

Positive Impact Finance

June 2019

Positive
Impact Notes*
Yearly Report



**SOCIETE
GENERALE**

**THIS COMMUNICATION IS DIRECTED AT RETAIL CLIENTS
WITHIN THE MEANING OF MARKETS IN FINANCIAL
INSTRUMENTS DIRECTIVE 2014/65/EU.**

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*This document is intended for investors who hold Positive Impact Finance Notes. For any investors who are interested in further information or for product specific enquiries, please liaise with your distributor or broker for further information.

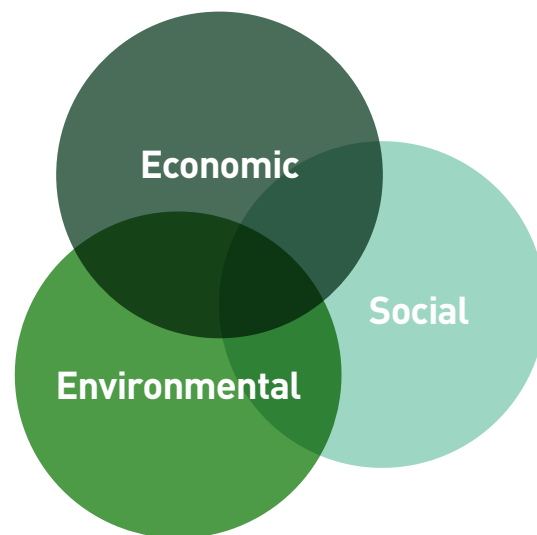
Presentation of the Positive Impact Notes

Societe Generale has created a range of Notes, **the Positive Impact Notes** (P.I. Notes), to allow its clients to invest in a structured note whilst promoting Positive Impact Finance (PIF).



What is Positive Impact Finance?

Positive Impact Finance serves to deliver a positive contribution to one or more of the **three pillars of sustainable development** (economic, environmental and social), once any potential negative impacts have been duly identified and mitigated.



How do Positive Impact Notes support Positive Impact Finance?

When a client invests in a **Positive Impact Note**, Societe Generale commits to hold in its books loans dedicated to **Positive Impact Finance projects equivalent to 100% of the value invested in the note.**

SOCIETE GENERALE'S COMMITMENTS

Societe Generale is committed to monitor its Positive Impact Finance projects through the stringent **Societe Generale Environmental & Social (E&S) risk management process** during the life of the Note.

Positive Impact Finance projects are evaluated by **dedicated Societe Generale Environmental and Social experts** using the **Positive Impact Assessment Framework** which is based on the UNEP-FI (United Nations Environment Programme Finance Initiative) Positive Impact Finance principles, which derived from the most stringent Environmental & Social (E&S) International Standards.

INDEPENDENT REVIEW BY VIGEO EIRIS

Vigeo was founded in 2002. It has established itself as the leading European expert in the assessment of companies and organisations with regard to their practices and performance on environmental, social and governance ("ESG") issues.

Vigeo Eiris was commissioned by Societe Generale to conduct an **independent assessment** on the sustainable credentials of the Positive Impact Finance projects, according to the Vigeo Eiris Environmental, Social and Governance (ESG) assessment methodology.



Vigeo Eiris provides a reasonable level of assurance on the sustainable credentials of the Positive Impact Finance asset portfolio currently attributed by SGCIB to this product.*



Vigeo Eiris' statement on the sustainability of the Positive Impact Finance assets

June 2019

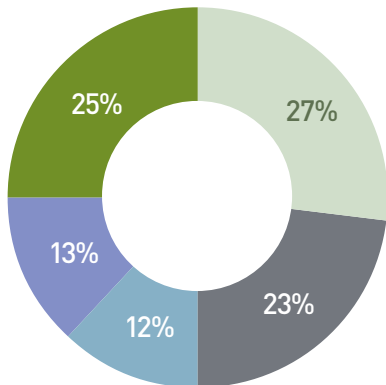
- ✓ Societe Generale's ESG performance is Advanced*.
- ✓ We provide a reasonable level of assurance* on the ESG and PIF assessment frameworks.
- ✓ Vigeo Eiris confirms that the asset portfolio currently attributed to the PI Structured Notes issued by SGCIB (Societe Generale Corporate and Investment Banking) is:
 - Composed of Positive Impact Finance assets, which have a positive impact on at least one of the three main sustainable development pillars (environment, social and economic), i.e. climate change mitigation, natural resources preservation, access to education and access to telecommunications in line with six United Nations Sustainable Development Goals (the "UN SDGs"), and for which an appropriate management of the potential negative impacts is implemented and not on the basis that they are offset by the positive impacts.
 - Held by SGCIB for an equivalent amount to 100 % of the nominal amount invested in the PI Structured Notes.

* Vigeo Eiris' scales of assessment:
Level of assurance: Weak, Moderate, Reasonable
Performance: Advanced, Good, Limited, Weak

Positive Impact financings supported by the PI Notes

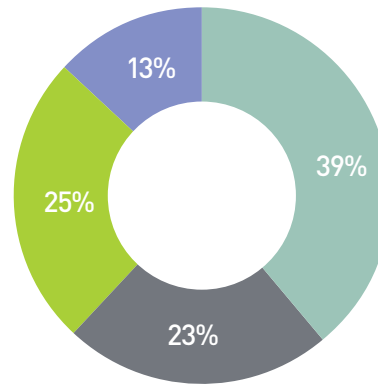
(source: Vigeo Eiris - 2019)

SPLIT BY BUSINESS SECTOR



- Renewable Energy
- School / University
- Sustainable Transportation
- Telecommunications
- Waste Management

SPLIT BY POSITIVE CONTRIBUTION



- Climate Change Mitigation
- Access To Education
- Natural Resources Preservation
- Access To Telecommunications

ILLUSTRATIONS OF PROJECTS

Development of a wind farm in Europe



+ Positive Impacts:

ENVIRONMENTAL – Climate: This Project is expected to generate about 44.6 GWh/year electricity from wind energy, **avoiding GHG emissions – around 36 500 tCO₂e/year** – that would otherwise have been emitted considering the French electricity generation mix.

Resources: This Project will generate power from wind energy and supply the national grid, reducing the need for natural resources.

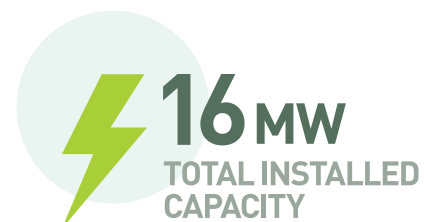
- Management of key Negative Impacts:

SOCIAL – Physical or Economic Resettlement: The Project is located on intensive agricultural lands, and no wind turbines generators will be installed less than 600m away from the nearest habitation. The owners of the lands where the wind turbines generators will be located will be compensated by an annual rent.

Quality of Health: The Project is designed in conformance with French regulations regarding noise and electromagnetic interferences and radiations impacts on the community. Only negligible impacts are anticipated.

DESCRIPTION OF THE PROJECT

Development, construction, and operation of the **10 MW Neuilly Saint Front wind farm** and the **6 MW Monnes wind farm**. Both are located in Aisne (02), approximately 90km northeast of Paris and 70km southwest of Reims.

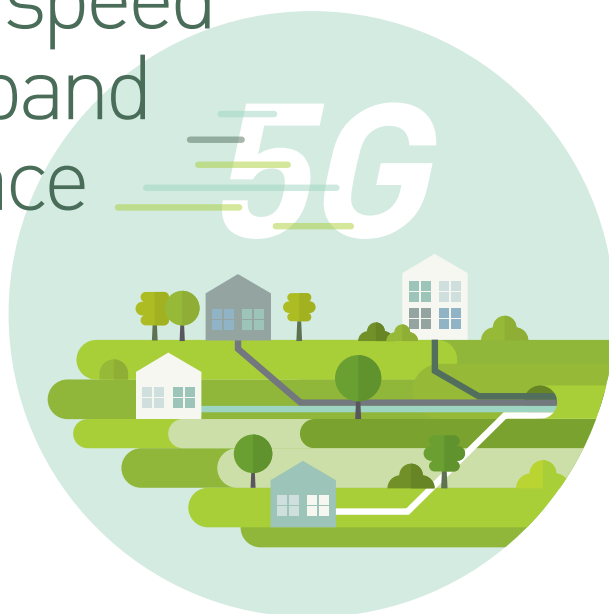


ENVIRONMENTAL – Biodiversity: The Project's area is not located within any designated or protected area. The Project's impact on birds is anticipated to be low, considering that the identified species in the area are anticipated to adapt to the Project. Wind turbines generators are located more than 150m away from any wooded area in order to minimize the risks or bats collision, and a post-completion monitoring will be put in place during migration period about this subject.

Landscape: The Project's location and the wind turbines generators' disposition are chosen according to a comprehensive landscape assessment, in order to minimize the visual impacts of the Project. Residual impacts are anticipated to be low.

The “Rosace Project”

A high speed broadband in Alsace



DESCRIPTION OF THE PROJECT

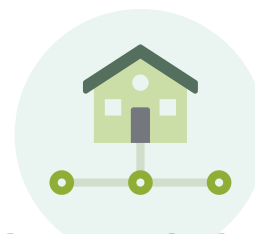
Financing of the construction, operation and maintenance of an **ultra-high speed digital network** in the less densely populated areas of Bas-Rhin and Haut-Rhin “Departements”, in former Alsace Region. The roll-out of the project will cover ca. 374 000 fiber-to-the-homes plugs in ca. 700 municipalities by 2022. The Rosace Project is part of the “Plan France Très Haut Débit”, a EUR 20bn investment plan launched by the French State in 2013 with the objective to equip 100 % of French households with an access to high-speed technology by 2022.

| | |
|---|---|
| Host country | France |
| Industrial Sector | Telecommunications |
| Date of signature | 05/04/2016 |
| Date of final maturity | April 2041 |
| Initial amount with Societe Generale at date of signature | EUR 87m |
| Societe Generale’s role | Sole Mandated Lead Arranger, Documentation Bank, Hedge Coordinator, Lender, Hedging Bank, Facility Agent and Account Bank |

+ Positive Impacts:

SOCIAL – Access to telecommunications: The project will significantly improve the coverage of high-speed broadband in the Alsace region, with **about 374 000 new connections in 700 municipalities** in less densely populated areas. It will therefore help to bridge the digital gap between the largest town and cities and the remaining rural and semi-urban localities, thus contributing to social cohesion within Alsace and across France.

Creation of Employment: The project will boost job creation in Alsace with the creation of 300 sustainable jobs and the mobilization of local SMEs. 15% of direct and indirect jobs created by the project will be reserved for an insertion plan for Alsace job-seekers.



374 000
FIBER-TO-THE-HOMES
PLUGS BY 2022

- Mitigation of Negative Impacts:

To minimize the impact during construction, existing infrastructure will be reused for laying the cables, whenever possible. Civil works (light engineering) will represent a minor part of the work and take place along existing infrastructures like roads, water, electricity, gas or telecom networks which should mitigate the impact. **All in all, the environmental impact of the Project is therefore considered minimal.**

Milan becomes greener with its Purple Line



DESCRIPTION OF THE PROJECT

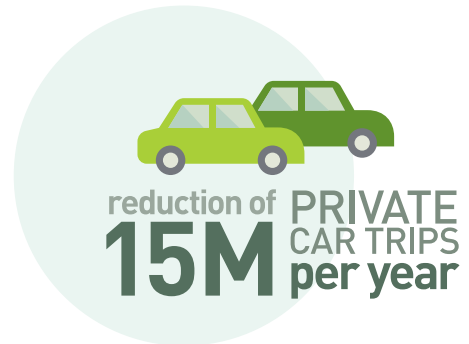
Development and extension of the **Milan Metro Line 5** connecting the stations of San Siro and Bignami in the Western and Northern part of Milan. This is the first fully automated line of the Milanese metro.

+ Positive Impacts:



SOCIAL – Transport communication:

The project to extend the railway network linking Bignami and San Siro covers a distance of 12.8km and has a total of 19 stations. The development has also allowed for the connection with other Metro lines and the railway network as a whole. Metro Line 5 is now able to carry **up to 24,000 passengers per hour**, thus optimizing transport.



ENVIRONMENTAL – Climate:

The project is expected to save more than 8,470 tons of oil per year as it will be a substitute to private transportation. A compensation plan was set up during the construction phase to develop additional green spaces.

- Management of key negative impacts:

ENVIRONMENTAL – Air:

Whenever possible, the trees located on the construction area are moved and planted in alternative sites before being replanted at their original area after completion of the construction. The creation of the M5 metro line delivers Milan with a new heritage of green public spaces. The compensation plan will increase the number of trees: more precisely: **3.6 shrubs (at least twelve years of age) will take root in the city for every tree removed during the construction phase**. This compensation is perfectly in line with the Kyoto Protocol and is set to triple the current levels of fine dust and carbon dioxide absorption.

The new metro line promises the concrete reduction of air and noise pollution: it is estimated that, at full capacity, the M5 line **will lead to the reduction of 15 million private cars trips per year** and therefore, a considerable decrease in pollutants.



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