

**Date**

02/05/2024

**PRINCIPAL ADVERSE IMPACTS STATEMENT**

The purpose of this document is to respond to Regulation (EU) 2019/2088 on the publication of sustainability information in the financial services sector, which states in Article 4 that financial market participants publish a statement on sustainability due diligence policies on their website.

**CA Indosuez**

Registered office:  
17, rue du Docteur Lancereaux  
75382 Paris cedex 08 France  
Tel: +33(0)140 75 62 62  
Fax: +33(0)145 63 85 20

[www.ca-indosuez.com](http://www.ca-indosuez.com)

Société anonyme au capital  
Of euros584325015  
RCS Paris 572,171,635

Credit institution and Company  
Insurance Brokerage,  
Registered with the  
Insurance intermediaries under  
No. 07,004,759

## INTRODUCTION

"Principal Adverse Impacts" reflect the adverse effects of investment decisions on sustainability factors. Sustainability refers to environmental, social and workforce issues, respect for human rights, the fight against corruption and acts of corruption.

As responsible asset manager, **Indosuez Wealth Management** considers the *principal adverse impacts* on sustainability factors in its investment decisions. This consideration relies on a combination of approaches that can vary according to the asset class, the type of strategy and the SFDR classification of managed or advised portfolios.

The *principal adverse impacts'* analysis and consideration within **Indosuez Wealth Management** allows to assess the investments' sustainability opportunities and risks before the investment decision and while managing the invested asset. That policy applies to the investments advice and the asset management activities.

## GENERAL PRINCIPLES

Through its Responsible Investment policies, **Indosuez Wealth Management** commits to the the PAIs' consideration through the application of the different processes implemented within the Group to identify and mitigate the PAIs.

- **Exclusion policy**

**Indosuez Wealth Management** covers some of the PAIs by excluding of the investment universe companies in sectors that do not fit our view as responsible investors. Thus, companies in tobacco, controversial weapons or thermal coal are excluded from all of our investment universes. For more information on our exclusion policy, please see our ESG policy<sup>1</sup>.

- **ESG analysis and ESG rating**

**Indosuez Wealth Management** has implemented the sustainability criteria monitoring for all its portfolios Article 8 or 9. **Indosuez Wealth Management's** ESG rating methodology consists in general sustainability criteria applicable to all sectors completed by more material and specific sustainability criteria which depends on the company's sector. These criteria were designed to consider the principal adverse impacts on sustainability factors with a view to mitigate them.

- **Voting policy**

**Indosuez Wealth Management** has implemented a voting policy for all its entities as evidence of its commitment for long-term sustainability to our stakeholders and notably our clients. For more information, please refer to our voting policy<sup>2</sup>.

- **Controversies monitoring**

**Indosuez Wealth Management** acknowledges the importance of the controversies monitoring. At **Indosuez Wealth Management**, the controversy monitoring is designed to identify, assess and proactively address issues that could impact the long term value of our clients' investments.

<sup>1</sup> For additional information, please refer to the : <https://ca-indosuez.com/pdfPreview/16822>

<sup>2</sup> Currently, the voting policy applies to funds managed by IWM, but not to mandates. More info: <https://ca-indosuez.com/fr/pdfPreview/45430>

These complementary elements of our responsible investment approach allow **Indosuez Wealth Management** to consider the Principal Adverse Impact through all the investment process.



The table below shows, for each PAIs, the approach generally applied within Indosuez Wealth Management to consider the principal adverse impacts. To date, this policy does not apply to:

- Article 6 mandates invested in funds or structured products
- Article 6 funds of funds (including Private Markets and Alternative strategies)
- Funds externally managed. Indeed, for these cases, the external asset managers' PAI policy applies.

Figure 1: Detail of the mandatory PAIs' consideration by Indosuez Wealth Management

**Indicators applicable to investments in listed companies**

#	Principal Adverse Impacts	Elements allowing the PAI's consideration
<b>CLIMATE AND OTHER ENVIRONMENTAL INDICATORS</b>		
1	GHG Emissions (scope 1, scope 2, scope 3 and total)	ESG Rating and voting
2	Carbon footprint	ESG Rating and voting
3	GHG Intensity	ESG Rating and voting
4	Exposure to companies operating in the fossil fuel sector	ESG Rating, voting and exclusion policy
5	Share of non-renewable energy consumption and production	ESG Rating
6	Energy consumption intensity per high-impact sector	ESG Rating

### Indicators applicable to investments in listed companies

7	Activities negatively affecting biodiversity sensitive areas	ESG rating and controversy monitoring
8	Emissions to water	ESG rating and controversy monitoring
9	Hazardous Waste Ratio	ESG rating and controversy monitoring

### INDICATORS RELATED TO SOCIAL, PERSONNEL, HUMAN RIGHTS AND ANTI CORRUPTION ISSUES

10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Voting, exclusion policy and controversy monitoring
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Voting and monitoring controversies
12	Unadjusted gender pay gap	Voting and monitoring controversies
13	Board gender diversity	Voting <sup>2</sup>
14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons or biological weapons)	Exclusion policy and voting

### Indicators for investments in sovereign and supranational issuers

15	GHG Intensity	ESG Rating
16	Investee countries subject to social violations	Exclusion policy

2023 marked the first full implementation of the SFDR regulation. As the time lag between SFDR and CSRD<sup>3</sup> has raised issues related to data reporting, and that consensus and homogeneous markets practices has not yet arisen, **Indosuez Wealth Management** has been making transparency the cornerstone of its compliance with the SFDR regulations.

<sup>3</sup> *Corporate Sustainability Related Disclosure* is the new EU legislation requiring all large companies to publish regular reports on their environmental and social impact activities.

Thus, the PAIs' consideration by **Indosuez Wealth Management** follows a 'best effort' and transparent approach towards the regulator, investors, customers and more generally, with all its stakeholders.

This PAIs' consideration throughout the investment process is completed by an active monitoring of these indicators thanks to the integration of these data into the internal tools. Thus, investment teams can:

- 1) Have a direct overview of PAIs per issuer in their management tools
- 2) Measure in real time the effects of their investment choices on the principal adverse impacts aggregated at the portfolio level when the product promotes environmental or social characteristics (Article 8) or incorporates a sustainability objective (Article 9).

## DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE THE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

### PRIORITISATION OF PRINCIPAL ADVERSE IMPACTS

The PAI prioritisation by asset class and by industry results from the availability and current coverage of the PAI data.

- **Article 6 products according to the SFDR regulation**
  - Before any investment, the Group exclusion policy is applied in accordance with **Indosuez Wealth Management's** ESG policy.
  - Voting can be applied to all or part of the portfolio (for more information on the voting scope, please refer to our voting and shareholder engagement policy<sup>4</sup>).
  - The investments' ESG rating can be known and is available but the portfolio construction does not actively considers this rating. The only exception is the exclusion of the high-risks sustainability issuers due to our group policies. For these products, information on PAIs may also be available but are not actively considered and therefore it does not promote environmental or social characteristics.

■ Article 8 and article 9 products according to the SFDR regulation

- **Indosuez Wealth Management** considers all of the mandatory PAIs applicable to the product strategy for its SFDR Article 8 products and SFDR Article 9 products. The PAI’s consideration relies on a partial or full combination of the approaches mentioned above. However, specific approaches can be applied at the product level, these approaches are described in the pre contractual documentation.
- In order to meet our clients’ ESG preferences, and in accordance with applicable regulations, **Indosuez Wealth Management** gathers the PAI into 4 major families as described in the following table:

Figure 2: Indosuez Wealth Management’s PAI gathering by family

Families	PAI considered #
Climate (greenhouse gas and energy performance)	1, 2, 3, 4, 5, 6, 15
Environment (biodiversity, water and waste management)	7, 8, 9
Social and employee issues (human rights, labour rights, anti corruption, gender equality)	10, 11, 12, 13, 16
Exposure to controversial weapons (anti personnel mines, cluster munitions, chemical weapons and biological weapons)	14

- Funds or mandates invested in direct securities:
  - As mentioned above, the application of the exclusion policy, the integration and monitoring of ESG ratings, the application of the voting policy for the funds, as well as the monitoring of controversies are all sustainable investment policies allowing to identify, monitor and mitigate the principal adverse impacts arising from **Indosuez Wealth Management's** investment in direct securities.
- Funds or mandates invested in funds:
  - Internal funds are subject to the **Indosuez Wealth Management’s** PAIs’ consideration policy when data is readily available
  - The selection of external funds and ETFs relies on:
    - (1) Demanding due diligence for external asset managers which encompasses a dedicated pillar on the ESG/sustainable nature of the investment strategy.
    - (2) The principal adverse impacts’ consideration, the underlying data points and their coverage rate are therefore ensured by the EET (*European ESG Template*) data retrieved from external asset managers.

Document updated 2 May 2024