

# CORPORATE SOCIAL RESPONSIBILITY

## OIL AND GAS SECTOR POLICY

### 1. INTRODUCTION

Within the framework of its Corporate Social Responsibility policy, Societe Generale (the "Bank") intends to take into account within its group the environmental and social (E&S) issues associated to all its activities, to better control their impact and promote good practices, with an objective of continuous improvement. The Bank has thus defined E&S General Guidelines that set key standards and parameters for a responsible engagement in all its banking and financial activities. In addition to this general framework, Cross-sectorial Policies dealing with E&S issues common to all sectors are being developed, as well as Sectorial Policies where the Bank looks more specifically into certain sectors identified as sensitive and in which it plays an active role. The Oil and Gas sector has been identified as one such sector.

Societe Generale provides a range of banking and financial services to the Oil and Gas industry. The Bank seeks to remain a value-adding partner to its clients in this sector, while ensuring that such support is provided in a responsible and considered manner. Societe Generale recognises the importance of the E&S risks and impacts associated with these activities. This is why the Bank aims for the highest E&S standards when considering the provision of banking and financial services to the Oil and Gas industry.

Societe Generale is committed to incorporating in its decision-making processes the review of the E&S impacts potentially associated with the activities of its clients. The Bank will work with clients who meet or aim at meeting its sustainability standards. Societe Generale will take appropriate measures if these standards are not met, or if the client no longer aims at meeting them.

This policy may evolve in time, according to legislative or regulatory evolutions and as a result of the discussions between the Bank and its various stakeholders.

### 2. RISK ASSESSMENT

While it is incumbent on the Bank's clients to manage the risks associated with their own operations, it is important to Societe Generale to ensure through its assessment that its engagements are respecting its E&S principles.

Oil and Gas activities may take place in complex operating environments, remote locations, and countries with less developed governance systems. In particular, Societe Generale recognises that unconventional extraction techniques, including extra heavy oil, oil sands and shale gas, require heightened E&S risk management and due diligence.

When evaluating clients and/or transactions in this sector, the following aspects are specifically considered:

- Impacts on critical habitats, and areas protected for biodiversity or cultural considerations;
- Increased access to previously remote areas, which can result in indirect impacts by third parties such as clearance of forest, or conflict with local communities;
- Air emissions including reliance on gas flaring as a management strategy for associated gases (a significant source of greenhouse gases - GHG - emissions);
- Water consumption for processing and cooling operations, with potential negative impacts on

- water flow and/or quality;
- Wastewater production;
  - Waste management, including discharge of offshore drilling waste;
  - Oil spill risks;
  - Fire and explosion risks;
  - Specific impacts of unconventional extraction techniques;
  - Resettlement or economic displacement caused by loss of land or assets;
  - Impacts on local communities;
  - Impacts on indigenous peoples or lands used by indigenous peoples;
  - Operation in areas of social conflict and/or deployment of armed forces for security purposes; and
  - Operation in areas where there is a legacy of tension and in countries with a history of weak regulatory frameworks, lack of transparency or high corruption and/or human rights violations

### 3. SECTOR-SPECIFIC STANDARDS AND INITIATIVES

Societe Generale being active worldwide, the E&S laws and regulations its clients have to comply with vary from one country to another or one region to another. At a minimum, Societe Generale requests them to comply with the E&S laws and regulations of each relevant country, while encouraging them to apply the Bank's E&S standards.

A number of institutions and/or business associations of the Oil and Gas industry have developed international conventions, initiatives, standards or recommendations addressing the E&S impacts resulting from the sector activities. Societe Generale will be guided by the industry standards listed below when assessing a client's approach to managing its E&S impacts.

- Human Rights- the [Voluntary Principles on Security and Human Rights](#).
- Biodiversity- the recommendations of [The Energy and Biodiversity Initiative](#) (EBI)<sup>1</sup>, and when applicable the [Joint Nature Conservation Committee](#) (JNCC) Guidelines for the offshore industry (for protecting marine animals)<sup>2</sup>.
- Transparency - the [Extractive Industries Transparency Initiative](#) (EITI).
- Gas Flaring - the [Global Gas Flaring and Venting Reduction Voluntary Standard](#) (GGFR).
- Emergency Response- For maritime operations, [the IMO Convention on Oil Pollution Preparedness, Response and Co-operation](#) (OPRC, 1990).
- Marine Pollution- the 2003 amendment to Annex 1 of the [International Convention for the Prevention of Pollution from Ships](#) (MARPOL) concerning the prevention of pollution by oil, and remaining criteria of the MARPOL Convention when applicable. The [Convention for the Protection of the Marine Environment of the North-East Atlantic](#) (OSPAR Convention).
- Compensation for Oil Pollution Damage- the criteria of the [International Convention on Civil Liability for Oil Pollution Damage](#) (CLC) and the [International Oil Pollution Compensation Funds](#) (IOPC Funds).

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<sup>1</sup> The Energy and Biodiversity Initiative (EBI), which began in 2001 and ceased in 2007 produced guidelines, tools and models to improve the environmental performance of energy operations, minimise harm to biodiversity, and maximise opportunities for conservation wherever oil and gas resources are developed.

<sup>2</sup> A Biodiversity Policy applicable to all banking and financial activities is in preparation.

- The guidelines defined by the [International Petroleum Industry Environmental Conservation Association](#) (IPIECA) and by the [International Association of Oil and Gas Producers](#) (OGP).
- For project finance transaction assessment, Societe Generale applies the [Equator Principles](#) and its underlying standards, namely the IFC Performance Standards and the IFC Environmental, Health and Safety Guidelines applicable to the sector. For new project finance transactions involving existing operating assets that do not currently meet these standards, a detailed fully-funded investment plan to remediate the project to meet the pertinent standards within an acceptable timeframe is expected.

The Bank looks favourably upon a client's involvement in the above initiatives.

Together with the criteria defined in the E&S General Guidelines and in the Cross-sectorial Policies, these standards provide the E&S framework used by Societe Generale to consider its involvement in transactions in this sector.

#### 4. SCOPE

These guidelines apply to all the banking and financial services provided by the Societe Generale Group entities to its clients involved in the following activities:

- Oil and Gas exploration & drilling.
- Oil and Gas field planning and development.
- Oil and Gas field operation.
- Oil and Gas refining and processing<sup>3</sup>.
- Oil and Gas transportation, storage and distribution.
- Oil and Gas services industry.

#### 5. IMPLEMENTATION PROCESS

As established in the E&S General Guidelines, Societe Generale integrates the assessment of potential E&S risks and impacts into its decision-making processes both at the client assessment level and, where necessary, at the transaction assessment level.

Development of such processes will take into consideration risks materiality and may be adapted to countries.

Societe Generale decisions are based on the information made available to the Bank. Societe Generale puts all its reasonable endeavours in seeking to ensure the quality and reliability of this information

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<sup>3</sup> Excluding petrochemical activities

## 6. SCHEDULE - REVISIONS

This Oil and Gas sector policy is applicable from the date of its publication to all services provided therefrom.

During the period 2011/2012, procedures will be put in place progressively, as necessary, throughout the Bank to ensure full integration of these requirements in the usual decision processes. Review mechanisms will allow for continuous improvement.

Societe Generale reserves the right to modify this Sector Policy at any time. This document cannot be interpreted as a contractual commitment.

Updated versions will be issued on Societe Generale's website <http://csr.societegenerale.com/>, where the E&S General Guidelines and all published Cross-sectorial and Sectorial Policies can also be consulted.

This document is a free translation into English of the original Policy drafted in French.