

Société Générale group's transversal statement on climate change

Anthropogenic climate change is a major threat for the 21st century, as human-induced emissions of greenhouse gases and land use changes will lead to significant global warming beyond sustainable levels if left unchecked.

Climate change is internationally recognized and defined by the conclusions of the 1992 Rio Conference, the annual United Nations Framework Convention on Climate Change Conferences of Parties (UNFCCC COP), and in particular the outcome of COP21 in 2015, the Paris Agreement. Its objectives are to hold the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C, recognizing that this would significantly reduce the risks and impacts of climate change.

Société Générale and its subsidiaries (“the Group”) are committed to align their activities with the goals of the Paris Climate Agreement.

Since 2015, governments have acted in response to the Paris Climate Agreement, with some of these actions directly relevant for the finance sector, such as the European Union's Green Deal and the Action Plan on Sustainable Finance. The Group promotes an appropriate regulation of sustainable finance in Europe, directly or through its participation in trade associations (in particular the French Banking Federation and European Banking Federation). More recently, in the context of COVID crisis, the Group joined the Green Recovery Alliance initiated by the EU Parliament, recognizing the importance of aligning economic recovery with the environmental transition.

In addition, voluntary frameworks have been developed to clarify the role of the banking sector in accompanying the energy transition and promoting climate change mitigation and adaptation. In particular, the Group supports the Task Force for Climate-related Financial Disclosure (“TCFD”). At the COP24 in 2018, the Group signed the Katowice Commitment which served as the basis for the 2019 Collective Commitment on Climate Action signed by 37 financial institutions, alongside the Principles for Responsible Banking of United Nations Environment Programme Finance Initiative (UNEP FI). The Group also joined the Carbon Pricing Leadership Coalition, the Climate Bond Initiative and the Green Bond Principles, as well as the Poseidon Principles for responsible shipping and the Hydrogen Council.

Climate risk management is a key element of the Group's Environmental and Social (“E&S”) Risk Management system:

- E&S Sector Policies have been put in place and are frequently updated, most of which have a strong climate relevance, especially regarding the energy, transport or forestry sectors.
- In addition to the sectors covered by E&S Policies, the other most carbon intensive sectors are currently being considered within the development of methodologies for alignment of the Group's portfolios with the goals of the Paris Climate Agreement.
- Climate risk factors are now integrated in the risk management governance framework for credit. They are considered in terms of transition risks, physical, litigation and legal risks, as defined by the TCFD.
- The Group is set to remain a leading bank for the energy transition. It provides Positive Impact products and services and has pledged to raise financing for the energy transition. The Group has started to phase out financing in the key emitting sectors; i.e. coal and oil & gas production.
- Apart from financing, other activities of the Group, such as asset management and insurance, have also developed climate policies.
- Regarding its own operations and direct climate impact, the Group has also set up a number of environmental policies and levies an internal carbon tax.

Climate issues are now a key area of focus of the Group's governance and strategy. The Group's climate strategy is piloted by the General Management and reviewed by the Board of Directors. Since 2017 climate-related risks have been monitored by the Group Risk Committee and, since 2019, strategic climate-related orientations (such as exit from the coal sector) have been monitored by the Group's Responsible Engagement Committee (“CORESP”).

The Group publishes its climate-related efforts in its annual Universal Registration Document, and on its website, as well as in a dedicated annual climate report.

This Statement cannot be interpreted as a contractual commitment.

Updated versions of this Statement will be posted on the Group's website, where the E&S General Principles, the other Transversal Statements and the Sector Policies are also available. This Statement has been established in French and in English. The English version is a free translation.