

CORPORATE AND SOCIAL RESPONSABILITY

EQUATOR PRINCIPLES REPORT 2021



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RESPONSIBLE FINANCE

In the framework of its Corporate Social Responsibility policy, and as a signatory of the Principles for Responsible Banking, Societe Generale and its subsidiaries (the Group) intends to take into account the environmental and social (E&S) issues associated with all its activities, to better control their impact and promote good practices, with an objective of continuous improvement.

The Group published E&S General Principles which define the overall framework of its E&S risk management system for the responsible conduct of its banking and financial activities. Within this framework, transversal statements addressing issues common to all sectors have been developed, as well as sector policies where the Group looks more specifically into certain sectors identified as sensitive from an E&S standpoint and in which it plays an active role. This E&S framework encompasses the initiatives of the banking sector that Societe Generale has joined, including the Equator Principles (EP) which the bank has adopted since 2007, including the fourth iteration (EP4) which came into effect on October 1st, 2020.

The objective of this EP Implementation Report is to share information with our stakeholders regarding how Societe Generale has applied the EP in 2021. Annual public reporting is one of the commitments the bank has made when joining this initiative. Reports from previous years are available on Societe Generale's EP page.



EQUATOR PRINCIPLES

The Equator Principles is a risk management framework adopted by financial institutions, for determining, assessing and managing E&S risk in projects.

They have been adopted by 132 international financial institutions in 38 countries to date, covering the majority of international project finance debt within developed and emerging market⁽¹⁾.

SCOPE

The EP apply globally to all industry sectors and to five types of financial products described below when supporting a new project or the expansion or upgrade of an existing project⁽²⁾.



1. As of June 2022. Source: Equator Principles Association, <https://equator-principles.com/members-reporting/>

2. Source: Equator Principles Association, https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf

SOCIETE GENERALE E&S FRAMEWORK

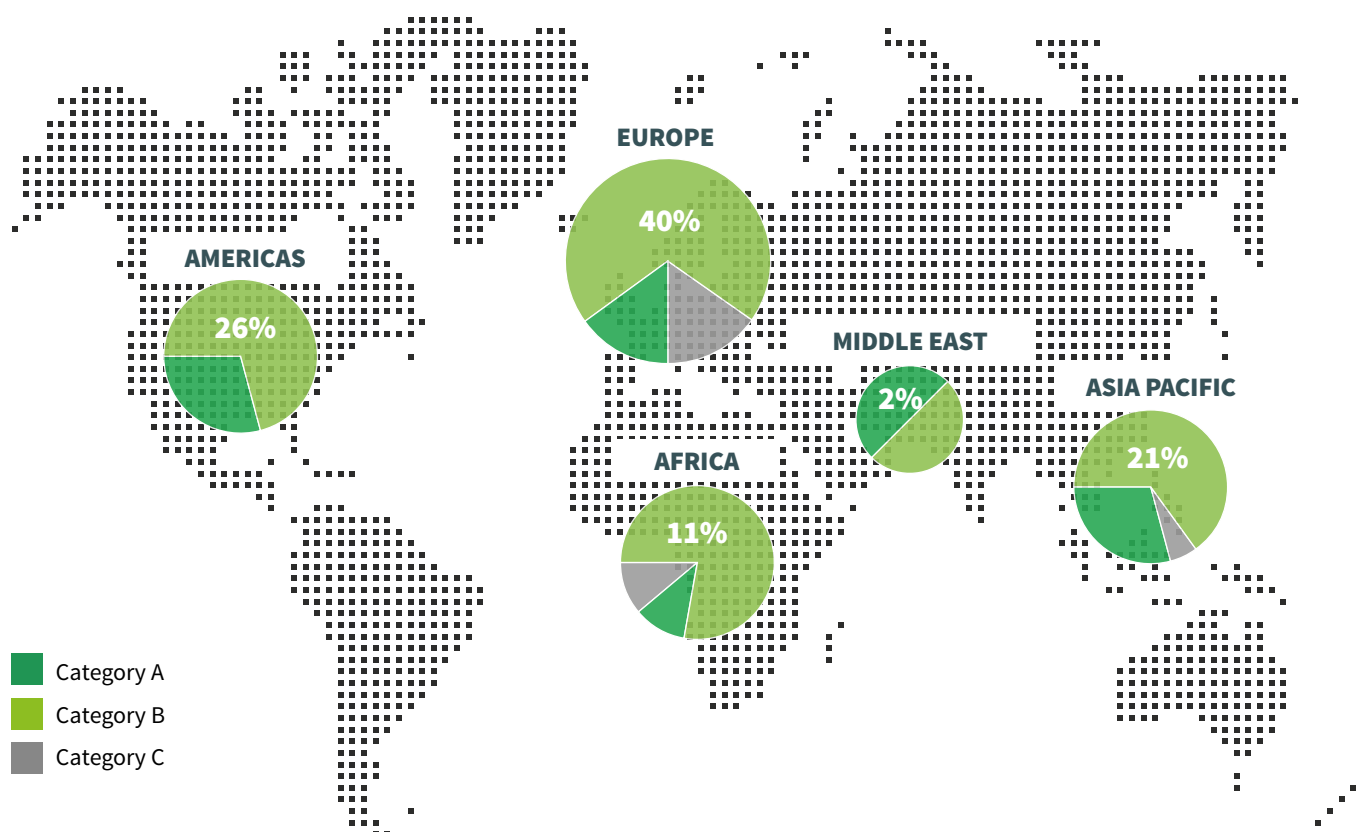
As an EP Financial Institution (EPFI), Societe Generale has committed to implement the EP in its internal E&S policies, procedures and standards. This strong commitment is supported by robust internal procedures, tools and competence.

In the framework of its [E&S General Principles](#), Societe Generale has developed a set of 9 E&S Sector Policies and 3 E&S Transversal Statements (on Biodiversity, Climate and Human rights). These E&S General Principles are public and refer to the commitment, requirements and standards of the Group regarding cross sectoral issues, Equator Principles and sensitive sectors.

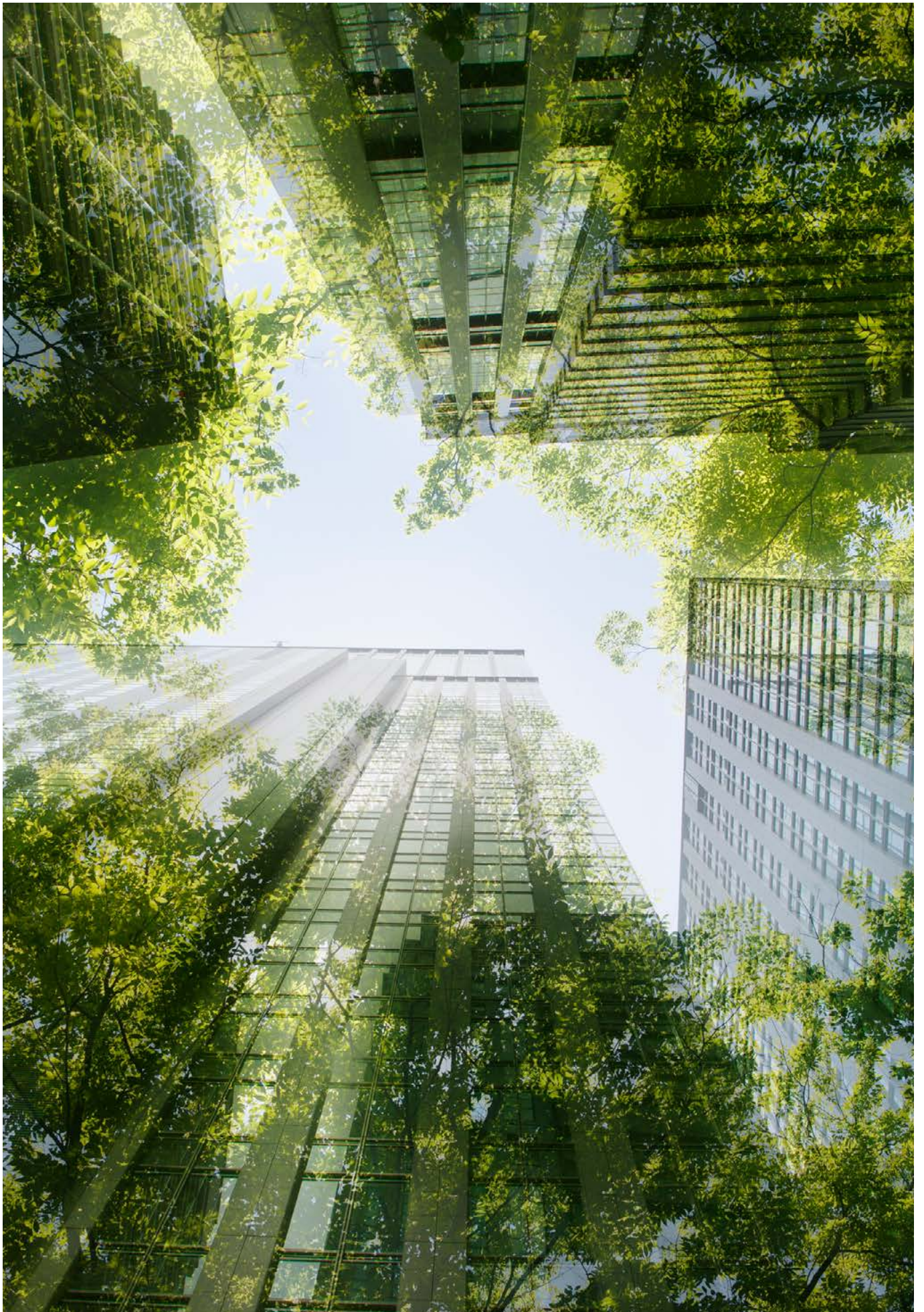
In order to enable implementation of these E&S commitments throughout the organization, the Group develops processes and operational procedures. These procedures explain how to handle E&S challenges associated with transactions or customers to whom the Bank provides banking and financial services.

Societe Generale procedures for E&S evaluation and the Group implementation of EP are subject to an annual external audit by the independent third-party body EY in accordance with the working draft of the Guidance Note on External Review of Equator Principles Implementation³.

EP TRANSACTIONS CLOSED BY REGION AND CATEGORY IN 2021 (NUMBER OF TRANSACTIONS)



3. EP internal Guidance Note.



EP TRANSACTIONS E&S REVIEW PROCESS

IMPLEMENTATION

Front officers hold primary responsibility for the implementation of the EP. They identify transactions which fall within the scope of the EP, categorize the projects, review the E&S documentation (due diligence report where applicable or other documentation received from the client) and draft an E&S form for all projects.

A detailed review by **an internal E&S expert** is required for all projects categorized A or B. More than 15 experts with hands-on experience on E&S Impact Assessment, field surveys, and due diligence, are integrated in E&S advisory teams in the different branches of SG, alongside the commercial teams. The internal E&S experts provide a second E&S review and engage in discussions over E&S impacts and mitigation and management measures with the client, the E&S independent expert or counterparts from other financial institutions where necessary. They may also visit the project site. As a result, it is compulsory that the internal E&S experts provide their opinion on the opportunity to pursue the deal (with potential E&S conditions) or not. This applies to lending and financial advisory operations.

EP transactions are run through internal procedures in place within the Group.

IDENTIFICATION

Project categorisation: the potential E&S risks and impacts attached to the project are identified to commensurate the E&S due diligence that will need to be conducted. It is important to stress that categorization is not a rating of the E&S performance of a project but reflects the magnitude of potential E&S risks and impacts prior to mitigation measures: category A projects are intrinsically more likely than other projects to have important E&S risks and impacts due to their size, their nature (including sector), or the vulnerability of the natural or social environment they are located in. The point of early categorization is to ensure that all relevant E&S issues will be carefully identified, assessed and, if unavoidable, minimized, mitigated and/or offset. The E&S advisory team reviews and validates all project categorizations.

EVALUATION

Evaluation, Remediation, Disclosure: under EP, the client is required to conduct an E&S assessment of the proposed project (category A and category B), propose measures demonstrating how adverse impacts and risks are mitigated and monitored, disclose information and consult with communities affected by the project, and establish a grievance mechanism, as appropriate. Clients are also explicitly expected to include assessments of climate transition and physical risks as well as potential adverse human rights impacts.

Independent review and monitoring: an independent E&S consultant, with duty of care to the future lenders, is involved to assess the project's alignment with EP requirements and/ or verify monitoring information for all category A and, as appropriate, category B projects.

E&S standards: in designated countries, the regulatory, permitting and public comment process requirements are considered as a robust set of E&S standards. In non-designated countries, compliance with the IFC Performance Standards on Environmental and Social Sustainability and the World Bank Group EHS Guidelines is required in addition to compliance with the local applicable E&S framework. Sustainability issues covered are broad and include labour standards, impacts on local communities (including resettlement), impacts on indigenous populations, impact on cultural heritage, pollutions and impact on natural resources and biodiversity.

The applicable standards (as described above) represent the minimum standards required by Societe Generale. In addition, for projects located in Designated Countries, as an EPFI, Societe Generale evaluates the specific risks of the project to determine whether one or more of the IFC Performance Standards could be used as guidance to address those risks, in addition to host country laws.

ACTION

Actions and Opinions: as an EPFI, Societe Generale categorizes the project, makes its own evaluation of how the steps taken by the client fulfill the EP requirements (assisted by independent E&S expertise where relevant), integrates EP covenants in the documentation and reports annually on the processes and projects. These requirements are reflected in the internal “Opinion memo” issued by the Societe Generale E&S advisory team. The Risk and Compliance Departments are in charge of the second line of defence with respect to E&S risk management. As such, they perform level 2 controls on non-alignment, reputation and credit risks of E&S origin and assess the quality of the first line of defence procedures on the E&S risks.

In case of disagreement between the front officer and the E&S advisory team, the file is escalated to the highest levels of responsibility within the Corporate and Investment Banking and the International Retail Banking divisions or, as the case may be, at Group level for arbitration.

Loan documentations and advisory mandate engagement letters reflect the decision making. EP standard clauses (conditions precedent and monitoring of drawdowns, covenants, representations & warranties) have been drafted jointly by the E&S advisory team and the Societe Generale Legal department.

Middle Officers are responsible for controlling that legal documentation is in line with the decisions and for the monitoring of EP clauses. Where relevant, they can be supported by the E&S advisory team. In case of material deviation to these EP clauses, Societe Generale may decide to withdraw its financing.

INTERNAL TRAINING

Societe Generale rolls out training on the E&S evaluation of transactions and EP implementation every year.

In 2021, the Group has increased protection of biodiversity by expanding the categories of protected areas in which projects covered by sector policies cannot be financed. To build capacity around this commitment, around 230 employees within the Corporate and Investment Banking and International Retail Banking divisions received training on the use of Integrated Biodiversity Assessment Tool in 2021, in addition to continued online learning allowed by the development of E-Learning tools. Those training sessions reached the main actors involved in the credit management process, such as Front officers but also the Risk, Compliance and Middle Office Departments, hence the teams potentially working on EP transactions and focused on new joiners and E&S experts.

Having worked with the EP Association to prepare the launch of the EP4, Societe Generale continued to adapt its own tools and procedures accordingly in 2021, training its E&S experts and sales teams on this new version of the EP to ensure its smooth rollout.

EP REPORTING

In 2015 and 2020, the EP Association introduced new reporting obligations in order to improve transparency on transactions financed by members of the association. As a consequence, each EPFI shall report, at least annually, on transactions that were subject to the Equator Principles and have reached Financial Close and on its Equator Principles implementation processes and experience. Under EP4, project name reporting is required for Project Finance transactions that have reached financial close and encouraged for Project-Related Corporate Loans that have reached financial close.



2021 EP DATA HIGHLIGHTS

In 2021, 82 transactions, namely 61 project finance transactions, 11 project-related corporate loans (PRCL), 2 bridge loans and 8 project finance advisory mandates falling within EP scope reached financial close.

Societe Generale's 2021 EP Reporting Table (see p. 10) shows the detailed distribution of the financial products and services closed in 2021 which fall under EP scope. The breakdown follows the guidelines developed by the EP Association.

In 2021, 22% of the transactions closed were category A, 69% category B and 9% category C. For each transaction, the E&S Due Diligence process conducted by Societe Generale was commensurate with the nature, scale and stage of the Project, and with the level of environmental and social risks and impacts. The internal E&S Due Diligence was supported by an Independent E&S Review for all Project Finance and PRCL loans categorized A, and the majority of category B.

For the 74 financing transactions (excl. Project Finance Advisory Services) closed in 2021, Societe Generale's allocation represents a total of EUR 3.7 billion, of which EUR 1.6 billion were allocated to renewable power projects, i.e. 84% of total Bank EP commitments in the Power sector this year.

The bank's strong advisory, technical and financing capabilities have made it possible to support the Group's clients in the energy transition in all areas including the integration of renewables with hydrogen, storage and other emerging technologies. Among these, Societe Generale has been active in the development of floating renewable energy projects, which attests to the bank's long-standing appetite for innovation in energy infrastructure projects.

In June 2021, Societe Generale acted as Financial Advisor and Mandated Lead Arranger in the EUR 300 million financing of Provence Grand Large (PGL), a joint venture between EDF Renouvelables, Enbridge Eolien France and CPP Investments.

The number of Renewable Power Projects account for over **50%** of EP financings closed in 2021

This transaction is the first ever limited-recourse project financing for a floating wind project. PGL is a pilot floating offshore wind project with a capacity of 25 MW located in the Mediterranean Sea, enabling access to wind energy from areas of deeper water not suitable for fixed foundations⁽⁴⁾.

In September 2021, Societe Generale, in its role as Mandated Lead Arranger, Documentation Bank and Hedging Bank, worked with PMSE, a joint venture between Masdar and PLN to close a green loan financing the largest floating photovoltaic power project in Southeast Asia.

The 145 MW Cirata Power Plant, located on the Cirata reservoir, is Indonesia's first floating solar project and, once operational in the fourth quarter of 2022, will generate enough clean energy to supply 50,000 homes and offset 214,000 tons of carbon emission⁽⁵⁾.

Since both projects fell under EP scope, an independent E&S consultant was hired on behalf of the lenders, and conducted a detailed assessment. Our E&S Advisory teams followed the adequate management of the Projects' impacts on biodiversity and stakeholders (e.g. fishing activities, landowners, etc.)

4. More information available here: <https://www.societegenerale.com/en/news/press-release/financial-advisor-and-mla-provence-grand-large>

5. More information available here: <https://wholesale.banking.societegenerale.com/en/insights/clients-successes/clients-successes-details/news/ripple-effect-floating-solar-project-sets-template-for-southeast-asia/>



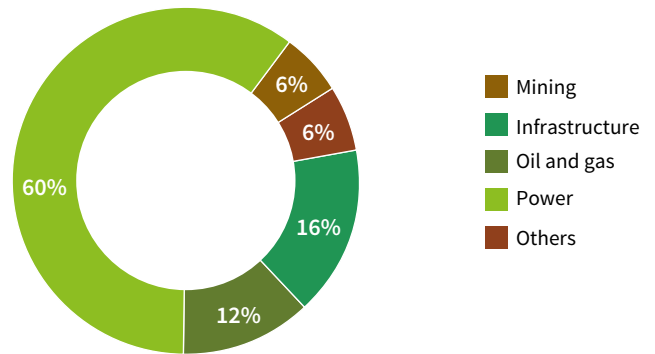
EQUATOR PRINCIPLES CATEGORIES

Category A – Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented;

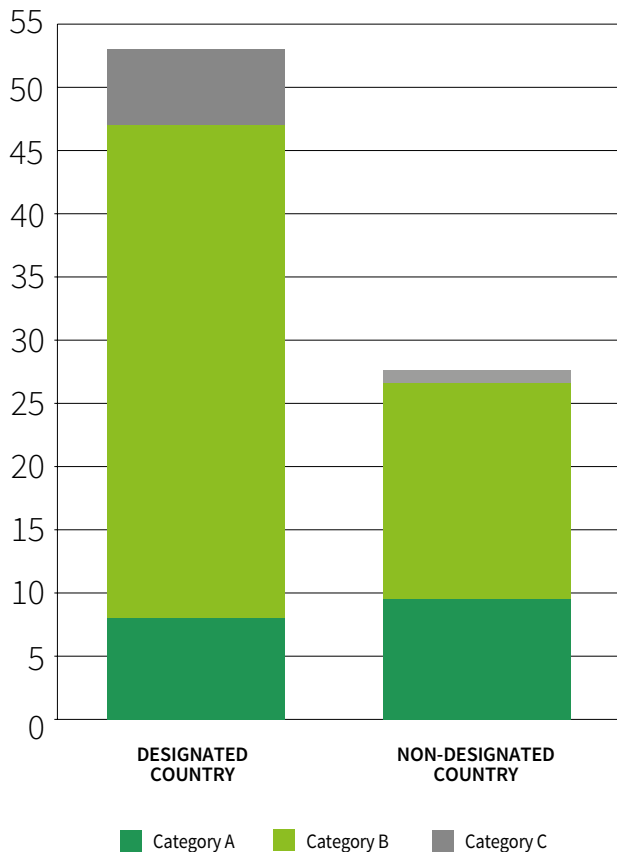
Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures;

Category C – Projects with minimal or no adverse environmental and social risks and/or impacts.

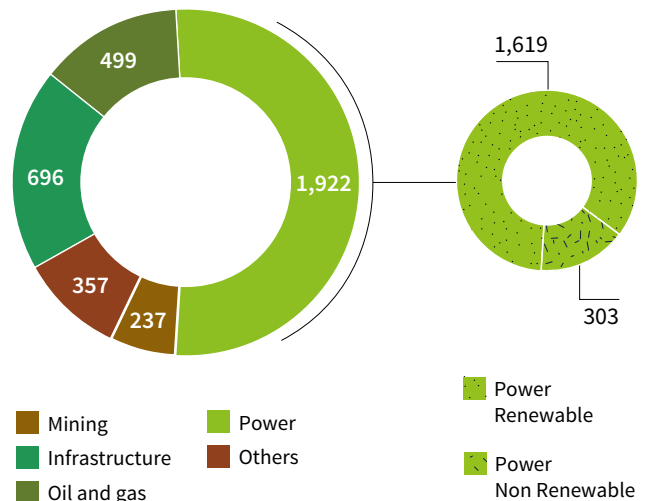
EP TRANSACTIONS CLOSED BY SECTOR IN 2021 (NUMBER OF TRANSACTIONS)



EP TRANSACTIONS CLOSED BY COUNTRY DESIGNATION AND CATEGORY IN 2021 (NUMBER OF TRANSACTIONS)



EP TRANSACTIONS CLOSED BY SECTOR IN 2021 (AMOUNTS OF SOCIETE GENERALE COMMITMENTS IN MILLIONS USD)



2021 EP REPORTING TABLE

	PROJECT FINANCE			PROJECT-RELATED CORPORATE LOANS			PROJECT FINANCE ADVISORY SERVICES	BRIDGE LOANS
	BREAKDOWN BY CATEGORY			BREAKDOWN BY CATEGORY			BREAKDOWN BY SECTOR AND REGION	BREAKDOWN BY SECTOR AND REGION
Sector	Category A	Category B	Category C	Category A	Category B	Category C		
Mining	3	1	0	0	1	0	0	0
Infrastructure	0	2	5	1	4	1	0	0
Oil & Gas	2	4	0	0	1	0	3	0
Power	5	36	1	0	0	0	5	2
Others	1	1	0	0	3	0	0	0
<i>Sub Total</i>	<i>11</i>	<i>44</i>	<i>6</i>	<i>1</i>	<i>9</i>	<i>1</i>	<i>8</i>	<i>2</i>
Region	Category A	Category B	Category C	Category A	Category B	Category C		
Americas	4	11	0	0	0	0	2	2
Europe, Middle East & Africa	2	22	5	1	7	1	6	0
Asia Pacific	5	11	1	0	2	0	0	0
<i>Sub Total</i>	<i>11</i>	<i>44</i>	<i>6</i>	<i>1</i>	<i>9</i>	<i>1</i>	<i>8</i>	<i>2</i>
Country Designation	Category A	Category B	Category C	Category A	Category B	Category C		
Designated Country	3	34	6	0	2	0		
Non-Designated Country	8	10	0	1	7	1		
<i>Sub Total</i>	<i>11</i>	<i>44</i>	<i>6</i>	<i>1</i>	<i>9</i>	<i>1</i>		
Independent Review*	Category A	Category B	Category C	Category A	Category B	Category C		
Yes	11	32	2	1	6	1		
No	0	12	4	0	3	0		
<i>Sub Total</i>	<i>11</i>	<i>44</i>	<i>6</i>	<i>1</i>	<i>9</i>	<i>1</i>		

* An Independent Review may not be required for all Projects e.g. an Independent Review is not required for Category C Projects. Please refer to the Equator Principles for details on what is required for each Category and product type.

PROJECT NAME REPORTING

This information is required under EP4 and disclosed on the EP Association website.

Project name reporting is required for Project Finance (PF) and Project-Related Refinance and Project-Related Acquisition Finance transactions that have reached financial close, and encouraged for Project-Related Corporate Loans (PRCL) and Project-Related refinance and Project-related Acquisition Finance for PRCL transactions that have reached financial close. Such reporting is subject to obtaining client consent, to applicable local laws and regulations, and to no additional liability for the Bank as a result of reporting in certain identified jurisdictions.

Below is the list of the EP transactions signed by Societe Generale, which reached financial close in 2021 and received client consent for disclosure.

	TRANSACTION TYPE	PROJECT NAME	SECTOR	HOST COUNTRY NAME	CALENDAR YEAR OF FINANCIAL CLOSE
1	Project Finance	Adani Green Renewable Energy Portfolio Rajasthan	Power	INDIA	2021
2	Project Finance	Adani Transmission Assets Gujarat-Maharashtra	Power	INDIA	2021
3	Project Finance	Araguaia Nickel Project	Mining	BRAZIL	2021
4	Project Finance	Arcadis Ost I Offshore Wind Farm	Power	GERMANY	2021
5	Project Finance	Arroyo Solar and Storage Project	Power	USA	2021
6	Project Finance	Azuma Kofuji Solar Power Project	Power	JAPAN	2021
7	Project Finance	Azure 300 MW Solar PV Project	Power	INDIA	2021
8	Project Finance	Brazoria West Solar Project	Power	USA	2021
9	Project Finance	Cerisou Wind Farm	Power	FRANCE	2021
10	Project Finance	Cirata Floating Photovoltaic Power Plant	Power	INDONESIA	2021
11	Project Finance	Conway and Ventress Solar Projects	Power	USA	2021
12	Project Finance	Corowa, Junee, and Wagga Solar Farms	Power	AUSTRALIA	2021
13	Project Finance	Courseulles-sur-Mer Offshore Wind Farm	Power	FRANCE	2021
14	Project Finance	Courseulles-sur-Mer Offshore Wind Farm	Power	FRANCE	2021
15	Project Finance	Dogger Bank Wind Farm Phase C	Power	UK	2021
16	Project Finance	Drew Solar Project	Power	USA	2021
17	Project Finance	East Rockingham Resource Recovery Facility	Power	AUSTRALIA	2021
18	Project Finance	Fieldwood Ichalkil-Pokoch	Oil & Gas	MEXICO	2021
19	Project Finance	Gatun CCGT Plant	Power	PANAMA	2021
20	Project Finance	Greenlink Interconnector Project	Power	UK	2021
21	Project Finance	Highland Solar	Power	USA	2021
22	Project Finance	Hilltown, Hortland and Millvale solar plants	Power	IRELAND	2021
23	Project Finance	Kambalda Nickel Operations	Mining	AUSTRALIA	2021
24	Project Finance	Karowe Mine	Mining	BOTSWANA	2021
25	Project Finance	La Pimienta Photovoltaic Project	Power	MEXICO	2021

	TRANSACTION TYPE	PROJECT NAME	SECTOR	HOST COUNTRY NAME	CALENDAR YEAR OF FINANCIAL CLOSE
26	Project Finance	Lien Lap Wind Farm	Power	VIETNAM	2021
27	Project Finance	Longueil and Saint-Denis-d'Aclon Wind Farms	Power	FRANCE	2021
28	Project Finance	Mantoverde Development Project	Mining	CHILE	2021
29	Project Finance	Mercury Offshore Wind Farm	Power	TAIWAN	2021
30	Project Finance	One Cotroceni Park Office Faza 2	Infrastructure	ROMANIA	2021
31	Project Finance	One Cotroceni Park Office SA	Infrastructure	ROMANIA	2021
32	Project Finance	Parc Eolien de l'Abbaye de Cosle	Power	FRANCE	2021
33	Project Finance	Parc Eolien de Rivesaltes	Power	FRANCE	2021
34	Project Finance	Parc Eolien du Haut Jaonnais	Power	FRANCE	2021
35	Project Finance	Petrobal Ichalkil-Pokoch	Oil & Gas	MEXICO	2021
36	Project Finance	Phong Huy Wind Farm	Power	VIETNAM	2021
37	Project Finance	Phong Nguyen Wind Farm	Power	VIETNAM	2021
38	Project Finance	Pluto LNG Train 2	Oil & Gas	AUSTRALIA	2021
39	Project Finance	Project Lochard	Oil & Gas	AUSTRALIA	2021
40	Project Finance	Project Wood	Power	ITALY	2021
41	Project Finance	Provence Grand Large	Power	FRANCE	2021
42	Project Finance	Puskakorpi Wind farm	Power	FINLAND	2021
43	Project Finance	ReNew SECI VI 300MW Project	Power	INDIA	2021
44	Project Finance	Saint Secondin Wind Farm	Power	FRANCE	2021
45	Project Finance	Samson Solar Energy Center Phase 3	Power	USA	2021
46	Project Finance	Shenandoah Project	Oil & Gas	USA	2021
47	Project Finance	Sodegaura Solar Photovoltaic Farm	Power	JAPAN	2021
48	Project Finance	Syrdarya CCGT Power Plant	Power	UZBEKISTAN	2021
49	Project Finance	Warsan Waste-to-Energy	Others	DUBAI (UAE)	2021
50	Project Related Corporate Loan	Aciers plats	Others	ALGERIA	2021
51	Project Related Corporate Loan	Ankara-Izmir High Speed Railway Project	Infrastructure	TURKEY	2021
52	Project Related Corporate Loan	Basrah Natural Gas Liquids Expansion Project	Others	IRAQ	2021
53	Project Related Corporate Loan	Casa de Pedra Mine Expansion	Mining	BRAZIL	2021
54	Project Related Corporate Loan	Eastern Corridor Road	Infrastructure	CÔTE D'IVOIRE	2021
55	Project Related Corporate Loan	PUDC (routes, électrification, adduction d'eau potable...)	Infrastructure	SENEGAL	2021
56	Project Related Corporate Loan	Renforcement en eau potable de la ville de Bouake & ses environs	Others	CÔTE D'IVOIRE	2021
57	Project Related Corporate Loan	Routes & Voiries de Diamniadio	Infrastructure	SENEGAL	2021
58	Project Related Corporate Loan	Stade Olympique de Diamniadio	Infrastructure	SENEGAL	2021

For more information on Equator Principles implementation, please contact Contact.Devptdurable@socgen.com
For full description of Societe Generale CSR framework and activities in 2021, check Chapter 5 of our 2022 [Universal Registration Document](#).

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