

CORPORATE AND SOCIAL RESPONSABILITY

EQUATOR PRINCIPLES REPORT 2022



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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 139 international financial institutions in 39 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 2023. 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

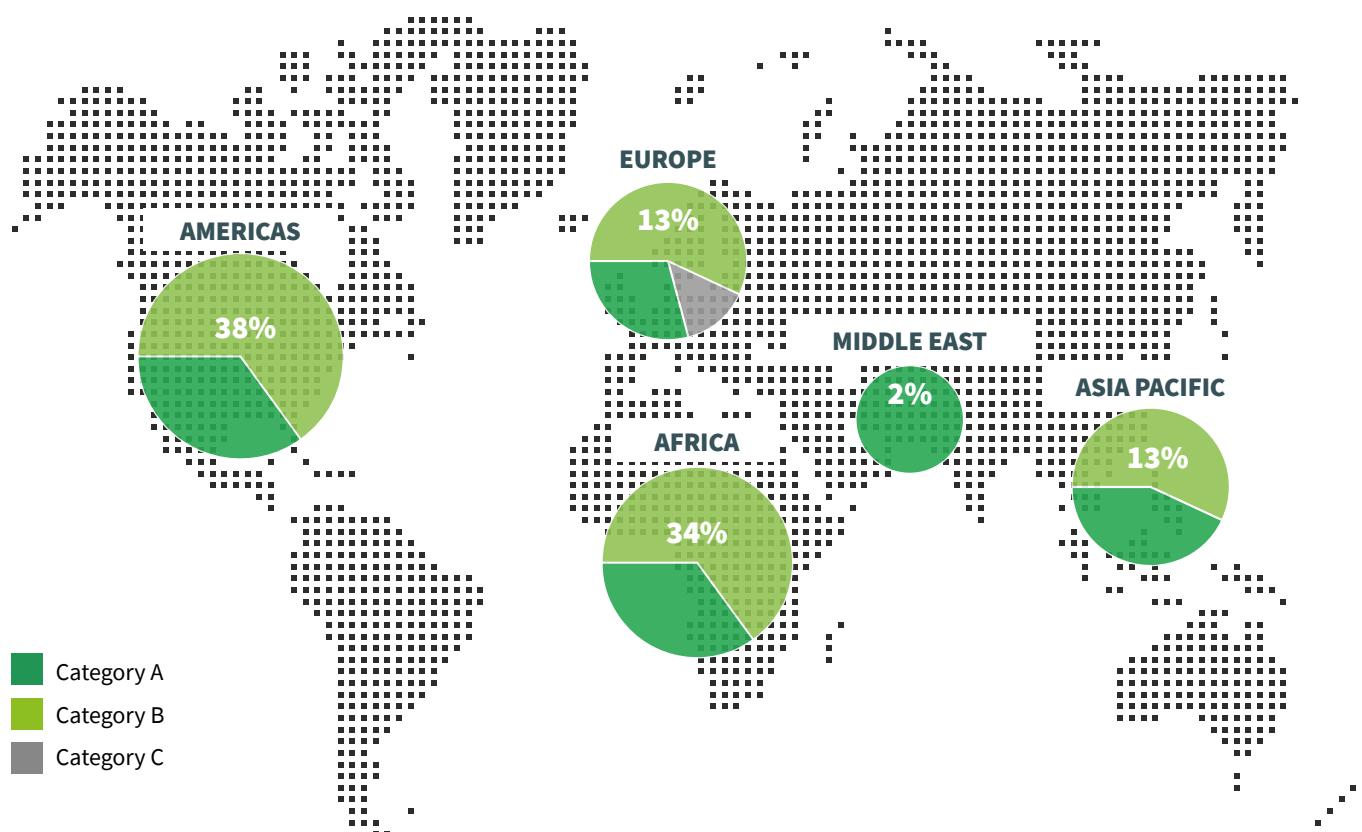
As an EP Financial Institution (EPFI), Societe Generale has committed to implement the EP in its internal E&S policies, procedures and standards. This strong commitment is supported by robust internal procedures, tools and competence.

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 Implementation⁽³⁾.

EP TRANSACTIONS CLOSED BY REGION AND CATEGORY IN 2022⁽⁴⁾ (NUMBER OF TRANSACTIONS)



3. EP internal Guidance Note.

4. EP Project Finance and Project-Related Corporate Loans closed in 2022 and Advisory mandates signed in 2022

CONTRIBUTION TO THE EQUATOR PRINCIPLES DEVELOPMENTS

Since the adoption in 2007, Societe Generale is involved in the work performed by the Equator Principles Association, for instance through its participation to the EP Association Annual Meetings every year and the EP workshops held for the occasion.

In 2022, Societe Generale attended the EP Association's mid-year workshops in Copenhagen and the Annual General Meeting in Seoul. The Bank also contributed to discussions regarding changes to the Association's governance rules and the production of guidance notes.



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 in the scope of the EP.

A detailed review by **an internal E&S referent** is required for all projects categorized A or B. More than 15 referents 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 Societe Generale, alongside the commercial teams. The internal E&S referents 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 referent 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 referents 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 in some cases.

Independent review and monitoring: an independent E&S consultant, with duty of care to the 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 E&S form 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. According to the escalation procedures in place, they could 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, or between the first and the second lines of defense, 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 2022, the Corporate and Investment Banking (CIB) division modified the E&S assessment form in its IT systems to optimize the streamlining of the E&S assessment process for transactions and how information is shared with the Risk Division. The Group also adopted an enhanced version of the Integrated Biodiversity Assessment Tool (IBAT) for the early identification of biodiversity risks associated with the large-scale projects being considered for funding or Financial Advisory, including EP transactions. This aims to contribute to the roll out of the updated sector policies where the Group committed not to finance dedicated projects located in IUCN I-IV sites, RAMSAR wetlands, UNESCO World Heritage sites or Alliance for Zero Extinction sites, for the following sensitive sectors: oil and gas exploration and production, mining extraction, upstream industrial agriculture, reservoir dams, thermal power plants, shipyards; projects dedicated to oil exploration and production in the Arctic; and projects dedicated to the exploration, production or trading of oil from the Equatorial Amazon as from 2022.

In total, over 500 employees across the various regions and CIB and International Retail Banking business lines were trained in the updated assessment processes and IBAT tool in 2022. A recording of the training sessions remains available to teams.

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.



2022 EP DATA HIGHLIGHTS

In 2022, 53 transactions falling within EP scope were signed or closed with Societe Generale. In detail, 42 project finance and 6 project-related corporate loans (PRCL) reached financial close, and 5 project finance advisory mandates were signed.

Societe Generale's 2022 EP Reporting Table (see below) shows the detailed distribution of the EP financial products and services closed or signed in 2022. The breakdown follows the guidelines developed by the EP Association.

In 2022, 42% of those transactions closed were category A, 57% category B and 2% 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 48 financing transactions (project finance and PRCL) closed in 2022, Societe Generale's allocation represents a total of EUR 4.3 billion, of which EUR 866 million were allocated to renewable power projects, i.e. 54% of total Bank EP commitments in the Power sector this year.

The bank's advisory, technical and financing capabilities have made it possible to support the Group's clients in the energy transition in diverse areas including round-the-clock renewable electricity supply projects combining renewable energy with battery storage systems as well as other tried-and-tested projects. Among these, Societe Generale has been active in projects that foster the use of renewable energy.

In 2022, Renewable Power Projects commitments account for **2/3** of the number of EP financings closed in the power sector

In November 2022, Societe Generale acted as Sole Financial Advisor and Coordinating Lead Arranger for the circa USD 6.0 billion financing of the Champlain Hudson Power Express Project (CHPE), a more than 325 mile high-voltage direct current transmission line that will transport 1,250 MW of clean, renewable hydropower directly from the US-Canada border to New York City. This transformative infrastructure project will modernize New York City's energy grid, directly supporting New York State in achieving its climate change goals. As a buried transmission line, CHPE avoids the visual impacts of overhead transmission along New York's scenic landscapes and minimizes environmental and social impacts. Both the advisory mandate and the financing of CHPE fall under the scope of Equator Principles. In its role as Financial Advisor, Societe Generale advised the client in the definition of a robust scope of work and choice of a recognized consultant to conduct the E&S due diligence on behalf of the Lenders. In its lending role, Societe Generale paid particular attention to the management of impacts on biodiversity and on indigenous populations. Notwithstanding the location of the project in a designated country, international E&S standards were considered where relevant. Where gaps with the applicable requirements were identified, they were captured in an E&S action plan covenanted into the loan documentation⁽⁵⁾.

5. More information available here:

<https://wholesale.banking.societegenerale.com/en/news-insights/all-news-insights/news-details/news/powering-nyc-into-the-22nd-century/>



In July 2022, Societe Generale acted as the sole international commercial lender, alongside the European Bank for Reconstruction and Development as well as a select number of Moroccan banks, to support the project financing for the repowering of the Koudia Al Baida 100MW onshore windfarm located in the Tlat Taghramt region, near the Gibraltar straight, Morocco (the "Project"). The Project⁽⁶⁾ involves the dismantling of the existing 50MW windfarm, the development of a 100MW wind power project and the construction of two high voltage power lines over a length of 10 km. The project has been categorized A because of its location in a major birds' migration flyway area (the Strait of Gibraltar). An independent E&S consultant was hired on behalf of the EP lenders and conducted a detailed assessment of the Project's alignment with the Equator Principles and IFC Performance Standards. EBRD, Societe Generale and E&S consultants worked together to develop an E&S Action Plan reflecting EBRD and Equator Principles requirements and covenanted into the loan documentation⁽⁷⁾.

In June 2022, Societe Generale acted as Financial advisor, joint ECA Coordinator and Arranger to provide, together with UKEF, support for the financing of the JDR Subsea Cable Manufacturing Project.

The Project comprises the construction of a new advanced manufacturing and technology facility to provide competition and security of cable supply capacity for vital UK energy infrastructure projects, including manufacturing of high voltage subsea cables for offshore wind farms to support the renewable energy market both in the UK and worldwide. The Project will be located north of Port of Blyth (England) and adjacent to the Blyth Estuary Renewable Energy Zone. The financing falls under the scope of Equator Principles. Provided that the project has been considered as a low risk category B, its location in the UK (a country where the environmental governance is deemed robust), no independent E&S consultant was hired on behalf of the lenders who conducted internal E&S due diligence. A detailed review of the E&S assessment package was performed. Beyond ensuring the Project's alignment with the local E&S regulation, SG paid attention to its alignment with other Equator Principles' specific requirements such as the Climate Change Risk Assessment and Human Rights Risk Assessment⁽⁸⁾.

Since all three 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. migratory corridors, land owners, etc.).

6. Also known as "Repowering du Parc Eolien Nassim Koudia Al Baida".

7. More information available here: <https://wholesale.banking.societegenerale.com/en/news-insights/clients-successes/clients-successes-details/news/repowering-treatment-for-the-oldest-wind-farm-africa/> and <https://www.ebrd.com/work-with-us/projects/psd/50957.html>

8. More information available here: <https://wholesale.banking.societegenerale.com/en/news-insights/clients-successes/clients-successes-details/news/energising-the-ukes-offshore-windfarm-capabilities/> and <https://www.gov.uk/government/publications/category-b-project-support-jdr-cables-edg-uk/category-b-project-supported-jdr-cables-edg-uk>



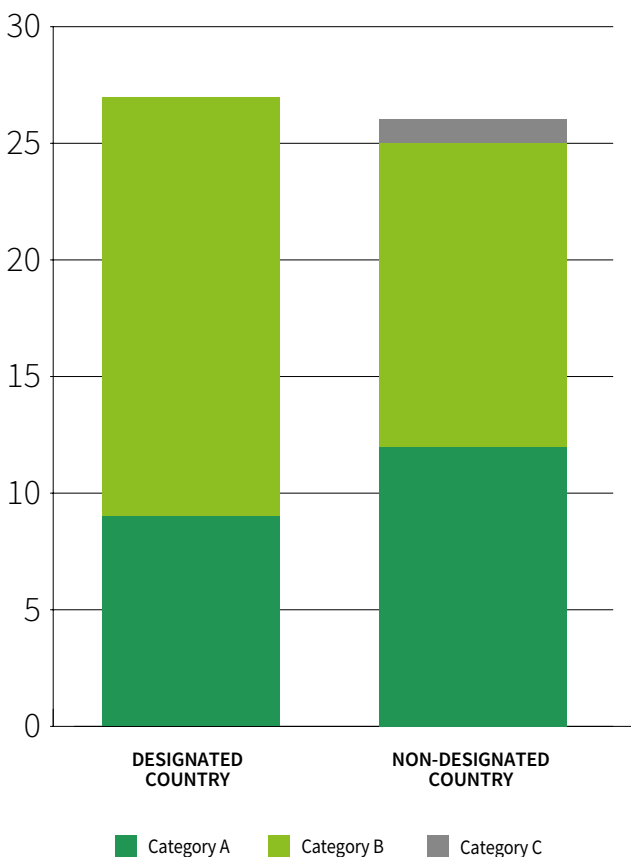
EQUATOR PRINCIPLES CATEGORIES

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

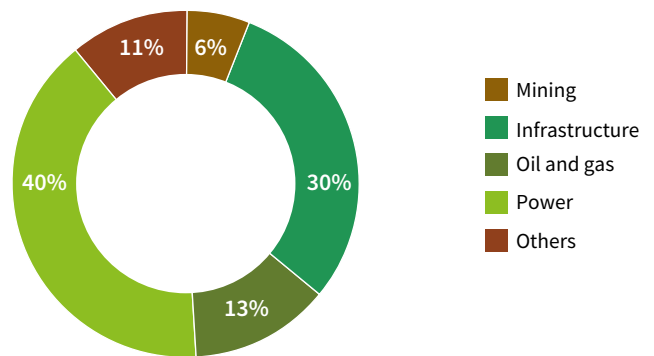
Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures;

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

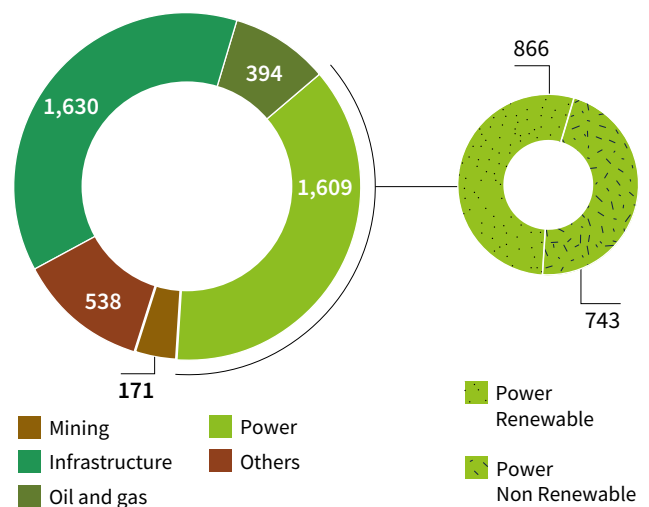
EP TRANSACTIONS CLOSED OR SIGNED BY COUNTRY DESIGNATION AND CATEGORY IN 2022 (NUMBER OF PROJECT FINANCE, PRCL AND PROJECT FINANCE ADVISORY TRANSACTIONS)



EP TRANSACTIONS CLOSED OR SIGNED BY SECTOR IN 2022 (NUMBER OF PROJECT FINANCE, PRCL AND PROJECT FINANCE ADVISORY TRANSACTIONS)



EP FINANCINGS CLOSED BY SECTOR IN 2022 (AMOUNT OF SOCIETE GENERALE COMMITMENTS IN MILLION EUR)



2022 EP REPORTING TABLE

	PROJECT FINANCE			PROJECT-RELATED CORPORATE LOANS			PROJECT FINANCE ADVISORY SERVICES
	BREAKDOWN BY CATEGORY			BREAKDOWN BY CATEGORY			BREAKDOWN BY SECTOR AND REGION
Sector	Category A	Category B	Category C	Category A	Category B	Category C	
Mining	2	0	0	0	0	0	1
Infrastructure	0	14	1	0	1	0	0
Oil & Gas	1	2	0	2	0	0	2
Power	8	12	0	0	0	0	1
Others	2	0	0	2	1	0	1
<i>Sub Total</i>	<i>13</i>	<i>28</i>	<i>1</i>	<i>4</i>	<i>2</i>	<i>0</i>	<i>5</i>
Region	Category A	Category B	Category C	Category A	Category B	Category C	
Americas	6	13	0	0	0	0	1
Europe, Middle East & Africa	4	12	1	4	1	0	4
Asia Pacific	3	3	0	0	1	0	0
<i>Sub Total</i>	<i>13</i>	<i>28</i>	<i>1</i>	<i>4</i>	<i>2</i>	<i>0</i>	<i>5</i>
Country Designation	Category A	Category B	Category C	Category A	Category B	Category C	
Designated Country	7	16	0	1	1	0	
Non-Designated Country	6	12	1	3	1	0	
<i>Sub Total</i>	<i>13</i>	<i>28</i>	<i>1</i>	<i>4</i>	<i>2</i>	<i>0</i>	
Independent Review*	Category A	Category B	Category C	Category A	Category B	Category C	
Yes	13	25	0	3	1	0	
No	0	3	1	0	2	0	
<i>Sub Total</i>	<i>13</i>	<i>28</i>	<i>1</i>	<i>3</i>	<i>3</i>	<i>0</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 2022 and received client consent for disclosure.

	TRANSACTION TYPE	PROJECT NAME	SECTOR	HOST COUNTRY NAME	CALENDAR YEAR OF FINANCIAL CLOSE
1	Project Finance	Adani Green Energy Limited - 450MW Hybrid Project	Power	INDIA	2022
2	Project Finance	Bartonsville Solar Project	Power	USA	2022
3	Project Finance	Champlain Hudson Power Express Project	Power	USA	2022
4	Project Finance	Cheniére Corpus Christi Liquefied Natural Gas Project	Oil & Gas	USA	2022
5	Project Finance	Daggett 2	Power	USA	2022
6	Project Finance	Construction du nouveau siège social du Conseil du Café-Cacao	Infrastructure	COTE D'IVOIRE	2022
7	Project Finance	Travaux d'extrême urgence de renforcement de la production et de la distribution d'eau potable de San Pedro à l'horizon 2023	Infrastructure	COTE D'IVOIRE	2022
8	Project Finance	Travaux d'aménagement et de bitumage de la route Bouafle-Sinfra	Infrastructure	COTE D'IVOIRE	2022
9	Project Finance	Travaux de réhabilitation et de renforcement de la côtière (tronçon Fresco-Sassandra-San Pedro-Grand Bereby)	Infrastructure	COTE D'IVOIRE	2022
10	Project Finance	Construction route de Didievi Kouakoukoffikro-Carrefour Ngouanlante	Infrastructure	COTE D'IVOIRE	2022
11	Project Finance	Projet de modernisation infrastructurelle du Port Autonome de Cotonou (PAC)	Infrastructure	BENIN	2022
12	Project Finance	Expansion of 20 MW Ambatolampy photovoltaic solar power plant	Power	MADAGASCAR	2022
13	Project Finance	Financing of an integrated cement plant with a cement production capacity of 485 kT/year	Others	CAMEROON	2022
14	Project Finance	Financing the construction and operation of 14 automated toll booths in Cameroon	Infrastructure	CAMEROON	2022
15	Project Finance	Gemini Solar project	Power	USA	2022
16	Project Finance	Construction of a new 105 km pipeline in Kumasi Region & Construction of the Prestea gas conditioning plant	Oil & Gas	GHANA	2022

	TRANSACTION TYPE	PROJECT NAME	SECTOR	HOST COUNTRY NAME	CALENDAR YEAR OF FINANCIAL CLOSE
17	Project Finance	Golden Triangle Polymers Project	Others	USA	2022
18	Project Finance	Goose Mine Project	Mining	CANADA	2022
19	Project Finance	Goyder South Stage 1	Power	AUSTRALIA	2022
20	Project Finance	Hin Kong Power - 1400MW Gas IPP	Power	THAILAND	2022
21	Project Finance	Hollandse Kust Zuid 1-4	Power	NETHERLANDS	2022
22	Project Finance	Ishikari Offshore Wind farm	Power	JAPAN	2022
23	Project Finance	JFK New Terminal One	Infrastructure	USA	2022
24	Project Finance	Lima Airport Expansion	Infrastructure	PERU	2022
25	Project Finance	Magnolia Power	Power	USA	2022
26	Project Finance	Motheo Project	Mining	BOTSWANA	2022
27	Project Finance	NeuConnect Project	Power	GERMANY	2022
28	Project Finance	Paltim project, Cedar Invest SRL (Speedwell)	Infrastructure	ROMANIA	2022
29	Project Finance	Project Megawatt	Infrastructure	USA	2022
30	Project Finance	Project Moray	Infrastructure	NETHERLANDS	2022
31	Project Finance	Project Panther	Oil & Gas	NIGERIA	2022
32	Project Finance	Projet de ferme solaire Manasolar	Power	POLYNESIE FRANÇAISE	2022
33	Project Finance	Renew RTC Project	Power	INDIA	2022
34	Project Finance	Repowering du Parc Eolien Nassim Koudia Al Baida	Power	MOROCCO	2022
35	Project Finance	Rumichaca-Pasto Project	Infrastructure	COLOMBIA	2022
36	Project Finance	Ten West Link	Power	USA	2022
37	Project Finance	Texas Solar Nova 1 Project	Power	USA	2022
38	Project Finance	Texas Solar Nova 2 Project	Power	USA	2022
39	Project Finance	Trumbull Energy Center	Power	USA	2022
40	Project Finance	Vantage CA23 Data Center	Infrastructure	USA	2022
41	Project Finance	Vantage VA13	Infrastructure	USA	2022
42	Project Finance	Victory Pass and Arica Solar	Power	USA	2022
43	Project Related Corporate Loan	Assiut hydrocracking project	Oil & Gas	EGYPT	2022
44	Project Related Corporate Loan	Bekasi Data Center	Infrastructure	INDONESIA	2022
45	Project Related Corporate Loan	BW Offshore / Project Bamboo 2022	Oil & Gas	GABON	2022
46	Project Related Corporate Loan	CBI Ghana Cement & Clay Calcination Project	Others	GHANA	2022
47	Project Related Corporate Loan	JDR Subsea Cable Manufacturing Project	Others	UNITED KINGDOM	2022
48	Project Related Corporate Loan	SK On Hungary EV Battery Project	Others	HUNGARY	2022

For more information on Equator Principles implementation, please contact Contact.Devptdurable@socgen.com

For full description of Societe Generale CSR framework and activities in 2022, check Chapter 5 of our 2023 [Universal Registration Document](#).

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