



SG KLEINWORT HAMBROS BANK LIMITED

**STATEMENT ON MODERN SLAVERY AND HUMAN
TRAFFICKING 2023**

Message from Frédéric Oudéa - Chief Executive Officer, Societe Generale SA

“Being a responsible company is at the heart of our corporate purpose. Societe Generale is constantly adapting its procedures and creating the relevant means to ensure protection of human rights, fundamental freedoms, and building a safe health and safety environment.

Our culture of responsibility reflects on our ability to strengthen confidence with all our stakeholders – staff, clients and business partners, and further builds the reputation of our Group. Beyond the regulatory obligations, we are all committing to acting with the highest level of integrity.”

I. Introduction

This statement is issued in response to Section 54(1) of the UK’s Modern Slavery Act 2015 and Part 2 (Section16) of the Australian Modern Slavery Act 2018 (the “Acts”). These Acts require the disclosure by large organisations carrying on business in the UK and in Australia respectively, in an annual statement, of the steps taken to prevent modern slavery and human trafficking from occurring in their own operations and in their supply chains. This statement is made on behalf of the Societe Generale Group (the “**Group**”) in respect of the financial year ended 31st December 2022. This Group statement will be used by some of the Group’s subsidiaries (which are directly subject to one of these Acts) for their own statement, whereas other subsidiaries (also subject to these Acts) will produce a specific statement.

This Group statement was produced by the Group’s Sustainable Development Division, the Compliance Division, Human Resources Division and Sourcing Division together with input from the Legal Department. The preparation of this statement follows consultation with the relevant departments within the Group and with the UK and Australian subsidiaries over the year.

Our Group

Societe Generale is one of the leading financial services groups in Europe. With a solid position in Europe and an overall presence in 66 countries, the Group’s 117,000 employees support more than 25 million individual clients, large corporates and institutional investors worldwide. For the year 2022, the Group had a net banking income of EUR 28 bn.

The Group has built a solid diversified banking model structured around three complementary pillars: French Retail Banking; International Retail Banking and Financial Services; and Global Banking and Investor Solutions. The Group is organised into 14 Business Units and 10 Service Units, each directly reporting to the Group’s General Management. A detailed presentation of the Group’s business model and activities is set out in the Group’s Universal Registration Document¹.

Societe Generale is incorporated in France and has its registered office at 29, boulevard Haussmann, Paris. Societe Generale is listed on Euronext Paris.

Our Company

Hambros Bank was established in the UK in 1839. Following a series of acquisitions as Hambros Bank, it was ultimately acquired by Societe Generale in 1998 and on 6 June 2016, Kleinwort Benson was purchased by SG Hambros Limited, a subsidiary of Societe Generale to form SG Kleinwort Hambros Bank Limited. With employees across a network of office in the UK, Jersey, Guernsey, Gibraltar and Singapore, Kleinwort Hambros has a range of teams offering services to private clients around the world.

Our supply chains

In 2022, the main purchasing categories for SG Kleinwort Hambros Bank Limited were IT (software and services), Business process outsourcing services, consulting, recruitment, facilities management and real estate. SG Kleinwort Hambros Bank Limited works with large international groups and SMEs to fill its various needs in the UK, the Channel Islands, Gibraltar and Singapore.

II. Our commitments in relation to human rights and human trafficking

The Group is fully committed to maintaining and improving its processes designed to limit the risk of serious human rights violations, including modern slavery and human trafficking, in the Group's own operations, in its supply chains, or directly associated with its products and services.

The Group's commitments towards human rights are guided by the following international standards and initiatives:

- The Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights;
- The Fundamental Conventions of the International Labour Organisation ("ILO"), which cover issues related to forced labour and slavery, child labour, discrimination, freedom of association and decent working conditions;
- The United Nations Guiding Principles on Business and Human Rights;
- The OECD Guidelines for Multinational Enterprises;
- The United Nations Global Compact;
- The United Nations Principles for Responsible Banking;
- The Equator Principles.

The Group is subject to certain obligations relating to the management of both environmental and social ("E&S") risks, which include human rights risks.

In compliance with the French Duty of Care Act, Societe Generale establishes and implements a Duty of Care plan ("the **Plan**"). This Plan aims at identifying risks and preventing serious breaches in respect of human rights, fundamental freedoms, the health, safety and security of persons, and the environment as a result of the Group's activities and of the activities of the Group's suppliers and direct Group subcontractors.

The 2022 Plan has been established by the General Management and approved by the Board of Directors in February 2023. The annual presentation of this Plan and the way it is implemented can be found in the Group's Universal Registration Document².

III. Our policies and processes in relation to modern slavery and human trafficking

1- Our policies

The Group is committed to act in compliance with the legal and regulatory human rights framework of each of the countries in which it operates.

The Group's policies and commitments which aim to prevent the risk of human rights violations include, without limitation, the following:

- Societe Generale's **Commitment Towards Human Rights**³
- Societe Generale's **Code of Conduct**⁴ in which the Group commits to respect human rights (including those relating to modern slavery and human trafficking) and to comply with the rules established by the International Labour Organisation fundamental conventions. This Code applies to all Societe Generale Group employees. In addition, the Group expects its suppliers and those with whom it conducts business relationships to implement practices that are, or aim to be, consistent with this Code;

² https://www.societegenerale.com/sites/default/files/documents/2023-03/2023-Universal-Registration-Document_EN.pdf

³ <https://www.societegenerale.com/sites/default/files/sg-human-rights-statement-.pdf>

⁴ https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf

- The **Worldwide Agreement on fundamental human rights and trade union rights** – signed between Societe Generale and UNI Global Union in 2015, and which is currently being renegotiated.
- **Internal policies, formal processes and agreements relating to human resources** – in certain cases being submitted to trade union agreement. The Group provides its entities with normative documentation specific to the types of risks, including human rights risks. This documentation is updated, internally disseminated and accessible.
- The Group's **Policy on Responsible Sourcing & Compliance Rules Applicable to Sourcing** – appended to the UNI Global agreement;
- The Group's **Environmental and Social General Principles**⁵;
- The Group's **Policy on the Fight Against Money Laundering and Terrorist Financing Within the Societe Generale Group** (internal document)
- The Group's **Anti-Bribery and Corruption Policy** (internal document) and a dedicated Code Governing the Fight against Corruption and Influence Peddling.

In addition to these strong commitments, the Group is sharing best experience with peers on such issues. For example, Société Générale is a member of “Entreprises pour les Droits de l’Homme” (Enterprises for Human Rights), an association promoting discussions, working groups, consultations and best practice sharing in favour of an enhanced integration of human rights, including forced labour, into company policies and practices.

2- Our risk assessment and management processes

Over the years, Societe Generale has implemented a number of processes and has taken various steps in order to prevent modern slavery and human trafficking in the Group's activities and supply chains and it continues to develop its work in this area.

This framework includes notably (i) an identification and a mapping of such risks⁶, and (ii) a periodic assessment of the processes in place to make sure they are satisfactorily implemented, to assess their level of effectiveness, and to identify areas for improvement.

The following sections provide the main specificities of the existing framework regarding (i) our employees, (ii) our suppliers and (iii) our products and services, and summarize corresponding major results of the latest mappings and/or assessments:

Regarding our employees

EXISTING FRAMEWORK

Human Resources Governance, along with labour relations bodies to monitor working conditions and trade union freedom, is structured around:

- Group-level HR Division members being in charge of social dialogue to ensure freedom of association and staff representation at Group level;
- Human resources officers working on employment conditions and occupational health and safety together with employment law teams each working both at Group level and with local support team members;
- Operational risk management and compliance teams acting as a second line of defence on different dimensions of the human resources and security risk management system.

Focus on the agreement signed with UNI Global Union

⁵ <https://www.societegenerale.com/sites/default/files/documents/2021-03/Environmental-and-Social-General-Principles.pdf>

⁶ In the context of its Duty of Care Plan, the Group identified and mapped the risks of breaches of human rights and fundamental freedoms, discrimination, working conditions (including forced labour, modern slavery, child labour, decent working hours and decent wages), health, safety and security inherent in its banking and financial activities, as well as such risks inherent in the industry sectors of its suppliers and sub-contractors.

Societe Generale signed a worldwide agreement on fundamental human rights and trade union rights with UNI Global Union in 2015. This agreement has been renewed in 2019 and is currently being renegotiated. It applies worldwide to all employees and aims to ensure fair working conditions, prevent any form of employment-related discrimination, and to respect health and safety regulations and freedom of association.

This agreement incorporates:

- the fight against discrimination and the development of diversity in all Human Resources management processes
- maintaining a working environment conducive to health, safety and satisfying working conditions for all employees,
- preventing and identifying the risks of non-compliance with fundamental human rights in connection with the implementation of the Duty of Care Plan⁷;

UNI Global Union is a stakeholder in the Human Resources section of Societe Generale's Duty of Care, which is consequently presented to UNI Global Union on a yearly basis. Moreover, Societe Generale and UNI Global Union discuss the application of these commitments and organize a yearly follow-up meeting gathering UNI Global Union representatives and the Bank's Human Resources Division.

RISK MAPPING AND ASSESSMENT RESULTS

Human Resources and safety risk monitoring and assessment are based on:

- **Internal and external audits** of the Group's human resources policies and standards for health, safety and security, which have also resulted in the implementation of action plans adapted to those areas identified for improvement;
- In addition to these measures, and in order to gain direct feedback on working conditions, the Group regularly measures employee commitment through the "**Employee Satisfaction Survey**", an annual, anonymous internal survey carried out throughout the Group. The 2022 survey covered insights on engagement, Culture & Conduct, wellbeing in the workplace, work organization and efficiency, inclusion and CSR. Its results showed a growth in confidence in the decisions taken by the Group. In addition, employees are increasingly optimistic about their future within the Group, and the team spirit stands out again as a strong value of the Group. These results have been shared with employees.
- **An intrinsic risk mapping on human rights:** in order to identify and better understand local issues, the Group assesses the level of exposure to risks of serious violations of human rights and fundamental freedoms, together with employee health and safety, in all its countries of operation. Mapping of inherent risks was updated in 2022⁸ using an external database⁹ of indicators detailing the risk levels specific to the country and to the activities performed in the financial sector. The geographic criteria include, notably, the status of the country's ratification of the ILO fundamental conventions, its employment regulations, their effective implementation, and its track record (especially as regards to human rights violations).

The Human Resources Division considers that the local context is a crucial factor in the analysis of intrinsic risks and the policies and measures implemented to prevent them. For each subject area assessed, the following results present the proportion of Societe Generale's workforce operating in

⁷ https://www.societegenerale.com/sites/default/files/documents/2023-03/2023-Universal-Registration-Documents_EN.pdf#page=363

⁸ Ukraine was not included in this analysis due to the ongoing conflict. Given the circumstances and risks stemming from the war, the Group has taken full responsibility for its employees in Ukraine, beyond mapping HR risks under the Duty of Care plan

⁹ Verisk Maplecroft

countries considered to have a high, medium-high and moderate intrinsic risk. The remaining employees are thus located in low-risk countries.

Results: Taken as a whole and covering all human rights analysed, no Group employee is located in a country considered to be high risk according to the external database consulted.

In terms of working conditions (covering forced labour and modern slavery, child labour, decent working hours and decent wages):

- 10.6 % of the workforce are in a country of operation with a medium-high risk: Benin, Cameroon, Chad, China, Congo, Guinea, India and the United Arab Emirates.
- 32 % of the workforce are in countries of operation with a moderate-risk: Algeria, Brazil, Bulgaria, Burkina Faso, Chile, Colombia, the Czech Republic, Ghana, Greece, Equatorial Guinea, Hong Kong, Hungary, Italy, Ivory Coast, Japan, Madagascar, Morocco, Mexico, Peru, Poland, Romania, Senegal, Serbia, Singapore, South Korea, Spain, Sweden, Taiwan, Tunisia, Turkey and the US.

- **An overall internal self-assessment exercise on residual risk to evaluate the quality of the Group's systems to protect its employees against human rights risks.** The self-assessment included questions relating to the implementation of Group policies as well as formal local policies and processes and the checks performed on a range of issues:

Results: 2022 self-assessment exercise covered entities representing 100% of the Group's workforce, same as 2021. Among the entities located in medium-high or moderate risk countries on the Duty of Care topics, the assessment of the risk management systems in the Group's entities shows that 1.5 % of the workforce is employed in entities that need to strengthen their controls to verify that working conditions meet International Labour Organization standards: Algeria, Benin, Bulgaria, Chad, Colombia, Czech Republic, Hungary, India, Poland, Sweden, and the United Arab Emirates.

- In addition to these measures, and to gain direct feedback on working conditions, the Group regularly measures employee commitment through the "**Employee Satisfaction Survey**", an annual, anonymous internal survey carried out throughout the Group. The 2022 survey covered insights on engagement, Culture & Conduct, wellbeing in the workplace, work organization and efficiency, inclusion and CSR. Its results showed a growth in confidence in the decisions taken by the Group. In addition, employees are increasingly optimistic about their future within the Group, and the team spirit stands out again as a strong value of the Group. These results have been shared with employees.

Regarding our suppliers

EXISTING FRAMEWORK

Société Générale's internal processes, described hereafter, principally address expenditure managed from France by the Sourcing Division. These processes are progressively deployed internationally.

The Group's Sourcing Division has developed and provides guidance tools to its buyers to enable them to manage E&S and human rights risks at various stages of the sourcing process. The purpose of these tools is to identify, assess and manage E&S and human rights risks, both at the level of the product or service purchased and at the level of the supplier or service provider.

- Identification of potential risk areas based on:
 - The Group's Sourcing Division identifies E&S and human rights risks associated with each sourcing categories via the E&S risks mapping of products and services;

- The Know Your Supplier (KYS) process is based on both Société Generale's own guidance and on international standards for operational, compliance and reputational risk management including a review of E&S controversies.

They include:

- Monitoring of potential risk areas through:
 - The insertion of E&S requirements in the specifications
 - The integration of mandatory E&S criteria into requests for tender, and the application of an E&S component in the rating of suppliers' offers, depending on the products or services purchased
 - The insertion of E&S clause in the contract
 - The review of suppliers' extra-financial evaluation (for most important or critical suppliers and those representing our brand).
- Mitigation of human rights violation risks within our direct supply chains: when the Sourcing Division identifies a potential risk of human rights violation by a supplier (through an alert raised, a controversy check or a drop in a supplier's E&S rating) an enhanced due diligence is performed, that may lead to a remediation plan being put in place. Société Generale also reserves the right to carry out a supplier on-site E&S audit.

RISK MAPPING AND ASSESSMENT RESULTS:

- The intrinsic E&S risk levels of each sourcing category were cross-referenced with the corresponding expenditure amounts per category to identify the share of purchases in medium-high or high-risk categories.

Results: Amongst the high-risk sourcing categories, building work was found to bear the greatest risk (renovations and outfitting but also construction of new buildings), together with waste management and telephone and IT equipment. Within the scope covered by the Sourcing function, in 2022 some 5,5% of the spend was on sourcing categories representing a high E&S risk and around 9% on categories representing a medium-high E&S risk.

- In addition, an in-depth analysis was conducted to ensure that sourcing categories presenting the highest potential modern slavery risk were covered by E&S monitoring and mitigation tools.

Results: building work was found to bear the largest potential modern slavery risk, representing 1% of the spend covered by the Sourcing function. As one of the high E&S risk categories, building works are covered by the E&S analysis and mitigation scheme of the Group.

Regarding our products and services

EXISTING FRAMEWORK

The Societe Generale Group's E&S obligations together with its voluntary commitments related to its business activities (including human rights issues) are set out in **Societe Generale's Environmental and Social General Principles**¹⁰ and the **cross-business and sectoral policies**¹¹ appended to them.

Dedicated policies have been developed relating to sectors which were identified as presenting specific human rights or E&S risks. These policies are public documents and set out the major E&S sector standards applied, the main risks identified in relation to human rights or the environment, and the criteria for E&S and human rights due diligence to be carried out at customer or transaction level.

The due diligence processes to implement the Group's E&S commitments include:

¹⁰ <https://www.societegenerale.com/sites/default/files/documents/2021-03/Environmental-and-Social-General-Principles.pdf>

¹¹ <https://www.societegenerale.com/en/responsability/ethics-and-governance>

- identification of the E&S issues associated with transactions and customers to whom the Group provides banking and financial services;
- in-depth evaluation of riskier transactions and customers by front officers and in-house expert teams, to assess the consistency with the Group's E&S policies. The E&S client analysis is risk-based, including a more in-depth and more frequent E&S analysis of priority clients;
- where relevant, action for remediation.

These E&S procedures are being gradually incorporated within both the Group's credit risk and reputational risk management policies and procedures to enhance the coverage in terms of Group activities and enhance the associated controls.

RISK MAPPING AND ASSESSMENT RESULTS:

- **An intrinsic sector-risk mapping** was conducted for the major sectors to which the Group provides products and services

Results: Amongst the sectors analysed, a dozen had a significant part of their activities exposed to human rights and E&S risks which included: energy, transport and logistics, agriculture (upstream), industrial, construction, chemicals, mining, forestry, textile and defence.

The main risks identified in these sectors include risks related to working conditions (including workplace accidents), risks of forced labour and child labour, risk of breaching community rights (in addition to climate risks and negative biodiversity impact, which are beyond the scope of this report)

At the end of 2021, approximately one-quarter of the Group's corporate exposure related to sectors or activities that were found to present high risks in terms of human rights and the environment. Taking into account the geographic dimension (quality of local human rights and E&S regulatory framework and local practices), less than 9% of the Group's exposure corresponded to high risk activities in high risk countries.

A first analysis showed that the majority of potentially high-risk sectors were covered either by a sector policy or by the internal E&S watchlist

Conducted in 2022, the Compliance Risk Assessment exercise looked in detail at E&S risks. It made it possible to assess :

- familiarity with the normative framework for managing E&S risks in the Group (E&S policies, E&S watch list, E&S exclusion list) and their transposition into the Business Units' own procedures;
- Business Units with the highest exposure that implemented particular procedures (transposing the Societe Generale Code) with respect to the E&S risk management system;
- implementation of Group procedures and associated controls, as part of the Group's permanent control system;
- human resources and skills devoted to E&S risk management;
- governance framework to address complex E&S issues at local level, before escalation to Group level;
- number of people trained in managing E&S risks;

3- An enhanced whistleblowing framework, implemented throughout the Group

The Group-wide whistleblowing framework is rolled out since 2019 in accordance with "Sapin 2 Act". Following the update of this legislation by the "Waserman Act" in March 2022, the whistleblowing Group set up is currently being reinforced (and will further be in 2023) to integrate the new legal obligations, including (i) the deployment of local whistleblowing channels for entities with more than 250 employees in 2023, (ii) strengthening the training of all employees and alert managers with the development of e-learning modules on whistleblowing.

Whistleblowing is a right and no employee may be sanctioned in any way whatsoever for having issued a whistleblowing report in good faith and without direct financial expectation.

Whistleblowers can use the framework to report any suspected, violation or attempt to conceal a violation of an international commitment, a law or a regulation, notably in relation to human rights, fundamental freedoms, health and safety or the environment. It is available to all employees, as well as to external or temporary staff and service providers working with the Group (as subcontractors or suppliers) on an established basis. Whistleblowers can be assisted by any natural person or non-lucrative entity to issue their report. It is hosted on a secure external platform offering the guarantees required by the law i.e. protection of personal data and strict confidentiality of any information provided, as well as the possibility to issue reports anonymously (where authorized by local legislation).

In addition to the Group tool, the right to blow the whistle may be exercised in different ways through the managerial line, the HR correspondent, the local compliance officer or a local set up, if any. The whistleblower has the possibility to contact the competent external authorities (judicial or administrative authorities) either after having made an internal report or directly.

All reports are processed and investigated confidentially, and any detail of the reports are shared on a strict need-to-know basis only.

The Group's Code of Conduct was updated to reflect this whistleblowing process and reiterates that Societe Generale protects whistleblowers against any kind of retaliation, guarantees that it will keep their identity strictly confidential throughout the entire Group, and guarantees anonymity where possible under local law.

IV. Recent actions taken to address modern slavery and human trafficking risks

In the last months, we have taken additional actions to improve our framework to better address risks on human rights:

Regarding our employees

- First-time presentation of the Duty of Care Plan to UNI Global Union in 2022. This action will be repeated each year as per the commitment agreed with UNI Global Union. During the review of the intrinsic risk mapping in the 2021 Duty of Care Plan, published in 2022, Société Générale and UNI Global Union agreed to perform a more granular analysis of the residual risks identified for three countries: Côte d'Ivoire, Morocco and Romania. The entity HR Divisions organized ad hoc discussions with trade unions and/or personnel representatives in the three entities related to all duty of care topics including working condition topics.
- In Ukraine, the Group gave immediate priority and mobilised to protect the employees of its subsidiary. To keep them safe, it organised help and support for transport, accommodation, and healthcare.

Regarding our suppliers

Following actions were completed in relation to global E&S issues, thus covering inter alia issues related to human rights.

- The review (for 20 sourcing categories) and the creation (for 3 sourcing categories) of "CSR tool sheets" used in tender processes. These "CSR tool sheets" include E&S requirements to be integrated in the specifications and E&S criteria to be used for suppliers selection process. The systematic training provided to the Sourcing Division on all responsible sourcing tools;
- The update of the responsible sourcing training materials for purchase acts not managed by the Sourcing Division, as well as the training provided to a BU that runs purchase acts directly;

- The pursuit of action plans based on the E&S audits conducted on previous years;
- The launch of two supplier CSR audits on a medium-high risk sourcing category;
- The reinforcement of identification processes of E&S controversies on suppliers (deployment of a dedicated tool designed to identify and assess E&S controversies on more than 600 targeted suppliers);
- The implementation of an escalation procedure covering the scope of procurement overseen by the Sourcing Division, which aims to inform and help taking a decision on actions to be implemented when material controversies are identified involving Group's suppliers.

Regarding our products and services

- Definition of a procedure to identify serious controversies stemming from environmental and social issues;
- Creation of an internal process to identify and assess clients and dedicated transactions suspected of using or involving forced labour, in particular through the provision of an internal list.
- Further deployment of the controls on E&S risks management included in the Group's permanent supervision system :
 - 83% of the entities included in the Compliance Risk Assessment conducted in 2022 check the exclusion and E&S identification lists during the new corporate client onboarding process and during client reviews,
 - all the Business Units have set up controls to assess E&S risks in their transaction processes and when onboarding a new corporate client. The rate of deployment in the Business Units is monitored by their Compliance department,
- More than 38,000 staff have taken e-learning courses on how to manage environmental and social risks while nearly 28,000 employees had online training on sustainable investment;

V. Further actions in relation to human rights and human trafficking

As a result of the above-mentioned assessments, in a permanent improvement approach, or in relation with new regulatory requirements, the following actions are expected to be implemented by December 31st 2023 to improve the existing framework in relation to human rights and human trafficking:

Regarding our employees

At Group level, the main actions planned are as follows:

- Monitor the labour relations climate to identify where tensions exist and put actions in place to contain psychosocial risk drivers;
- Analyze the results of the employee survey and implementing appropriate action plans;
- Take steps to foster a culture of dialogue with all staff to pick up weak signals and prevent psychosocial risks;
- Foster a constructive dialogue with all stakeholders by considering the results of internal surveys and through continued dialogue with the UNI Global Union, and by using appropriate channels which have been set up;

Regarding our suppliers

The main actions planned are as follows:

- The performance of CSR audits and the definition of corrective action plans with our contracted suppliers presenting E&S risk factors.
- The strengthening of the process to identify and manage E&S controversies for suppliers, notably through new E&S risk analysis tools.

In addition, Kleinwort Hambros during 2022:

- Launched a campaign to assess KH medium to high risk suppliers E&S risks across all categories (18% of our suppliers, representing 90% of our spend).
- Agreed remediation plans with KH key suppliers for implementation in 2023 where high risks are identified.

Regarding our products and services

The main actions planned are as follows:

- Setting-up and operational deployment (through adequate tools) of a normative framework to better identify forced labour issues and to identify exclusion criteria on counterparts involved in such activities.
- Deployment of dedicated trainings in relation with E&S sector policies.

VI. Conclusion

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Societe Generale Group's modern slavery and human trafficking statement for the financial year ending December 31, 2022.

This statement was approved by the Board of directors of SG Kleinwort Hambros Bank Limited Board on 27 June 2023.

Mouhammed Choukeir

On 27 June 2023

Mouhammed Choukeir

Chief Executive Officer

SG Kleinwort Hambros Bank Limited