

## FRAMEWORK EXTERNAL REVIEW

Sustainable Global Transaction Banking Framework as of 10.25.2023

## SOCIETE GENERALE SA SUSTAINABLE GTB TRANSACTIONS



### FRAMEWORK REVIEW

#### REVIEW OF SOCIETE GENERALE'S SUSTAINABLE GLOBAL TRANSACTION BANKING FRAMEWORK (SGTBF)

**The SGTBF reflects market practices.**

Société Générale has set forth a formal methodology for defining and classifying GTB transactions as sustainable, applying a set of environmental, social and governance criteria and an exclusionary policy. Where feasible, the Framework may be further improved with regards to disclosing dedicated sustainable GTB sub-targets, doing internal regular portfolio reviews for short-term transactional instruments at the Bank initiative, disclosing an estimated share of each of the sustainable instruments covered in the Framework and reporting of the expected and/or achieved impact of the Bank' sustainable GTB transactions, as data availability and calculation methodology in terms of impact measurement improve.



### SUSTAINABLE CLASSIFICATION SYSTEM

#### ASSESSMENT OF SOCIETE GENERALE'S SUSTAINABLE QUALIFICATION SYSTEM

**The Bank's sustainable GTB transactions classification system reflects market practice.**

Where feasible, the Framework may be further improved with regards to the existence of no net impact categories to be financed/guaranteed/secured and by defining a clear process to confirm alignment on a transaction basis against relevant standards through internal or external pre-transaction verification where relevant.



### ESG RISK MANAGEMENT

#### ASSESSMENT OF SOCIETE GENERALE'S ESG RISK MANAGEMENT

**ESG risks relevant in the context of the Bank's sustainable GTB activities are considered to be managed.**



### CONSISTENCY WITH THE BANK SUSTAINABILITY STRATEGY

#### ASSESSMENT OF SOCIETE GENERALE'S SUSTAINABILITY PERFORMANCE AND STRATEGY

**The SGTBF is considered consistent with the Bank's Sustainability strategy.**

The rationale for developing the SGTBF is clearly described by Société Générale. At the date of publication and leveraging ISS ESG Research, no severe controversies in which the Bank would be involved have been identified.

ISS-Corporate provides external review services for sustainable financing and responsible investment strategies by assessing client's frameworks.

Our evaluation is valid as long as there is no material change to the Framework. Material changes include but are not limited to, adding new(sub)-categories, amending eligibility criteria, and adding new EU Taxonomy objectives

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**Where feasible, the Framework may be further improved with regards to:**

- **Disclosing dedicated sustainable GTB sub-targets,**
- **Doing internal regular portfolio reviews for short-term transactional instruments at the Bank initiative,**
- **Disclosing an estimated share of each of the sustainable instruments covered in the Framework and**
- **Reporting of the expected and/or achieved impact of the Bank's sustainable GTB transactions, as data availability and calculation methodology in terms of impact measurement improves.**

**SGTBG  
REFLECTS  
MARKET  
PRACTICES**



### FRAMEWORK REVIEW

Société Générale has set forth a formal concept and proposes clear parameters for classifying sustainable GTB transactions under its Sustainable Global Transaction Banking Framework. Eligible types of financing/guarantees/securitizations include dedicated purpose and Specific Client profile approaches. Société Générale sets forth overarching sustainable quantitative target in a specific timeframe enabling the Bank to monitor the progress against its commitment. However, no specific sub-target on its GTB transactions has been disclosed. A detailed assessment of eligibility parameters and the sustainability quality of the eligible categories can be found in Part II.A and II.B of the full External Review Report.

Internal selection and evaluation procedures are considered appropriate, documented, and transparent. Responsibilities and accountabilities are defined, and duties are segregated. Appropriate environmental and Social (E&S) Due Diligence processes for the monitoring and control of sustainable GTB transactions are conducted at both client and transaction levels.

Relevant reporting is conducted on an annual basis and made publicly available. As data availability in terms of impact metrics improves Société Générale will be able to further develop tracking mechanisms and disclosure of the expected and achieved impact of sustainable GTB transactions on environmental and social objectives.

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Where feasible, the Framework may be further improved with regards to:

- **The existence of no net impact categories to be financed/guaranteed/secured and by defining a clear process to confirm alignment on a transaction basis against relevant standards through internal or external pre-transaction verification where relevant.**

REFLECTS  
MARKET  
PRACTICES

Société Générale has put forth 3 approaches to classify GTB transactions as sustainable:

- **Parameter 1 (Dedicated Purpose Transaction with a single asset):** The transaction is dedicated (i.e., asset-based transaction) with a single underlying asset (linked or not to a project), meaning that the underlying asset/project is clearly identified and known before closing the transaction.
- **Parameter 2 (Dedicated Purpose Transaction with multiple underlying assets):** The transaction has multiple assets and/or pools of assets (linked or not to projects) not necessarily individually identified and known before closing, but where the use of proceeds is ringfenced to Eligible Activities.
- **Parameter 3 (General Purpose Transaction Pure player approach):** The transaction is a general corporate purpose one and the client has a specific-client profile where at least 90% of turnover stems from selected activities in categories marked as eligible in the Framework.

SUSTAINABLE  
CLASSIFICATION  
SYSTEM

Under the 3 approaches, the Bank has a process in place to ensure that E&S risks at the client and transaction levels are identified and mitigated, and DNSH conditions are set and reflected in appropriate documentation. Finally, on a transaction basis, the Bank assesses each transaction against its SGTBF but does not formalize the transaction alignment assessment with Green/Social and Sustainability Loans LMA principles through internal tools or external verification.

94% of the selected eligible project categories have either a limited or a significant contribution to the UN Sustainable Development Goals (SDGs) and 95% of the eligible project categories are in line with the TSC for Substantial contribution from the EU Taxonomy. It is noted however that Circular economy, Affordable basic infrastructure (feeder roads, projects that help to connect rural population living 2km away from all seasons roads as defined by the RAI and street lighting, Affordable housing (when beneficiaries are construction companies) Eligible Projects categories are considered to have 'No Net Impact' on the SDGs, limiting the contribution to sustainability objectives for these particular criteria.

A comprehensive assessment of the sustainability quality of the eligible categories defined under the Framework comprising an impact assessment against the SDGs and against the EU Taxonomy Technical Screening Criteria for Climate Change Mitigation can be found in the External Review.

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### ESG RISK MANAGEMENT

**ESG risks relevant in the context of the Bank's sustainable GTB activities are considered to be managed.**

Société Générale has defined ESG risk assessment procedures applicable to its sustainable GTB activities. Sectorial exposures are taken into consideration. The Bank has set forth measures ensuring the management of environmental, social, and governance-related risks and tracks its financed emissions across various sectors.

**MANAGED**



### CONSISTENCY WITH THE BANK SUSTAINABILITY STRATEGY

**The SGTBF is considered consistent with the Bank's Sustainability strategy.**

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**CONSISTENT**

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