

ESG Label: Walk the talk

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About LuxFLAG

The Luxembourg Finance Labelling Agency, LuxFLAG, is an independent and international non-profit association created in Luxembourg in July 2006 by seven private and public founding partners to support sustainable finance.

LuxFLAG aims to promote the raising of capital for the Sustainable Finance sector by awarding a recognizable label to eligible financial products. Impact labels are the Microfinance, Environment, Climate Finance and Green Bonds labels. Sustainability transition labels are ESG (Environment, Social and Governance), ESG Insurance Product, and ESG Discretionary Mandate labels.

The LuxFLAG Labels are recognized for their high standards and rigorous assessment of applicants' financial products, strategy and procedures with respect to ESG matters as well as an affirmation of their transparency to investors – which are key components of the eligibility criteria for the LuxFLAG labels.



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG

LuxFLAG Labels

Impact Labels

Microfinance

Environnement

Climate Finance

Green Bonds

Sustainability Transition Labels

ESG

ESG Insurance Product

ESG Discretionary Mandate

What is a LuxFLAG label?

A LuxFLAG label is a unique tool at the disposal of financial industry actors which they can use to highlight the Sustainability/ ESG/ Impact credentials of their investment and financial products. Investors use the LuxFLAG label to identify sustainable investment and financial products as it offers them the possibility in terms of differentiating ‘wheat from chaff’ and an external independent, internationally recognised validation on compliance with the best market practices.



LuxFLAG Labels Benefits

- 1** Contribute to market activities in a responsible manner
- 2** Signal to investors true ESG/SRI financial products
- 3** Strengthen the reputation and image of ESG/SRI financial products
- 4** Help gain customer confidence and trust with its independent quality control



LuxFLAG Labels – Key figures

80+ Labelled financial products distributed in 80+ countries

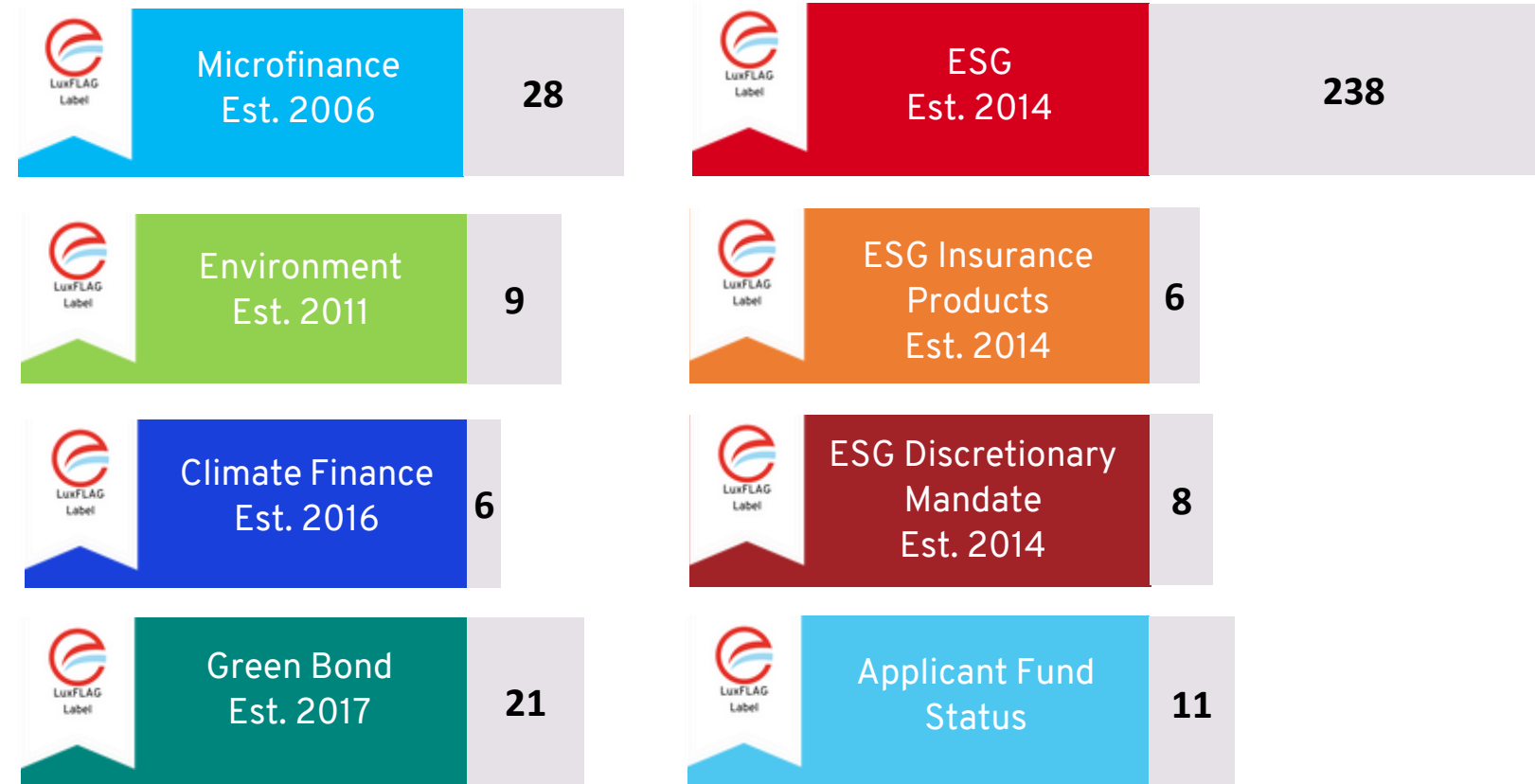
153 Billion of Euros in Assets Under Management in labelled products

110+ Number of asset managers of labelled products located in 16 countries

11 Number of jurisdictions represented by labelled products



342 Total number of labelled investments, insurance products and discretionary mandates




Quarterly Labelling Process

- 1 Onboarding**

Investment and insurance products wishing to apply for a LuxFLAG Label should first consult with the LuxFLAG team, in order to assess whether or not they may be eligible for the label.
- 2 Application Review**

The application review is comprised of pre-analysis, sample selection and finally the analysis of the documents provided by the applicant.
- 3 Quality Assurance & Compliance**

The main objective of the QA&C review is to ensure that the label application review quality is maintained and improved over time.
- 4 Label Decision**

An applicant financial product is reviewed by the following: first and second levels (Operations Team), QA&C level, CEO level, followed by the relevant Eligibility Committees' members and the LuxFLAG Board.
- 5 Label Issuance** 

A written notification of the decision of the Board is sent to the applicant financial product the day after the Board Meeting.
- 6 Renewal**

The Label is granted for a period of one year and can be renewed after. To this end, LuxFLAG team will issue to the financial product an invitation to submit an updated application document, at least two months prior to the expiry of its label.

LuxFLAG ESG label



Objective

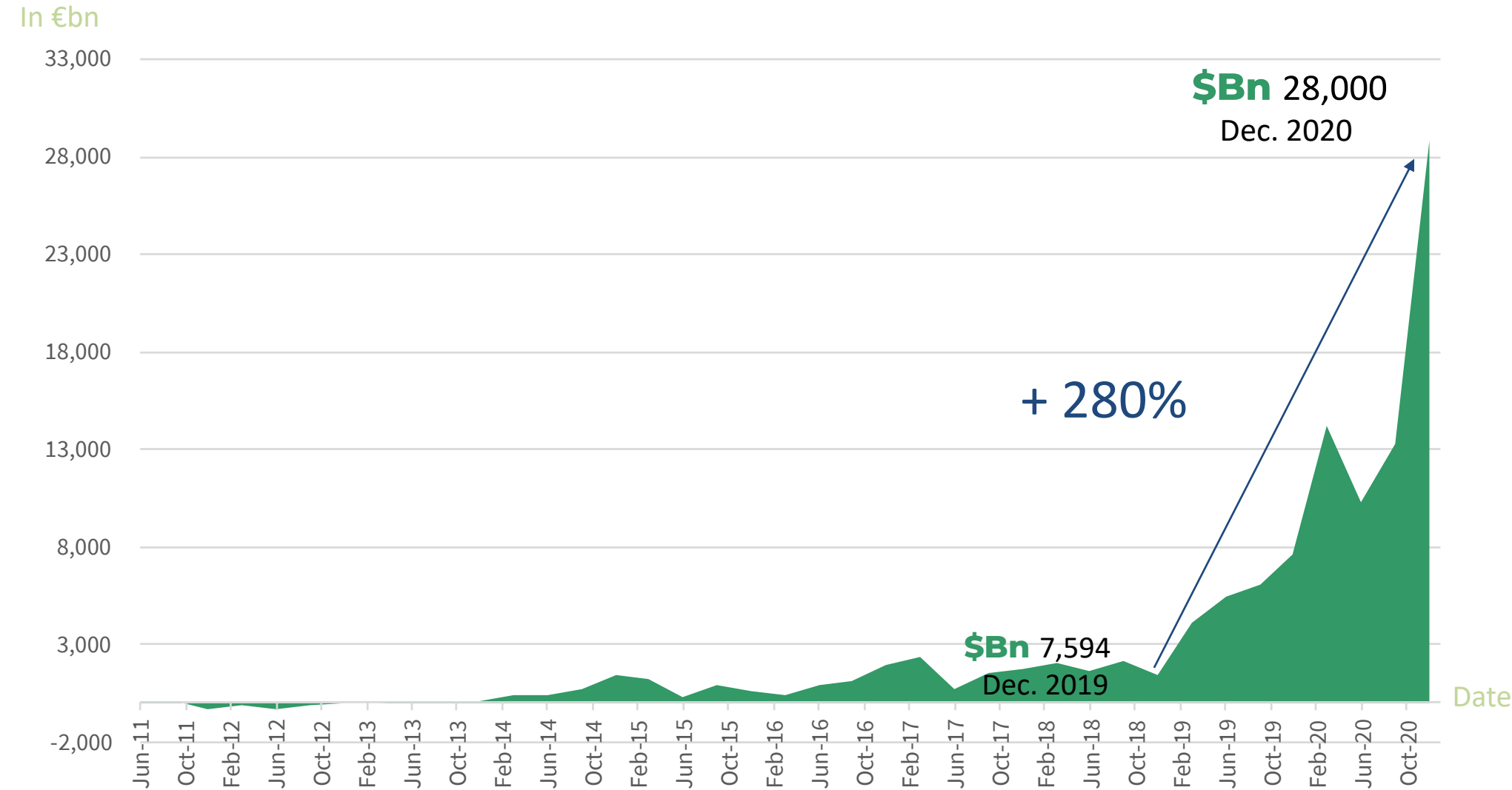
The primary objective of the LuxFLAG ESG Label is to reassure investors that the investment product incorporates ESG criteria throughout the entire investment process while applying at least 3 ESG strategies recognized by LuxFLAG and screening 100% of their invested portfolio.

Eligibility Criteria

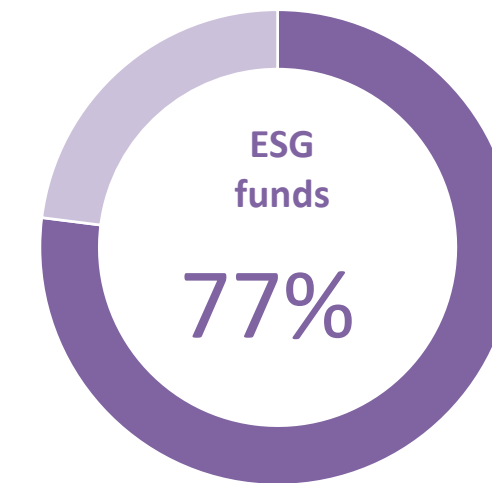
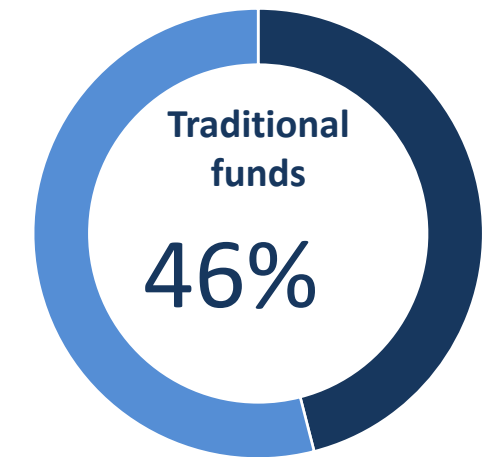
SFDR	Article 8 or Article 9
Portfolio	100% screened
ESG integration into investment process	Minimum of 3 ESG strategies
Exclusionary policy	In line with the ESG Label Exclusion Policy
Legal requirements	Fund / Asset Manager must be regulated / supervised in an EU-equivalent jurisdiction.
Transparency / disclosures	Mandatory

Acceleration of the growth of ESG investments

Quarterly inflows to ESG equity ETFs (USD billion)



“Survivor” funds* over the last 10 years

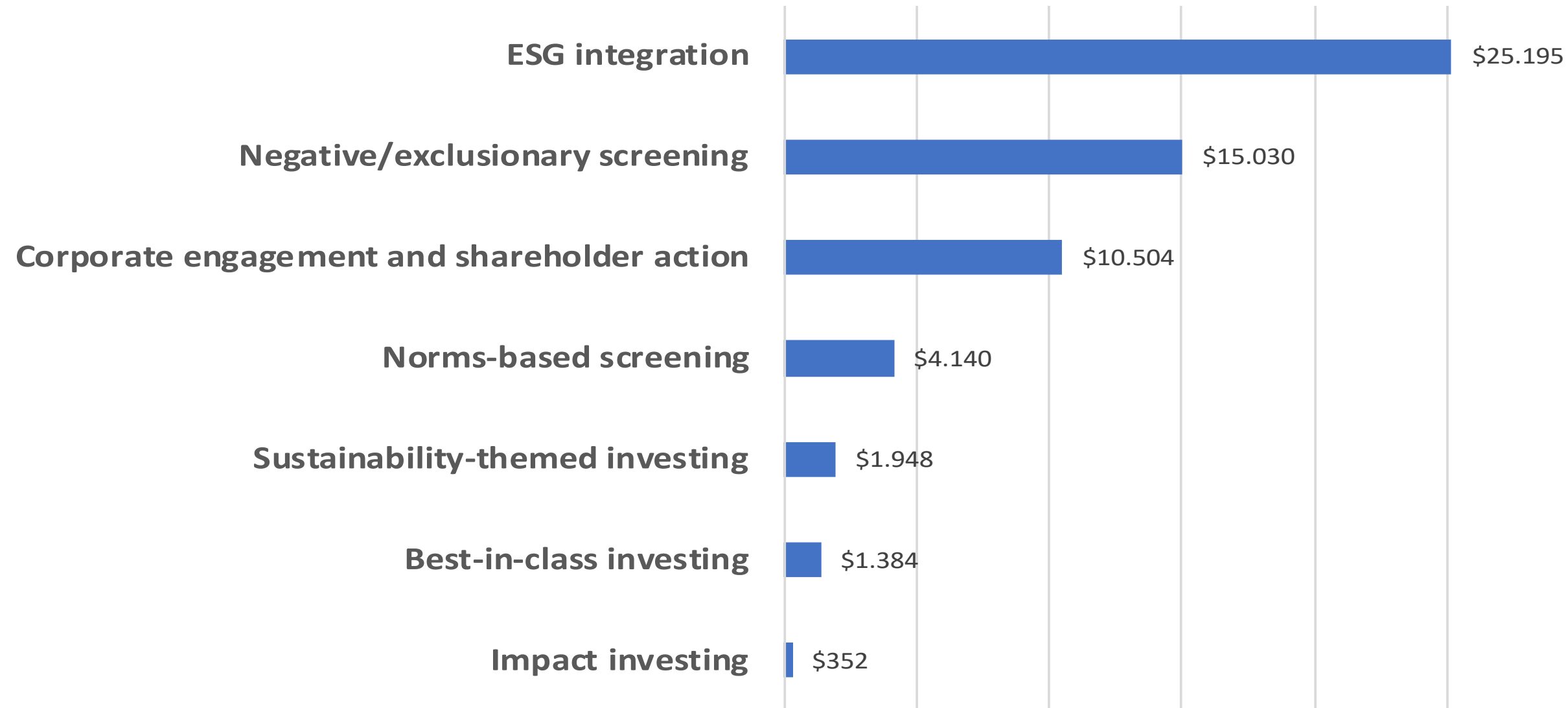


Source: Morningstar, december 2020

* Over 10 years of existence

Source: Morningstar, december 2020
 Past performance is not a reliable indicator of future performance.
 For more information, please see the glossary at the end of this document

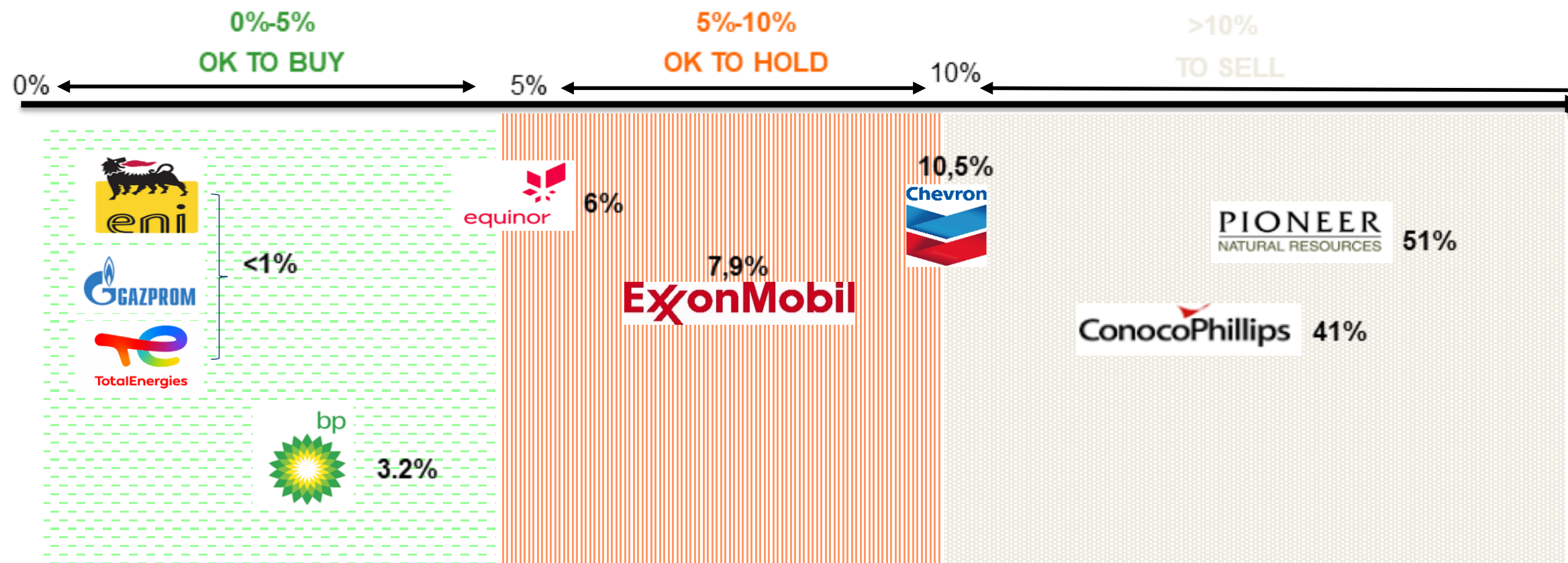
Most popular ESG strategies



Source: Global Sustainable Investment Alliance, as of 2020
Past performance is not a reliable indicator of future performance.
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Exclusions or Transition ?

Involvement in unconventional oil&gaz in % of revenues



75%
of oil&gaz S&P500 sector are excluded if you exclude all companies involved in unconventional oil&gaz with more than 10% of revenues

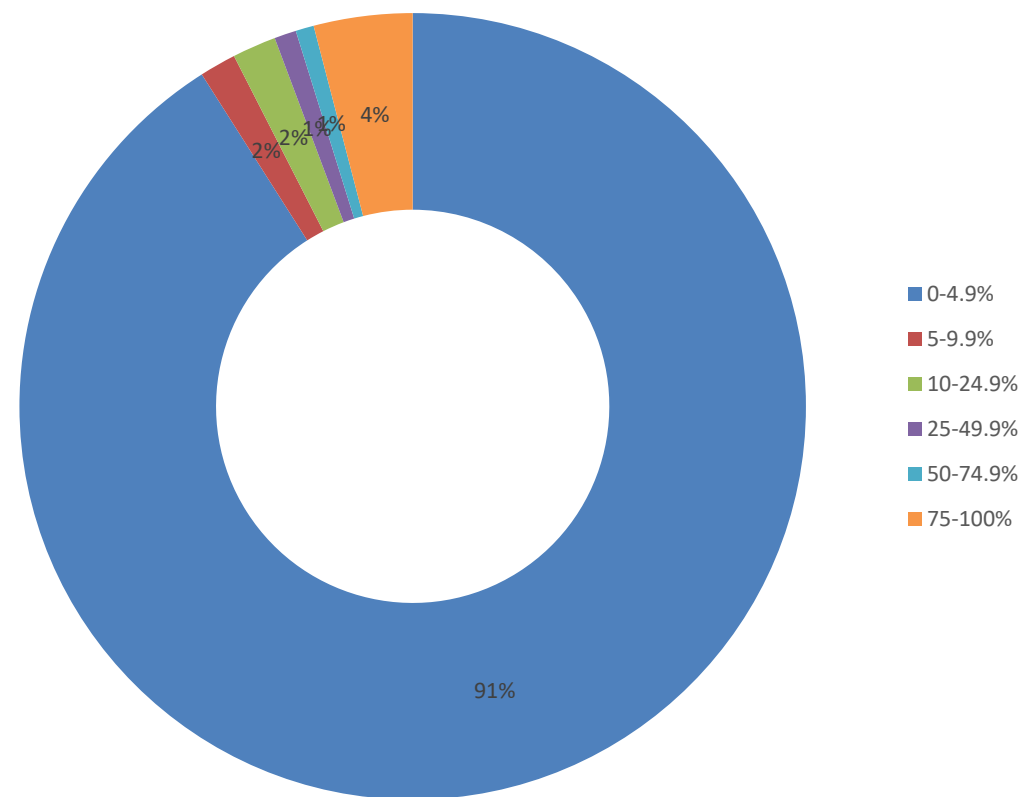
Source: MSCI, Société Générale
Past performance is not a reliable indicator of future performance.
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Highlight on Exclusions – Involvement analysis of Tobacco

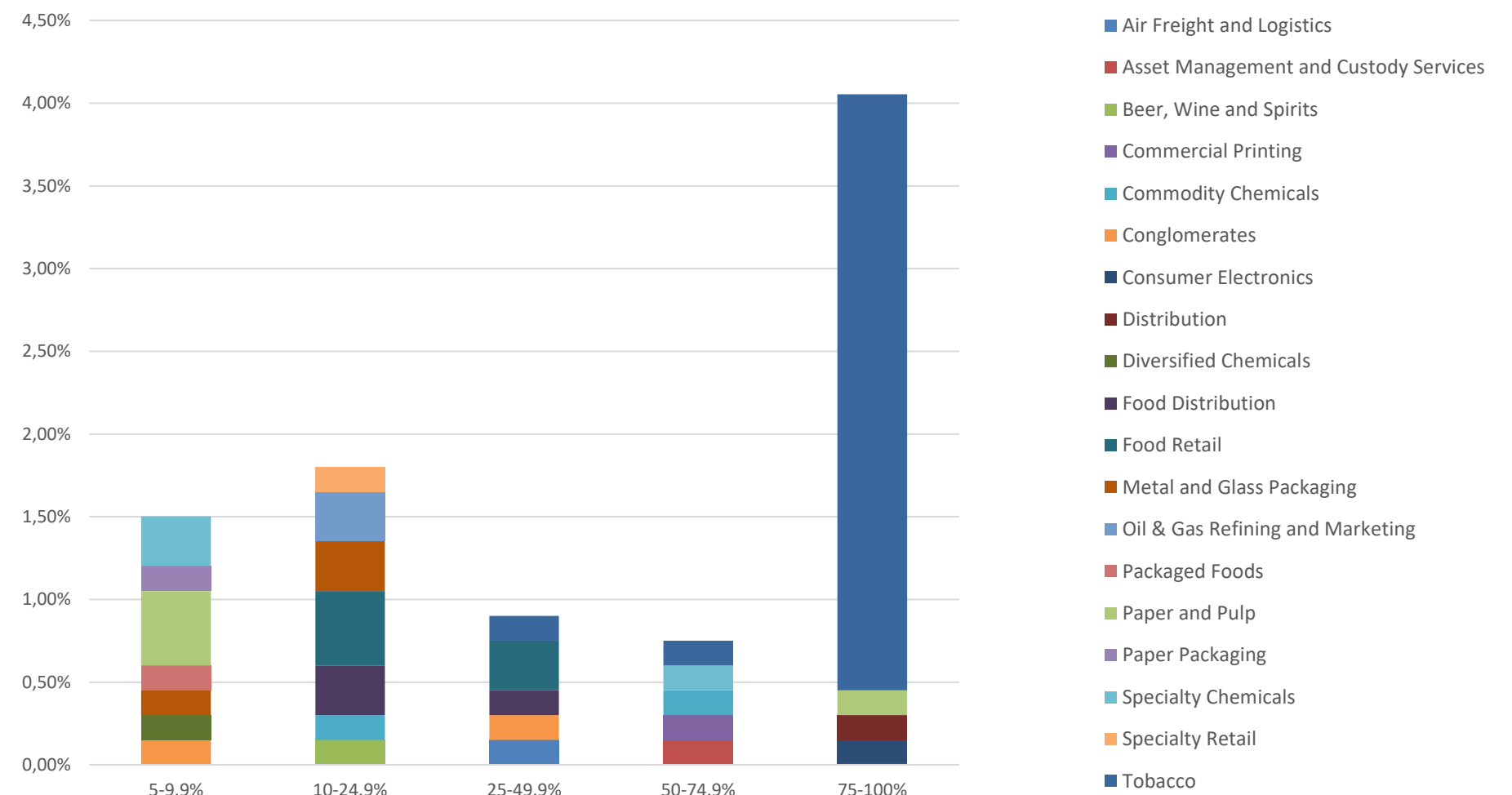
This involvement area provides an assessment of whether companies derive revenue from tobacco products (such as – but not limited to - cigarettes, cigars, tobacco, electronic cigarettes, filters, paper, etc). It includes tobacco products manufacturers, retailers and distributors, as well as companies providing tobacco-related products or services.

As per Sustainalytics, 673 companies show involvement with tobacco and tobacco-related activities.

Distribution of Tobacco involved companies*



Breakdown of sub-industries for issuers with involvement in Tobacco > 5% of their revenue*



ESG at SGPWM



ESG integration

Systematic integration of extra-financial factors in all of our portfolio management strategies



Dialogue with companies

We support companies and help them to formulate their commitments in a transparent manner on an individual basis or through collaborative initiatives



Our engagements

We reinforce our own commitments towards more sustainability



Transparency

We are transparent towards our investors through extra-financial reporting, and labeling of our internal funds "Moorea fund"

Source : Société Générale Private Wealth Management, January 2023

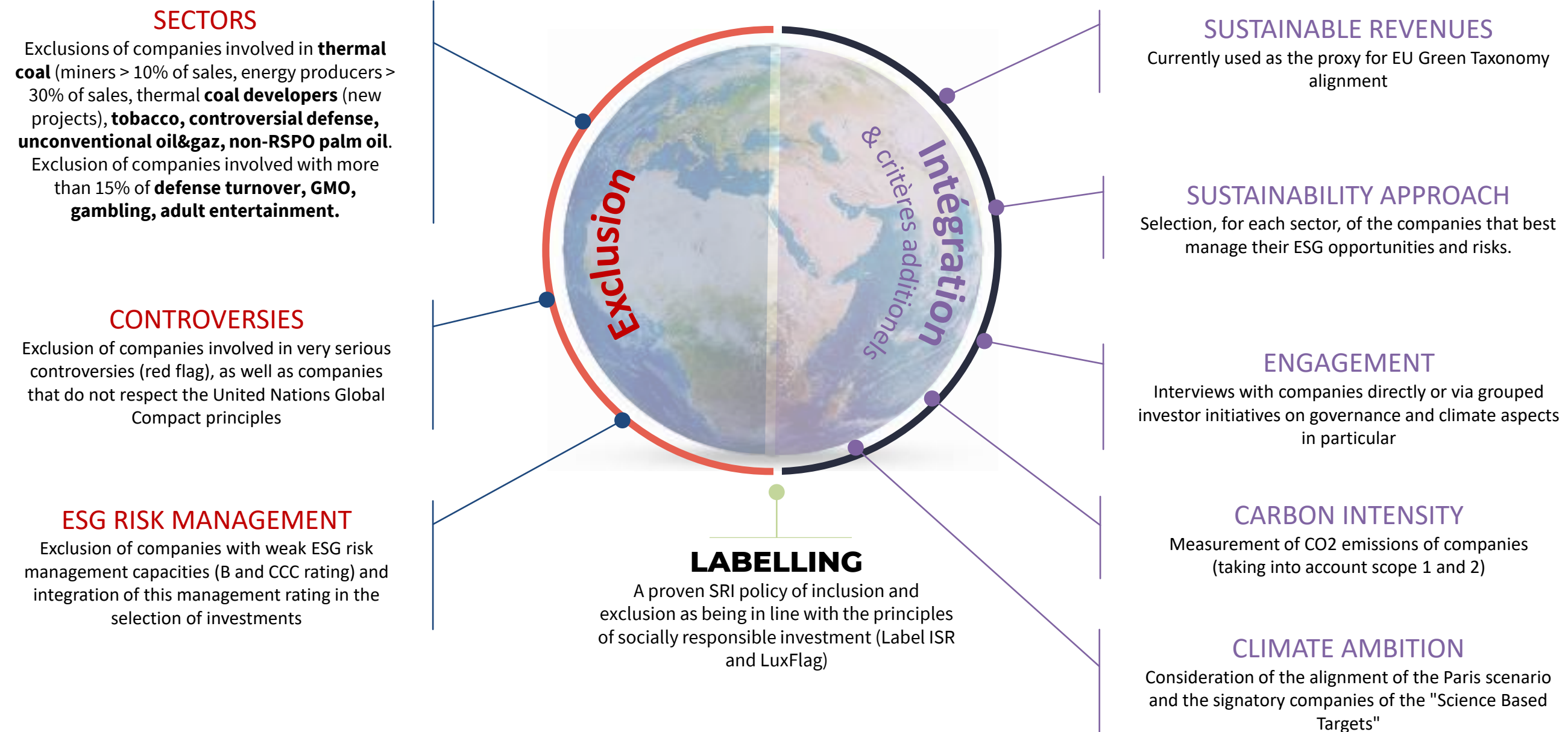


The Net Zero Asset Managers initiative



Our 360° ESG analysis

ESG analysis allows us to study the investment universe using sustainable criteria and to make a selection of securities that correspond to the profile of our portfolio management strategies.



Example of investment process

STEP 1

Investment
universe

MSCI World
all Countries

STEP 2

Sustainability
screening

Sustainability analysis of the investment universe
Pre-selection of companies that match the fund's profile.

- ▶ exclusion criteria
- ▶ inclusion or additional criteria

STEP 3

Bottom-up
Selection

Fundamental analysis and stock selection by the portfolio managers

STEP 4

Portfolio construction
& management

Portfolio construction and monitoring by an investment committee:

- ▶ via a proprietary selection process
- ▶ decides on the weight of the different eco-sectors and the regional distribution according to the macro & micro environment

STEP 5

Shareholder
Engagement

Individual and collective engagement

“ We are the first generation to feel the effect of climate change and the last generation who can do something about it. ”

Barack Obama, Former US President

Q&A



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