the principle adverse impacts on sustainability factors. Adverse impacts refer to the negative effects of investment decisions and investment advice on environmental, climate, social and governance factors.

The Crédit Agricole Group plans to integrate PAIs into the business activities of the market participants of its main subsidiaries working in the investment sector. However, it does not intend at this stage to integrate PAIs into its investment advisory policy, owing to the lack of a sufficiently broad panel of comparable data and sufficiently precise and stabilised regulatory texts, a situation that currently prevents the integration of adverse impacts within the meaning of the SFDR.

### AS A MARKET PARTICIPANT

Consistent with Group policy, Indosuez Wealth Management is integrating PAIs in a gradual and targeted manner into its fund and mandate management policy through its responsible investment policy.

Regarding the management of portfolios invested in equities, bonds and money-market instruments, Indosuez Wealth Management already integrates the ESG rating of issues into the management of its funds and discretionary mandates, as demonstrated by the fact that a substantial proportion of them are rated in article 8 according to the SFDR (see ESG policy).

Indosuez Wealth Management already integrates a policy of excluding sectors and issuers with the highest potential exposure to PAIs into its fund range and discretionary mandates (see ESG policy and sustainability risk policy).

Indosuez Wealth Management plans to make a targeted use of PAI criteria in its portfolio management business as and when issuers provide exhaustive information on these criteria.

The due diligence performed when selecting new listed external funds already takes account of the ESG policy and SFDR rating of the funds. PAI integration and reporting by external funds will also be gradually integrated as a supplementary selection criterion.

Indosuez Wealth Management plans by 2022 to systematically integrate the ESG ratings of external funds.

However, PAIs will not at this stage be integrated in the management of alternative funds of funds or in the selection of alternative funds, as PAIs are rarely integrated, or remain relatively unavailable, for underlying alternative funds. Furthermore, it is not possible to integrate PAIs

in closed funds and in which clients are already invested. But the aim is to gradually and wherever possible integrate PAIs into new alternative funds of funds as and when the underlying alternative funds disclose their own PAIs.

Indosuez Wealth Management plans to integrate ESG criteria into PAIs in its voting policy in a targeted manner, initially by focusing on the main exposures of equity funds. Indosuez Wealth Management intends in the long term to extend this voting policy to all of its management mandates for which clients delegate their voting rights to the company.

### **AS A FINANCIAL ADVISER**

In line with Group policy, Indosuez Wealth Management has decided at this point to not systematically integrate PAIs into investment advisory.

As the market participants to which Indosuez Wealth Management currently refers (including funds and structured products) do not yet provide PAI indicators, it is not possible at this stage to precisely determine a policy on integrating PAIs in investment advice.

However, Indosuez Wealth Management aims to fully adhere to the Group's societal project and grant full importance to the increasing integration of sustainability criteria into the products and services provided to its clients.

Indosuez Wealth Management has already expanded the range of instruments and products with sustainability criteria offered to its clients, particularly through the Indosuez and Group fund ranges and the growing use of Crédit Agricole CIB's green bond issue programme.

Indosuez Wealth Management has strengthened its teams' awareness and knowledge of these issues by implementing ESG ratings for securities in 2021 and training its employees on responsible investment topics.

Indosuez Wealth Management now aims to systematically analyse the sustainability criteria of new products as part of the selection process. In the long term, Indosuez Wealth management will adjust its investment advice processes to gradually integrate PAI indicators as market participants make the latter available in a more comprehensive and uniform manner.