

CLIENT INFORMATION ON THE FINANCIAL SERVICES ACT (FINSA)

INTRODUCTION

The Federal Act on Financial Services (FinSA) came into force on 1 January 2020. The main objectives of FinSA are to protect investors and to create a level playing field for financial service providers in order to strengthen the Swiss financial market.

The new legal framework imposes new obligations on financial service providers operating in (or from) Switzerland to provide adequate management and advisory services, information, documentation and reporting to clients. For client transaction orders, the law imposes obligations of transparency and due diligence and, as far as possible, the exclusion of conflicts of interest.

The Federal Act on Financial Services (FinSA) came into force on 1 January 2020. A transitional period for implementation of the obligations has been provided by FinSA until 1 January 2022.

SOCIETE GENERALE Private Banking (Switzerland) Ltd (or the “Bank”) will comply with the new rules of conduct as well as the new organisational requirements of FinSA.

The purpose of this document is to provide the Bank’s clients with the main information on FinSA.

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1. SOCIETE GENERALE PRIVATE BANKING (SWITZERLAND) LTD

SOCIETE GENERALE Private Banking (Switzerland) Ltd is licensed as a Swiss bank and securities firm and is subject to the Swiss Banking Act and supervised by the Swiss Financial Market Supervisory Authority (FINMA). It has a branch office in Zurich.

Depending on the regulations applicable in the country of residence of each client, the Bank offers various financial services and products, including discretionary management and advisory mandates, as well as the purchase, sale and custodianship of securities and other financial instruments. It also offers payment services and credit to execute transactions in financial instruments, including securities financing.

The Bank is a subsidiary of Societe Generale Luxembourg, a bank governed by the law of the Grand Duchy of Luxembourg and an indirect subsidiary of Société Générale S.A., a credit institution (bank) under French law.

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2. CLIENT CLASSIFICATION

According to FinSA, financial service providers (including the Bank) are obliged to classify all their clients into three categories: “retail client”, “professional client” or “institutional client”, each category being subject to a different protection regime.

Please note that this classification cannot be limited to certain activities and will be applicable to all products and services provided by the Bank.

Retail clients

Retail clients are all persons who are not classified as professional or institutional clients.

Retail clients enjoy the highest level of protection. They should be informed of the risks associated with financial products and services, e.g. through the provision of a Basic Information Sheet (BIS) or Key Information Document (KID) before the provision of services or execution of transactions. The range of financial instruments available to retail clients is generally limited to products designed for or specifically authorised for distribution to this category of client.

Retail clients can, under certain conditions, request a change of category (opting out, see section 3.2 below for applicable conditions).

Professional clients

Clients regarded as professional are as follows:

- financial intermediaries within the meaning of the Banking Act (BA), the Financial Institutions Act (FinIA) and the Collective Investment Schemes Act (CISA)*;

- insurance undertakings covered by the Insurance Supervision Act (ISA)*;
- foreign clients subject to prudential supervision*;
- central banks*;
- public law institutions with a professional treasury;
- pension funds or institutions for occupational pension provision with a professional treasury;
- companies with a professional treasury;
- large companies; and
- private investment structures with a professional treasury set up for high-net-worth retail clients.

A company or private investment vehicle set up for high-net-worth clients has a professional treasury when it assigns, internally or externally, an experienced person with financial qualifications to manage its long-term financial resources.

Professional clients have a lower level of protection than retail clients, in particular because of their knowledge, experience and ability to withstand what are considered to be larger losses.

High-net-worth retail clients can apply to be classified as “professional clients” (opting-out). To be included in the “professional clients” category, the client must meet at least one of the following criteria:

- have the knowledge necessary to understand investment risks as a result of their personal education and professional experience or comparable experience in the financial sector that enables them to understand the risks associated with investments, and they have assets of at least CHF 500,000; or
- have assets of at least CHF 2 million.

Direct investments in real estate as well as social insurance benefits and occupational pension assets are not considered eligible financial investments.

Retail clients wishing to be classified as “professional clients” must submit their request via the opting-out declaration form made available by the Bank on request to their client advisor.

Professional clients listed in letters f and g above may declare that they wish to be considered as institutional clients (opting-out, see section 3.3 below).

Professional clients who are not institutional clients (see section 3.3 below) may declare that they wish to be considered as retail clients (opting-in).

For the purposes of offering collective investment schemes, professional clients and retail clients who have concluded a discretionary mandate or advisory mandate agreement with the Bank are considered qualified investors by law. This gives these clients access to collective investment schemes which are reserved exclusively for qualified investors or which are not authorised for distribution in Switzerland to non-qualified investors.

Institutional clients

Institutional clients are a subset of professional clients, i.e. those who are licensed to do business and are subject to prudential supervision by the authorities. This includes banks and other entities listed in section 3.2 letters a to d above (indicated by *). The FinSA rules of conduct (including in particular the duties to inform, document and verify suitability) do not apply to institutional clients.

Institutional clients may declare that they wish to be considered only as professional clients (opting-in).

3. SUITABILITY AND APPROPRIATENESS VERIFICATION

In the course of its investment advisory and asset management activities, the Bank is obliged to verify the suitability of its services for the client’s profile.

The client must be able to adequately understand the nature and risks of the service offered or the financial instrument recommended and be able to bear any financial losses that may result.

In order to carry out this adequacy assessment, the Bank must obtain information on the financial situation of its clients. In doing so, it must take into account the nature and amount of the client's regular income as well as their current and future assets and financial commitments.

The Bank must also assess whether the investment strategy and transactions are in line with the client's investment objectives. It must take into account the information provided by the client, in particular on the duration and purpose of the investment and the client's risk appetite, as well as any investment restrictions.

To enable the Bank to collect the information required to establish their investment profile and objectives, clients must complete a questionnaire including, in particular, the following information:

- their personal and financial situation, including their financial capacity to take risks and their risk tolerance;
- their knowledge and experience in the different services and asset classes;
- their investment objectives and investment horizon.

The Bank will rely on the information duly provided. Clients must inform the Bank immediately of any change in their circumstances leading to a change or changes in the information held by the Bank.

Before recommending a financial instrument, the Bank shall verify the suitability of such transactions on the basis of the information available to it.

If a client seeks advice on a financial instrument considered unsuitable for them, the Bank shall inform them of this unsuitability. If the client nevertheless wishes to carry out this transaction, it will be considered as not advised by the Bank (execution only). The Bank may refuse to include such instruments in a portfolio for which it provides ongoing monitoring services or exclude such instruments from the monitoring activity.

No suitability or appropriateness verification is carried out for transactions requested by the client on their own initiative without advice from the Bank (execution only).

4. BEST EXECUTION

When executing client orders, the Bank shall ensure that it obtains the best possible result in terms of cost, speed and quality.

The principle of best execution applies if the client in question is considered a retail client or professional client within the meaning of FinSA. Thus it does not apply if the client concerned is an institutional client or if, irrespective of its classification, it gives specific instructions contrary to the best execution principle.

For more information, please refer to the Bank's Best Execution Policy, which can be found on the following web page:

<https://www.privatebanking.societegenerale.com/en/country-details/country/switzerland-5/>

This can also be obtained on request from your client advisor.

5. CONFLICTS OF INTEREST

In the course of providing financial services to its clients, the Bank may be confronted with actual and potential conflicts of interest in its business activities.

A conflict of interest situation can arise when there are multiple, conflicting or simply different interests. In this context, situations that may give rise to a conflict of interest should be identified and appropriate measures taken to avoid or mitigate them. Indeed, if nothing is done, a client may be disadvantaged by such a conflict.

In accordance with its internal guidelines, SGPBS strives to act with diligence and integrity in the interests of its clients, which it places above its own interests, which are themselves placed above the personal interests of its employees.

For further information, please refer to the Bank's Conflict of Interest Policy, which can be found on the following web page:

<https://www.privatebanking.societegenerale.com/en/country-details/country/switzerland-5/>

This can also be obtained on request from your client advisor.

6. RISK INFORMATION

Investing in financial instruments (such as equities, bonds, funds or structured products) offers opportunities, but also carries risks.

It is essential that clients understand the risks associated with the financial instruments in which they invest. The brochure "Risks Involved in Trading Financial Instruments" of the Swiss Bankers Association (SBA) contains general information as well as the characteristics and risks of most financial instruments.

This brochure is available on our website at the following address:

<https://www.privatebanking.societegenerale.com/en/country-details/country/switzerland-5/>

It can also be obtained on request from your client advisor.

7. INFORMATION ON THE BANK'S COSTS AND FEES

The Bank receives fees from its clients for its services. The terms and conditions of the Bank's fees are set out in the contractual documentation between the Bank and its clients.

In addition, clients receive the Bank's Conditions and Tariffs brochure, which describes the tariffs applicable to the Bank's services. This brochure can also be obtained on request from client advisors.

The costs of individual products are also included in the basic information sheets or KIDs where available.

In addition to the usual periodic statements, clients may at any time request a specific report from the Bank on the costs and charges of the services it provides.

These additional requests may result in additional invoicing to clients.

The Bank also reserves the right to modify at any time the presentation and content of the reports sent to clients.

In addition to the fees paid directly by clients, the Bank may receive additional direct or indirect remuneration from third parties resulting from its own agreements that are independent of contractual relationships with clients ("**Additional Remuneration**").

These include fees, commission or other pecuniary or non-pecuniary benefits in connection with shares from collective capital investments or other financial products issued by third parties or other Societe Generale Group entities.

This Additional Remuneration is most often between suppliers and distributors of financial instruments, with issuers (or their representatives) transferring part of the income from the financial instruments (e.g. management fees) to the distributors (as might be the Bank) in exchange for the distribution services provided by the latter.

As regards their relationship with the Bank, clients declare that they are duly informed, consent and explicitly and irrevocably waive any claim to any Additional Remuneration received by the Bank in the past and in the future, in accordance with the Bank's General Terms and Conditions and the service contracts concluded between the Bank and its clients. Consequently, clients explicitly acknowledge that the Bank is entitled to receive and retain said (past and future) Additional Remuneration.

In addition, the Bank may pay the client's independent asset manager or investment advisor (external to the Bank) retrocessions (e.g. based on income, transactions or assets) on a one-off and/or recurring basis. For example, if the client of an external service provider (investment advisor or asset manager) uses the Bank's custody and transaction execution services, the Bank may pay the external service provider a cooperation fee.

It is therefore the responsibility of the external service provider to inform clients of any fees it may receive from third parties (including the Bank) and to obtain the clients' consent to retain them.

8. PRODUCT INFORMATION

With the introduction of FinSA, for financial instruments falling within the scope of this obligation, a basic information sheet must be made available to retail clients when financial instruments are personally recommended.

The basic information sheet contains information on the characteristics of the product concerned as well as its risks and costs, and allows a comparison of different financial instruments.

9. THE BANK'S INVESTMENT UNIVERSE

When the Bank selects financial instruments as part of its investment advisory or asset management services, it offers both (internal) products issued by Societe Generale Group entities and (external) products from other issuers.

In particular, this allows for a more varied range of products and easier comparison between them. If internal and external products have the same characteristics (e.g. risk level, structure, maturity, etc.), the Bank may recommend and select internal financial instruments as a priority.

The Bank may participate in the creation of structured products issued by Societe Generale Group entities. It also cooperates with issuers outside the Societe Generale Group. These structured products are based on different underlyings and can be tailored to the specific needs of a client or a category of clients.

10. COMPLAINTS HANDLING AND MEDIATION

Returns and complaints from clients should preferably be addressed directly to their client advisor or the client's usual contact person.

In the case of written complaints, clients are asked to state the reason for their complaint as well as their contact details and account number.

The Bank will do its best to process returns and respond to complaints as quickly as possible. If the client feels that the answer provided is inadequate, the Bank would appreciate being informed so that it can reconsider its position. If a client is not satisfied with the way their request has been handled by the Bank, they may contact the Swiss Banking Ombudsman.

Disputes between the Bank and its clients should, if possible, be settled by an arbitration body, in the course of an arbitration process.

In this regard, the Bank is affiliated with the Swiss Banking Ombudsman (see contact details below). Clients can address their requests to this mediation body at any time.

Swiss Banking Ombudsman

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Switzerland

www.bankingombudsman.ch

11. CLIENTS WHOSE ASSETS ARE MANAGED BY INDEPENDENT ASSET MANAGERS (IAMS) OR ADVISED BY INVESTMENT ADVISORS (IAS) EXTERNAL TO THE BANK

From the point of view of supervisory law, IAMs operating from Switzerland were previously only subject to the Money Laundering Act. With the implementation of FinSA, they are now subject to prudential supervision and required to obtain a licence from FINMA. They are therefore subject to supervision by the Federal Banking Commission and, like banks, are deemed to be financial service providers within the meaning of FinSA.

IAMs domiciled abroad are not required to obtain a licence from FINMA, but if they actively provide asset management or investment advisory services to clients resident in Switzerland, they must register their client advisors in a register of advisors set up for this purpose and comply with the conduct of business rules contained in FinSA. This obligation to register in an advisors' register is also applicable to external advisors (who do not carry out asset management) acting from Switzerland or advising (from abroad) clients domiciled in Switzerland.

Foreign-based IAMs with a branch or representative office in Switzerland are required to obtain a licence from FINMA, just like Swiss IAMs.

Assets deposited in clients' accounts are managed by an IAM under a mandate given to them by the clients. In this context, we would like to point out that the new Swiss regulatory system establishes differentiated obligations and tasks in the client – IAM/External Advisor – bank relationship.

Depending on the contract between the clients and their representative (IAM or External Advisor), investment advice and/or asset management is the responsibility of the IAM/External Advisor and not of the Bank acting as custodian. In addition to holding the assets, the Bank's role is therefore limited to executing the instructions given by the client or their representative (IAM or External Advisor) (execution only).

Under FinSA, the representative (IAM or External Advisor), like the Bank, has a duty to classify its clients according to the three categories mentioned above (retail, professional and institutional).

In the course of its asset management and/or advisory and investment activities, it is now the responsibility of the client representative (IAM or External Advisor) to take into account the investor and risk profile that corresponds to its clients, with reference to the applicable client classification.

In addition, under FinSA, the IAM/External Advisor is responsible for verifying the appropriateness and suitability of the investment advisory or asset management services it provides to its clients.

In addition, under the provisions of FinSA aimed at preventing conflicts of interest, both the client's representative (IAM or External Advisor) and the Bank (as financial service provider) may only accept fees from third parties in connection with the provision of financial services (e.g. asset management or investment advice) if they have expressly informed the clients of these fees in advance and if the clients have waived them, or if the fees are passed on in full to the clients.

It is therefore the responsibility of the IAM/External Advisor to inform clients of any fees it may receive from third parties (including the Bank) and to obtain the clients' agreement to retain them.

Another new feature of FinSA is that all financial service providers are required to ensure best execution of client orders in terms of cost, speed and quality. In order to identify the best trading venue for clients, they set selection criteria, including price, cost, and speed and likelihood of execution and settlement (see section 5 above).

In providing their services, IAMs/External Advisors generally refer to the best execution rules of the custodian bank. If an IAM makes its own execution arrangements, its own best execution rules shall prevail over those of the custodian bank. The IAM is accountable to its client for the implementation of best execution principles. The Bank makes its best execution policy available to clients on request and on its website (see section 5 above).

Finally, under FinSA, all financial service providers are now required to be affiliated to a dedicated and recognised mediation body. Therefore, in the same way as banks, IAMs and External Advisors must affiliate in this way and, in various circumstances, inform their clients of the possibility of mediation.

We invite clients to contact their client advisor for further information on FinSA. The client advisor is also available to provide any useful information on FinSA or any other subject related to the Bank's services.

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