

Le Directeur Général

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Paris 2 August 2021

Dear Jeanne,

Thank you for your letter dated 5th July, written on behalf of investors and which requests a strengthening of banks' climate and biodiversity strategies against five themes. You will find below our responses to each of these themes.

Societe Generale started on a climate journey 20 years ago with early support of renewable energies and which has accelerated since then with a series of decisive voluntary actions both on an individual and collective basis. This has led most recently to our decision to be a founding signatory to the Net Zero Banking Alliance (NZBA).

#1 ShareAction Recommendation: Publish short-term (5-10 years) climate-related targets covering all relevant financial services ahead of your 2022 AGM

Participation in the NZBA commits Societe Generale to align its portfolios with trajectories aiming at carbon neutrality by 2050. Further decisive action and continued portfolio steering will be required, including the setting of intermediate targets: action which Societe Generale has already begun in the most carbon emitting sectors. This will continue at a pace in line with the NZBA's timeline in order to allow time for careful accompaniment of our clients in their climate transitions and to avoid any related negative economic and societal effects of a disorderly transition.

Societe Generale committed to the Katowice Agreement in 2018, alongside four other banks, to define a common methodology for sector-by-sector alignment of credit portfolios, giving rise to the co-publication in September 2020 of the PACTA for Banks methodology. This engagement reflects Societe Generale's responsibility towards its own portfolios whilst also supporting the industry with a standard available to all banks, enabling a dynamic steering of portfolio alignment and target setting in the market.

With the engagement already between our two institutions you are aware of the progress that Societe Generale has taken in its sector policies and our application to date of the PACTA methodology. Since 2011, Societe Generale has been applying a gradual policy of disengagement from the coal sector, which led to its announcement in 2019 of a goal to reduce exposure to the thermal coal sector to zero by 2030 for companies in EU and OECD countries, and by 2040 for companies elsewhere. Societe Generale in 2020 was among the first banks to announce a short-term target to reduce overall exposure to oil and gas extraction sector by 10% by 2025: a target which is twice as ambitious as the requirements under the SDS scenario in 2025. Additional targets have been set in shipping, to align with the IMO target in accordance with the Poseidon Principles, and in power, to reduce the carbon emissions intensity of our power portfolio by 18% by 2025, and by 75% by 2040 (vs 2019). These targets

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are detailed in our Climate Disclosure report: indeed Societe Generale was one of the first banks to demonstrate climate transparency with the early publication of a TCFD report.

As you reference in your letter banks have a responsibility to act across all financial services in which they are present. Societe Generale's commitment to net zero extends beyond its financing portfolio, with the signature in April of Societe Generale Assurances to the Net Zero Asset Owner Alliance to reduce the carbon emissions of its investment portfolio to net zero by 2050. Additionally, our vehicle leasing subsidiary ALD is taking ambitious steps to be a leader in sustainable mobility, with recent targets announced to reduce CO2 emissions of the fleet and to increase the proportion of electric vehicles.

The journey of portfolio alignment will continue in the coming months and years at a pace in line with the timeline presented by NZBA: for founding members to complete a first round of target setting in the period to September 2022, and a second round of target setting to be completed by founding members by April 2024. We recognize as well that the NZBA commitment covers both lending and investment activities, with some investment activities that are presently not included due to be phased in over time.

#2 ShareAction Recommendation: Integrate the findings of the IEA Net Zero scenario and/or another 1.5°C scenario with low overshoot and minimal reliance on Negative Emission Technologies into your climate strategy

Societe Generale has been applying scenarios to its climate strategy for a number of years. Since 2016 they have been deployed in portfolio allocation decisions to reduce coal financing in line with the IEA 2DS scenarios. Since 2018 a transition scenario (IEA SDS) has been used to assess and act on the impact of transition risks on the most sensitive sectors of the corporate portfolio, equal to around a quarter of the group exposure at default and which is described in our Climate Disclosure Report.

The guidelines of the NZBA demand that banks use credible and well recognized sources, with scenarios that have no or low overshoot, relying conservatively on Negative Emission Technologies and having reasonable assumptions on carbon sequestration achieved through nature-based solutions and land use change.

In 2020 the IEA SDS 2020 of 1.65°C was serving as the Group reference for alignment. However, when setting new targets we have chosen to be more ambitious than the SDS. For example, our oil and gas reduction target of 10% by 2025 is more than twice as ambitious as the IEA SDS in 2025 (of -4%). And we reviewed our coal policy in 2020 in order to be consistent with a 1.5°C scenario.

Indeed, Societe Generale's coal, oil & gas and power targets are all more ambitious than the IEA SDS. They also rely on an approach of emissions reduction, with minimal reliance on Negative Emission Technologies.

Portfolio steering is supported by sector policies which are implemented through client reviews. In parallel, Societe Generale's climate strategy is also founded on a commitment of client engagement. Guided by our corporate purpose, we are committed to building a more sustainable future with our clients, accompanying them with increasingly sophisticated solutions required for their transition journeys.

#3 ShareAction Recommendation: Phase out from coal by 2030 in OECD countries and by 2040 in non-OECD countries at the latest

Societe Generale reviewed its thermal coal policy in 2019 and announced a target to exit thermal coal in 2030 for OECD and EU and 2040 elsewhere. This is being achieved through 2 steps, to provide a window of time within which we can accompany clients on their transition.

Firstly, through immediate conditions for clients most exposed to thermal coal: we ceased in 2020 to offer products and services, other than those dedicated to the energy transition, to companies whose revenues in thermal coal are more than 25% and which do not have an exit strategy from the sector. We further limited relationships with entities involved in coal mining.

Secondly, an overall request for all clients with mining and power assets to have defined and communicated by the end of 2021 a transition plan aligned with our 2030/2040 thermal coal phase-out objective, and not to be involved in new thermal coal developments.

#4 ShareAction Recommendation: Ensure your financial statements are drawn up in alignment with a 1.5°C pathway

Societe Generale is working on a greater consideration of climate-related risks in the valuation and measurement processes used in the preparation of our financial statements, in line with regulatory and supervisory guidance. Societe Generale considers that climate risks do not constitute a new risk category, rather they aggravate existing risks such as credit, market and operational risks. The Group's NZBA commitment will also contribute to a gradual alignment of our credit portfolio revenues with a net zero target, so a 1.5°C pathway, by 2050.

We are reviewing the guidance issued in recent months by the IASB and IAASB and note that recommendations are expected towards the end of this year from ESMA and the AMF on their specific expectations for climate-related matters in the preparation of annual financial statements.

Moreover, EU banks will be required to publish Green Asset Ratios from Q1 2022 (on a simplified basis until Q1 2024) which will describe the proportion of specific assets contributing to financing environmentally sustainable activities relative to a wide scope of assets.

#5 ShareAction Recommendation: Commit to protect and restore biodiversity

Societe Generale has applied a cross-sectoral biodiversity policy since 2014 aimed at better regulating the products and services associated with a potential risk of biodiversity erosion. We will steadily increase biodiversity factors into other sector policies in order to strengthen our intervention in dedicated transactions. From a perspective of indigenous rights, Societe Generale already incorporates a clear commitment in its Oil & Gas policy, alongside a transversal statement on human rights.

In addition to individual commitments, Societe Generale continues to work collectively for a more robust approach to climate and biodiversity needs: we have joined the Club B4B+ initiated by CDC Biodiversity which is developing a methodology for assessing the biodiversity footprint of economic sectors in order to develop a single aggregate indicator in the same way as for carbon footprints. In this spirit, we will also closely monitor the developments of the Taskforce on Nature-Related Financial Disclosures.

I look forward to, and support, the continued dialogue between our institutions, and the bilateral engagement we promote with our investors. Societe Generale is committed to leading a responsible and voluntarist climate strategy that we are accelerating with proactive support of our clients in their transitions. We will continue to redirect our portfolio of activities at a pace that is consistent with our commitments, with an orderly transition and which reflects the responsibility of our banking profession.

Yours sincerely,

Frédéric OUDEA

