

BUILDING SUSTAINABLE LEGACIES

April 2022



**THE FUTURE
IS YOU**  **KLEINWORT
HAMBROS**



CONTENTS

Executive Summary	3
The Role of Investors in Accelerating Climate Action	4
Our Responsibility Journey	5
Part of the Société Générale Group – a Leader in Sustainability	6
Demystifying ESG (Environmental, Social & Governance)	7
Integrating Responsibility across our Investment Portfolios	8
Responsible Strategy in Focus	9
Important Information	10

Investing in our planet as a leading responsible bank

*The climate emergency has made responsibility a mega trend. Reflecting on the theme of this year's **Earth Day - Invest in our Planet** - we recognise the critical role investors will play in accelerating net-zero.*

In addition to financial returns, there is an increasing desire to understand where money is invested and what the impact could be from an environmental, social and governance (ESG) perspective.

*At Kleinwort Hambros, our ambition is to be a **leading responsible bank, known for client service and expertise.***

This is not just a motto. It is not just a tagline. It is underpinned by a set of goals and measurable targets that we all work on together.

*Underneath that leadership of responsibility are the stakeholders that we seek to serve as a leading responsible bank. That is our **clients**, our **colleagues**, the **community** and the **climate**.*

We look forward to continuing to work with you to build a more sustainable future.



Mouhammed Choukeir
Chief Executive Officer

OUR COMMITMENTS

CLIENTS

We help our clients build sustainable legacies

COLLEAGUES

We support and promote diversity and inclusion

COMMUNITY

We make a societal impact

CLIMATE

We reduce our carbon footprint



THE ROLE OF INVESTORS IN ACCELERATING CLIMATE ACTION



Earth Day 2022: Invest in our Planet

Each year, Earth Day casts a global spotlight on the climate emergency. It also highlights our collective responsibility to support the transition to an equitable, prosperous green economy for all.

Earth Day 2022 focuses on investing in our planet. How can governments, businesses and individuals accelerate solutions to combat climate change?

Investors can be the Catalyst of Change

Sustainable investing has now moved from the periphery to the mainstream. Responsible investments are poised to reach \$41 trillion by the end of this year and \$50 trillion by 2025, according to estimates from Bloomberg Intelligence. This is a significant increase from the \$35 trillion invested responsibly in 2020.*

Investors' priorities are shifting and many are seizing the opportunity to take a leading role in accelerating climate action, in addition to financial returns.

Building Sustainable Legacies

At Kleinwort Hambros, we take a holistic view which examines complex interactions between the economy, environment and society as a whole.

Actively embedding aspects of responsibility throughout our business is a fundamental part of our long-term strategy.

We believe that demand for responsible portfolios will only increase in the coming years. Measuring both the carbon impact and Environmental, Social and Governance (ESG) scores across our portfolios is an important step in fostering transparency around responsible investing.

*Source: Bloomberg Intelligence, data as at January 2022

OUR RESPONSIBILITY JOURNEY

- 2019** ○ Launched **Responsible Investment Committee**
- Started excluding controversial sectors – for example thermal coal - from **direct holdings** of all managed portfolios
 - Committed to **HM Treasury's Women in Finance Charter**, with a target of achieving 50% of women in senior roles by 2025
 - Became a **founding partner of the WealthiHer Network**, which champions the transformation of the finance industry's approach to women
- 2020** ○ Signed the **UN Principles of Responsible Investing** and became a **member of the UK Sustainable Investment and Finance Association**
- Created a dedicated **Responsible Bank Committee** chaired by the Chief Executive Officer to review, define and implement the bank's responsibility activities, targets and roadmap
 - Together with SG Group, we **raised over £925k for CLIC Sargent**, the UK's leading cancer charity for children and young people
 - 7,732 Corporate Social Responsibility (CSR) volunteering hours** logged in 2020 by Kleinwort Hambros staff
 - Our new London offices - One Bank Street - achieved the highest sustainability classification as a building and for interior design by **BREEAM**, the world's longest established method of assessing, rating, and certifying the sustainability of buildings
- 2021** ○ As part of our commitment to **increase transparency regarding responsible investing**, we included ESG metrics and the carbon intensity of all our portfolios in marketing documents and client reporting
- Proud to support **Shelter, Jersey Women's Refuge, GROW and Clubhouse** as our staff selected charity partners
 - Planted over 5,700 trees** in partnership with MyTree, a specialist in reforestation projects
 - 72% of investments** are now subject to **ESG integration processes**
- 2022** ○ Working with an external consultant to measure the carbon impact of our business activities, as part of our Net Zero roadmap
- Our new **Gibraltar Office** is rated **Grade A** for **energy efficiency & environmental impact**
 - Integrating ESG criteria in the selection of alternative assets, for example real estate & private equity



PART OF SOCIETE GENERALE - A LEADER IN SUSTAINABILITY



As part of the Société Générale Group (SG), Kleinwort Hambros is committed to building a better and more sustainable world.



CONTRIBUTING TO NEW STANDARDS

As an active player in positive impact finance, SG has been setting industry standards for more than 20 years. A **founding member of the United Nations Environment Programme Finance Initiative's Net-Zero Banking Alliance**, the Group is committed to aligning lending and investment portfolios with net-zero emissions by 2050.

SG is also a **founding bank of the United Nations Principles for Responsible Banking**, a framework ensuring that signatory banks' strategy and practice align with the vision society has set out for its future through the Sustainable Development Goals and Paris Climate Agreement.



LEADING THE ENERGY TRANSITION

Since 2019, SG has **raised EUR 150bn to support the energy transition** through financing and advisory services, exceeding the target of EUR 120bn.

SG is leading the way in reducing the carbon intensity of financing activities linked to electricity production, targeting an 18% reduction by 2025 and 76% reduction by 2040 compared with 2019 levels.

Most recently, working with Zenobē Energy SG **financed a new fleet of electric buses across the UK and Ireland**, helping to decarbonise the public transport sector.



DELIVERING INNOVATION IN ESG MARKETS

SG is pioneering the integration of ESG criteria into Equity Research, across **fundamental analysis, valuations and recommendations on equities**.

SG supports emerging social innovation and contributes to **positive transformation** by **supporting entrepreneurs**, helping to invent the **sustainable city of tomorrow** and encouraging **"green" mobility**.



ACTING FOR COMMUNITIES ACROSS GEOGRAPHIES

By building sustainable solutions with our clients, SG is a catalyst for positive societal & economic impact in emerging and developed economies.

The Group **supports international development through the Grow with Africa programme**. Designed together with multiple international and local partners, this programme focuses on sustainable growth initiatives for positive transformation across the continent.



This year, SG was awarded "Best Investment Bank for Sustainable Finance" by Global Finance Magazine. This was recognition of the integration of ESG considerations across the business and 'positive impact by design' approach.

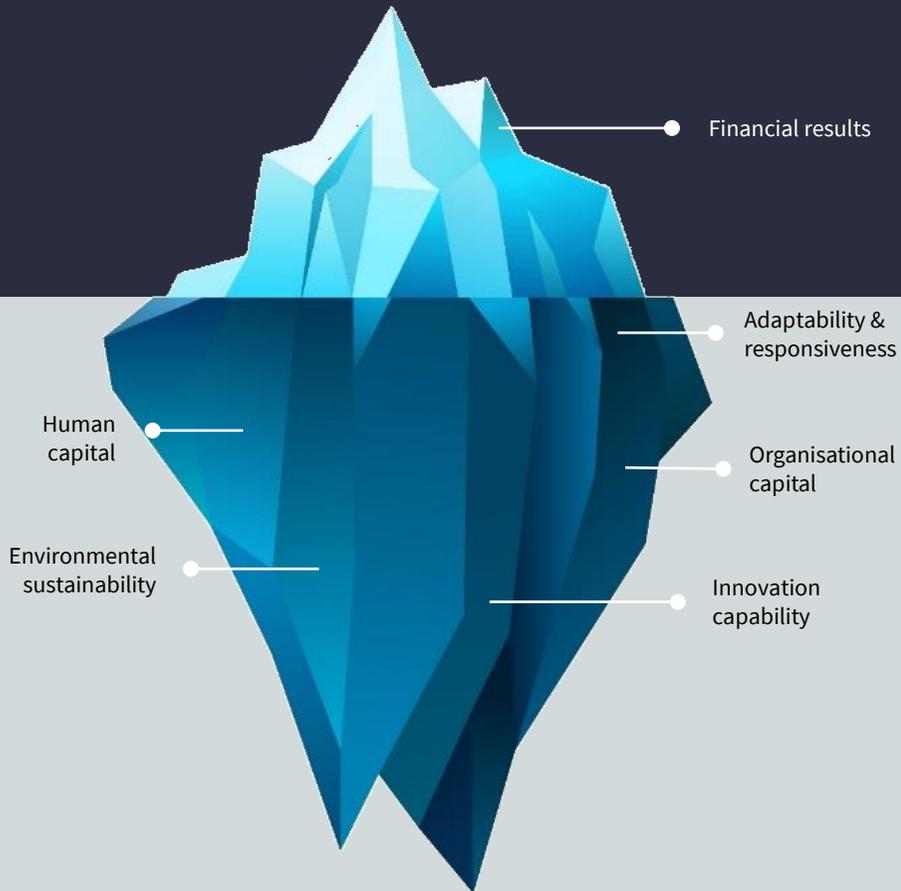
DEMYSTIFYING ESG

Responsible investing is perhaps the most significant movement in the investment industry for a generation, yet the lack of a single, clear definition risks undermining its importance. For investors who want to harness the power of their capital to effect positive change, the vast array of definitions can be confusing, if not discouraging.

At Kleinwort Hambros, we aim to demystify responsible investing, while combining the strengths of all conventional approaches. From the exclusion of controversial sectors to the direct influence of impact funds, we have adopted techniques spanning the spectrum of responsible investing principles to craft a holistic offering solely for our clients.

FINANCIAL CRITERIA

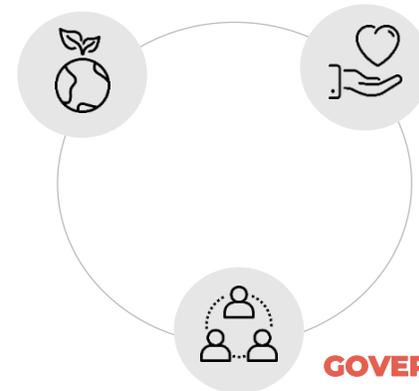
NON-FINANCIAL CRITERIA



ESG stands for Environmental, Social, and Governance. These non-financial factors are increasingly being applied by investors to their financial analysis to identify material risk and growth opportunities. ESG factors are often interlinked, but the constitute parts allow investors to consider specific factors when conducting their business.

ENVIRONMENT

- Energy efficiency
- Climate change
- Prevention of environmental risks



SOCIAL

- Security of facilities
- Health and well-being
- Socio-economic impact
- Employee rights

GOVERNANCE

- Diversity and equal opportunities
- Shareholder rights
- Transparency
- Management structure

HOW KLEINWORT HAMBROS INTEGRATES RESPONSIBILITY ACROSS INVESTMENT PORTFOLIOS

WE LIMIT EXPOSURE TO CONTROVERSIAL SECTORS ACROSS OUR DIRECT SECURITY INVESTMENT PORTFOLIOS

The key controversial sectors we limit exposure to are listed below. We also exclude companies with a MSCI ESG rating of CCC.



MSCI Very Severe Controversy (Red Flag)



Adult Entertainment



Thermal Coal



Tobacco



Gambling



Controversial Weapons, including Cluster Munitions, Landmines, Bio/Chem Weapons, Depleted Uranium

WE INTEGRATE ESG INTO OUR FUND SELECTION PROCESS

1 Third Party ESG Reports

We utilise third party ESG reports to assess the overall ESG credentials of a fund. This helps us quickly identify any areas we need to pay particular attention to.

2 Proprietary ESG Scorecard

We have developed an ESG scorecard to rank funds on a number of factors such as % of holdings in MSCI Very Severe Controversy (Red Flag) companies, Weighted Average Carbon Intensity*, Sustainable Impact % and several others. We only include funds with BB rating or higher.

3 Active Engagement with Asset Managers

As part of our regular due diligence we review the ESG approach of our asset managers. If we have concerns related to assets that individual funds are invested in, we bring it to manager's attention and ask for an explanation or divestment from those assets.



EXAMPLE RESPONSIBLE STRATEGY

Responsible Balanced Strategy



- Cash 7%
- Bonds 43%
- Equities 50%



ESG Score

8.0



Carbon intensity vs global equities

- 29.6

An ESG Rating measures a company's resilience to long-term, industry material environmental, social and governance (ESG) risks.

Carbon intensity measured as tonnes of carbon emissions of the underlying companies per \$1m of revenue.

ESG Rating	CCC	B	BB	BBB	A	AA	AAA
ESG Score	0-1.4	1.4-2.9	2.9-4.3	4.3-5.7	5.7-7.1	7.1-8.6	8.6-10
	Laggards					Leaders	

Source: Kleinwort Hambros, as at 28 February 2022

IMPORTANT INFORMATION

Important Information

This document is a marketing communication provided for information purposes and does not constitute investment advice or a recommendation. It is not intended for distribution in or into the United States of America nor directly or indirectly to any U.S. person.

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Tax (Reportable Arrangements)

Council Directive (EU) 2018/822 amending Directive 2011/16/EU ("DAC 6")

The arrangement described herein may be considered as a reportable cross-border arrangement according to Council Directive (EU) 2011/16 regarding disclosable arrangements under hallmark category D (as amended by The Income Tax Act 2010 (Amendment) (EU Exit) Regulations 2021) and, as such, may need to be reported to the relevant tax authorities in accordance with the regulations. Cross-border arrangements involving tax residents and/or intermediaries situated in Spain may still be subject to DAC 6 reporting under all hallmarks as foreseen in the applicable regulations.

SG Kleinwort Hambros Bank (Gibraltar) Limited does not provide tax advice and you should consult your tax advisors for any further assistance.

Council Directive (EU) 2018/822 amending Directive 2011/16/EU ("DAC 6")

The arrangement described herein may be considered as a reportable cross-border arrangement according to Council Directive (EU) 2011/16 regarding disclosable arrangements under hallmark category D (as amended by The International Tax Enforcement (Disclosable Arrangements) (Amendment) (No. 2) (EU Exit) Regulations 2020) and, as such, may need to be reported to the relevant tax authorities in accordance with the relevant regulations.

SG Kleinwort Hambros Bank Limited does not provide tax advice and you should consult your tax advisors for any further assistance.

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Investment Performance

Investments may be subject to market fluctuations and the price and value of investments and the income derived from them can go down as well as up. Your capital may be at risk and you may not get back the amount you invest. Changes in inflation, interest rates and the rate of exchange may have an adverse effect on the value, price and income of investments.

Marketing

If you do not wish to receive this document in the future, please let your Private Banker know or call us on +44 (0) 207 597 3000. Telephone calls may be monitored or recorded.

Legal and Regulatory Information

This document is issued by the following companies in the Kleinwort Hambros Group under the brand name Kleinwort Hambros:

UK

SG Kleinwort Hambros Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. It is incorporated in England and Wales under number 964058 and its registered address is 8 St James's Square, London SW1Y 4JU.

Channel Islands

SG Kleinwort Hambros Bank (CI) Limited is regulated by the Jersey Financial Services Commission ("JFSC"). The company is incorporated in Jersey under number 2693 and its registered address is PO Box 78, SG Hambros House, 18 Esplanade, St Helier, Jersey JE4 8PR.

SG Kleinwort Hambros Bank (CI) Limited, Guernsey Branch is also regulated by the Guernsey Financial Services Commission ("GFSC"). Its address is PO Box 6, Hambro House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3AE.

The company (including the branch) is also authorised and regulated by the UK Financial Conduct Authority ("FCA") in respect of UK regulated mortgage business. The company (including the branch) is not authorised or regulated by the UK Financial Conduct Authority for accepting UK bank deposits nor is it permitted to hold deposits in the UK. The firm reference number is 310344. This document has not been authorised or reviewed by the JFSC, GFSC or FCA.

IMPORTANT INFORMATION

Gibraltar

SG Kleinwort Hambros Bank (Gibraltar) Limited is authorised and regulated by the Gibraltar Financial Services Commission. The company is incorporated in Gibraltar under number 01294 and its registered address is 32 Line Wall Road, Gibraltar.

General

Kleinwort Hambros is part of Societe Generale Private Banking, which is part of the wealth management arm of the Societe Generale Group. Societe Generale is a French Bank authorised in France by the Autorité de Contrôle Prudentiel et de Resolution, located at 61, rue Taitbout, 75436 Paris Cedex 09 and under the prudential supervision of the European Central Bank. It is also authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Further information on the Kleinwort Hambros Group including additional legal and regulatory details can be found at: www.kleinworthambros.com

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