

GLOBAL TRANSACTION &  
PAYMENT SERVICES

CO – PUBLIC

# SUSTAINABLE GLOBAL TRANSACTION BANKING FRAMEWORK

Paving the way for sustainable GTB offers

THE FUTURE  
IS YOU



SOCIETE  
GENERALE



# **DISCLAIMER**

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This Framework published on Societe Generale's website is an abbreviated, publicly accessible rendition of a more extensive and detailed internal Framework dated October 25, 2023. The full version cannot be disclosed in its entirety for the sake of confidentiality.

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# 1. INTRODUCTION

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Beyond limiting the rise in global temperature, there is an urgent need for unprecedented changes that will affect society and the economy. Climate change is one of the nine “planetary boundaries”<sup>(1)</sup> that impact the natural systems on which societal and economic well-being depends. But it is imperative to avoid reaching points of no return for the eight other ones as well.

In this regard, the finance industry plays a crucial role in ensuring a sustainable future for all citizens as evidenced by the latest *IPCC – AR6 Report Working Group III “Mitigation of Climate Change”*<sup>(2)</sup>. This report highlights the critical role of banks and financial institutions to enable the reduction of greenhouse gases (GHG) emissions and enhancing the resilience to climate impacts. In this context, innovative financial approaches will be key, and will require robust definition of products contributing positively i.e., “sustainable financial products” and disclosure schemes.

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(1) *The nine planetary boundaries - Stockholm Resilience Centre.* (2) *IPCC (2022). Assessment Report 6 – Working Group III. Climate Change 2022: Mitigation of Climate Change. [Link to chapter 15th](#).*

## 1.1 – SOCIETE GENERALE’S CORPORATE AND SOCIAL RESPONSIBILITY (CSR) STRATEGY

As a prominent European financial institution, Societe Generale (hereinafter “**the Group**”) must play an active role in the global actions needed to mitigate the tremendous impacts of global warming and exceeding the planetary boundaries. As such, Societe Generale has put sustainability at the core of the Group’s strategy<sup>(3)</sup>.

### 1.1.1 – A STRATEGIC CORPORATE AND SOCIAL RESPONSIBILITY AMBITION THAT DRIVES SOCIETE GENERALE’S CORPORATE PURPOSE.

Societe Generale is indeed committed to a fair, environmental, and inclusive transition as stated by its corporate purpose: “*Building together, with our clients, a better and sustainable future through responsible and innovative solutions*”.

Societe Generale’s CSR ambition is based on four strategic pillars: two pillars covering the positive transformations linked to the Group’s activities – environmental transition and positive local impact, and two pillars that form the foundation of a responsible bank – responsible employer and culture of responsibility (governance, culture, and conduct).

#### A. SUPPORTING OUR CLIENTS IN THEIR ENVIRONMENTAL TRANSITION

Contributing through our activities to the energy transition, the preservation of biodiversity and the development of a circular economy, while aligning our portfolios with carbon-neutral trajectories.

#### C. BEING A RESPONSIBLE EMPLOYER

Enabling our employees to reach their full potential, offering them a fulfilling, adapted and efficient work environment and promoting their commitment and their power of impact.

#### B. BEING A CATALYST FOR POSITIVE LOCAL IMPACT

Financing local infrastructure and supporting local players, organizations, SMEs and entrepreneurs, being at the forefront of the transition towards sustainable mobility and developing our social and inclusive offer.

#### D. FOSTERING A CULTURE OF RESPONSIBILITY

Ensuring ethical and responsible conduct of the Group’s activities and a governance integrating sustainability at the highest level.

### 1.1.2 – A PROACTIVE INVOLVEMENT IN CSR INITIATIVES AND WORKING GROUPS

Societe Generale’s CSR strategy is underpinned by numerous proactive commitments to both public and private initiatives, supporting a robust international coalition of partners, and designed to accelerate the impact of positive societal transformation as demonstrated in Appendix 1.

### 1.1.3 – A HOLISTIC APPROACH TO POSITIVE IMPACT



Societe Generale has structured responsible and innovative investment and financing solutions to enhance its contribution to the United Nations Sustainable Development Goals (SDGs) and foster activities with a positive impact on the development of the economy and society, beyond the challenges of the energy transition.

To do so, Societe Generale has adopted a holistic approach which merges the integration of E&S criteria into financial products and services with a robust financial and sustainability analysis of clients. This way, clients are bolstered to transform their business models and create value over the long run.

## 1.2 – RATIONALE OF THE FRAMEWORK

In accordance with its CSR Strategy, Societe Generale’s Global Transaction & Payment Services Business Unit (“**Societe Generale GTPS**”)<sup>(4)</sup> has drafted this “Sustainable Global Transaction Banking Framework” (hereinafter “**the Framework**”) in the view of favoring transaction banking activities that have a positive environmental and social impact and supporting the Group’s target to contribute to sustainable finance with EUR 300 bn over 2022-2025.

### 1.2.1 – SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Societe Generale **GTPS** strongly believes in the key role of Global Transaction Banking (**GTB**) solutions to support the achievement of SDGs. GTB solutions indeed represent a unique opportunity to integrate sustainability in trade finance and short-term financing, as confirmed by McKinsey’s 2022 study “Sustainable financial solutions in global transaction banking”<sup>(5)</sup>. Green, social and sustainable GTB solutions (or together “**sustainable GTB solutions**”) will thus be essential to further support our clients in their just transition and to participate in the global efforts to close the estimated financial gap of \$5 trillion to \$7 trillion yearly<sup>(6)</sup> to achieve the SDGs.

Accordingly, Societe Generale GTPS has developed a green, social and sustainable GTB offer (or “**sustainable GTB offer**”) which aims at contributing to the SDGs and promoting activities with a positive impact on the development of the economy and society, beyond the challenges of energy transition. This offer is all the more important as the rising client demand for sustainable GTB solutions is only met at 10%<sup>(7)</sup>.

<sup>(3)</sup> For more information, notably on our commitments addressing the most carbon-intensive sectors such as e.g. oil & gas, thermal coal and power generation, please visit [www.societegenerale.com/en/responsibility/csr-ambition/csr-commitments](http://www.societegenerale.com/en/responsibility/csr-ambition/csr-commitments)

<sup>(4)</sup> Business Unit of Societe Generale whose main objective is to offer customized and secure domestic and international solutions to optimize and control the management of financial transactions and commercial operations in more than 50 countries). It is the Business Unit in charge of providing GTB products to clients <sup>(5)</sup> [Sustainable financial instruments in global transaction banking | McKinsey](#) <sup>(6)</sup> [UN Alliance for SDG Finance | UN Global Compact](#) <sup>(7)</sup> Figures from McKinsey study: [Sustainable financial products in global transaction banking | McKinsey](#)

## 1.2.2 – ADDRESSING THE LACK OF MARKET STANDARDS

In the absence of widely recognised market standards<sup>(8)</sup>, Societe Generale GTPS decided to stay ahead of the curve and set out its own standards to classify GTB products and its associated transactions as green, social and/or sustainable in order to build an efficient, robust and transparent qualification process and avoid any risk of green and social washing.

These standards have been established in the spirit of best market practices, such as the “technical screening criteria” defined by the *European Union’s taxonomy on green activities* (the “**EU Taxonomy**”), *Guidelines for the United Nations Sustainable Development Goals*<sup>(9)</sup>, *Green Bond Principles*<sup>(10)</sup>, *Green Loan Principles*<sup>(11)</sup>, *Social Bond Principles*<sup>(12)</sup> and *Social Loan Principles*<sup>(13)</sup>.

## 1.2.3 – SUPPORTING OUR CLIENTS IN THEIR JUST TRANSITION

The publication of an external version of the Framework does not only strive for transparency towards our clients and stakeholders, but also aims at demonstrating the reliability of our sustainable GTB offer and ultimately contributes to meeting the needs of our clients in their sustainable shift.

## 1.2.4 – COHERENCE WITH MARKET STANDARDS AND SOCIETE GENERALE POSITIVE IMPACT FINANCE APPROACH

The Framework is set to be as consistent as possible with existing market practice, principles, and definition of positive impact finance, and with Societe Generale internal definitions and processes as regards sustainable finance solutions.

Some processes, definitions and/or Use of Proceeds descriptions have been adapted considering that market standards on sustainable GTB solutions are still evolving, the market is less mature than for more established sustainable financial solutions such as green/social/sustainable loans and bonds, and due to the specificities of GTB solutions (maturity, access to information, bilateral facilities, etc.).

The Framework was developed in addition to the SPIF Bond Framework<sup>(14)</sup> to cover GTB solutions and overcome the lack of widely recognised sustainable GTB market standards. Societe Generale has set up its Sustainable and Positive Impact Bond Framework with the view of encouraging investors to favour activities that have a positive impact on the environment and society whereas the Framework encourages notably treasurers to steer working capital finance and trade finance towards positive impact activities.

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(8) As of the publication date of the Framework, the latest versions of the *Green Loan Principles & Social Loan Principles from February 2023* ([Green Loan Principles 23 February 2023.pdf \(lma.eu.com\)](#); [Social Loan Principles 23 February 2023.pdf \(lma.eu.com\)](#)) cover guarantee and letter of credit lines: “Green loans are any type of loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) made available exclusively to finance, re-finance or guarantee, in whole or in part, new and/or existing eligible Green Projects and which are aligned to the four core components of the GLP.» (9) *THE 17 GOALS | Sustainable Development (un.org)* (10) *Green Bond Principles » ICMA (icmagroup.org)* (11) *Green Loan Principles - LSTA* (12) *Social Bond Principles (SBP) » ICMA (icmagroup.org)* (13) *Social Loan Principles (SLP) - LSTA* (14) [20211104-societe-generale-sustainable-and-positive-impact-bond-framework.pdf \(societegenerale.com\)](#).

# 2. SCOPE

The following typologies of GTB instruments solutions are eligible to a sustainable qualification:

## 2.1 – TRADE FINANCE SOLUTIONS

In the context of the Framework, trade finance solutions refer to a range of products related to domestic and international trade such as:

- **Guarantees:** trade finance guarantees refer to direct or indirect trade related market guarantees such as bid bonds, tender guarantees, advance payment bonds, down payment guarantees, performance bonds, retention money guarantees, warranty bonds as well as payment guarantees; or
- **Stand-by letters of credit;** or
- **Letters of credit**

where Societe Generale can act as issuing, advising/confirming and/or discounting bank.

Financial guarantees, counter-guarantees or re-issuance of guarantees can be included under specific conditions on a case-by-case basis.

Trade finance solutions can be syndicated or bilateral, backed by private insurers, Export Credit Agencies or supranational entities. They can be one-offs (“**one-off trade finance solutions**”) or structured as facilities (or “**trade finance facilities**”). Trade finance facilities can be committed or uncommitted.

## 2.2 – CASH MANAGEMENT SOLUTIONS

In the context of the Framework, cash management products refer to:

- **short-term revolving credit facilities** (RCFs) with maximum 18 months’ maturity
- **working capital loans** (WCLs)

where Societe Generale can act as financing bank.

RCFs and WCLs can be committed or uncommitted and can be bilateral or syndicated.

## 2.3 – FACTORING & FORFAITING SOLUTIONS

In the context of the Framework, factoring and forfaiting solutions refer to:

- **(non)-recourse off-balance-sheet programs**
- **delegated management factoring** (*affacturage en gestion déléguée* or AGD)
- **research tax credit** (*credit impôt recherche* or CIR)
- Société Générale’s own solutions: *Cycléa, Avance Evolutive and Asso*

where Societe Generale can act as Factor.

Factoring and forfaiting solutions can be structured in a program, be committed or uncommitted, syndicated or not, recurring or spot.

*The sustainable qualification excludes enterprises operating solely in the business sectors listed in the Excluded Activities list of the Framework (See [Section 3.V](#)) and/or enterprises listed in Societe Generale E&S exclusion list.*

# 3. USE OF PROCEEDS APPROACH

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Sustainable Global Transaction Banking intends to deliver a positive contribution to one or more of the three pillars of sustainable development (economic, environmental, and social), while ensuring that the most significant potential E&S risks have been identified, properly managed and/or mitigated. By virtue of this holistic appraisal of sustainability issues, Sustainable Transaction Banking constitutes part of the response to the challenge of supporting the SDGs. In this perspective, Societe Generale GTPS's sustainable GTB solutions will support achieving one or several of the United Nations Sustainable Development Goals, such as "Good Health and Well-Being" (SDG 3), "Quality education" (SDG 4), "Clean Water and Sanitation" (SDG 6), "Affordable and Clean Energy" (SDG 7), "Reduced Inequalities" (SDG 10), "Sustainable Cities and Communities" (SDG 11), "Responsible Consumption & Production" (SDG 12) and "Climate Action" (SDG 13), as shown in Tables 1 and 2 below.

## 3.1 – GREEN CATEGORIES

Societe Generale GTPS has identified six categories which aim at generating positive environmental benefits (hereinafter "**Green Categories**"). These Green Categories are namely the following ones:

- Renewable energy
- Clean transportation
- Pollution prevention and control (including Waste management & Air emission reduction)
- Sustainable water management and wastewater management
- Circular economy
- Green building

The Green Categories include economic activities that comprise assets and projects. In this regard, Green GTB solutions (the "**Green GTB solutions**") are made available exclusively to finance, refinance (via direct capital expenditures, or via operating expenditures or via loans), guarantee or secure in whole or in part new or existing economic activities in one or several Green Categories listed above (the "**Eligible Activities**"), in compliance with the Framework's requirements.

Eligible Activities are defined as activities (i) listed in Table 1 (public version) (ii) meeting internal specific Eligibility Criteria<sup>(15)</sup> and (iii) having passed the sustainable qualification process described in the Framework (See [Section 4](#)). These Eligibility Criteria have been established in the spirit of, and to the extent feasible are based on, “best E&S market practices” such as the *technical screening criteria of the European taxonomy for the green categories*<sup>(16)</sup> covered by two first delegated acts on climate change<sup>(17)</sup>, the *Green Loan Principles*, and where applicable and/or relevant *Green Bond Principles, Climate Bond Initiative Taxonomy and /or Guidelines for the United Nations Sustainable Development Goals*. The Eligibility Criteria have also been set in accordance with Société Générale Environmental & Social standards (e.g., Societe Generale Sustainable and Positive Impact Bond Framework, sector E&S policies).

These Eligibility Criteria may evolve with the further evolution of the EU taxonomy and/or ICMA or LMA Principles. GTPS may therefore also consider the screening criteria of the EU taxonomy for green categories covered by the Environmental Delegated Act and other Green or Social eligibility criteria considered as aligned to the ICMA and/or LMA.

In some cases, a distinction has been made regarding the Eligibility Criteria for economic activities inside and outside the European Union. Even though the backbone of Societe Generale GTPS's Eligibility Criteria for green categories are the technical screening criteria of the European Taxonomy, the Group is well aware that they heavily rely by design on the European legislation, European labelling and certification schemes. As recalled by the ICMA<sup>(18)</sup>, all geographies have “different starting points in decarbonization and development”, which is recognised by the Paris Agreement and market-based frameworks, hence such differentiation. In the case of the existence of local green taxonomy, Societe Generale GTPS will tend to apply, if possible, the Eligibility Criteria that would be the most stringent in-between the Framework requirements and local regulations. In addition, Societe Generale GTPS intends to apply, to the extent feasible, the main and/or most relevant elements of the Do No Significant Harm (DNSH) approach of the EU Taxonomy as described in [Section 4](#).

The Green GTB solutions are considered as generating substantial environmental benefits and primarily contributing to the EU Taxonomy's Climate Change Mitigation Objective via the reduction of greenhouse gas (“**GHG**”) emissions. A 6-month look-back period is considered for all types of eligible GTB solutions.

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(15) The Eligibility Criteria can be disclosed to clients and any relevant stakeholders upon request. (16) For the sake of clarity, the Eligibility Criteria are intended to be aligned, wherever feasible and on a best effort basis with the EU Taxonomy requirements. Societe Generale aims to progressively increase alignment with such requirements. (17) They entered into force on 1 January 2022 and have been set out by the 2020/852 EU Regulation ([Link](#)) and supplemented by delegated acts adopted by the Commission Delegated Regulation. [Link](#). (18) [Ensuring-the-Usability-of-the-EU-Taxonomy-and-Ensuring-the-Usability-of-the-EU-Taxonomy-February-2022.pdf \(icmagroup.org\)](#)

**Table 1: Eligible Activities for each Green Category of Societe Generale GTPS's Sustainable Global Transaction Banking Framework**

Green Category	Green Sub-Category	Typology of Assets/Projects	Eligible Activity	Objectives and contribution to the SDGs
Renewable Energy	Solar Photovoltaic	Power generation facilities	Development, construction, extension, renewal, operation and/or maintenance of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology such as onshore or offshore solar PV generation facilities.	<b>EU Environmental objective</b> Climate change mitigation  <b>Environmental benefits</b> GHG emissions reduction  <b>Contribution to SDGs</b> 7 (Affordable & Clean energy) and 13 (Climate Action)
		Components, machinery, technologies & equipment	Manufacturing and/or supply of components, technologies, machinery and/or equipment that are wholly dedicated to electricity generation facilities that produce electricity using solar PV technology such as (but not limited to) photovoltaic cells, floatovoltaics, parabolic troughs etc.	
	Concentrated Solar Power	Power generation facilities	Development, construction, extension, renewal, operation and/or maintenance of electricity generation facilities that produce electricity using concentrated solar power (CSP) technology (i.e., onshore concentrated solar facilities)	
		Components, machinery, technologies & equipment	Manufacturing and/or supply of components, technologies, machinery and/or equipment that are wholly dedicated to electricity generation facilities that produce electricity using CSP technology such as (but not limited to) solar power tower, heliostats etc.	
	Wind Power	Power generation facilities	Development, construction, extension, renewal, operation and/or maintenance of electricity generation facilities that produce electricity from wind power such as onshore or offshore wind farm.	
		Components, machinery, technologies & equipment	Manufacturing and/or supply of components, technologies, machinery and/or equipment that are wholly dedicated to electricity generation facilities that produce electricity from wind power such as (but not limited to) wind turbines, smulders etc.	
	Hydropower	Power generation facilities	Development, construction, extension, renewal, operation and/or maintenance of electricity generation facilities that produce electricity from hydropower such as (but not limited to) impoundment, run of river, pumped storage	
		Components, machinery, technologies & equipment	Manufacturing and/or supply of components, technologies, machinery and/or equipment that are wholly dedicated to electricity generation facilities that produce electricity from hydropower (such as hydraulic turbines, forebay, penstock, surge chamber etc)	
	Ocean Energy	Power generation facilities	Development, construction, extension, renewal, operation and/or maintenance of electricity generation facilities that produce electricity from ocean energy such as tidal, osmotic, ocean thermal and wave energy-based generation facilities or other marine electricity generation facilities using salinity, gradients, etc.	
		Components, machinery, technologies & equipment	Manufacturing and/or supply of components, technologies, machinery and/or equipment that are wholly dedicated to electricity generation facilities that produce electricity from ocean energy (such as tidal barrage, oscillating water columns, sluice gates etc.).	
	(Green) Hydrogen	Power generation facilities	Development, construction, extension, renewal, operation and/or maintenance of green hydrogen production capacity.	
		Storage of hydrogen	The activity is one of the following: <ul style="list-style-type: none"> <li>■ construction of hydrogen storage facilities.</li> <li>■ conversion of existing underground gas storage facilities into storage facilities dedicated to hydrogen-storage.</li> <li>■ operation of hydrogen storage facilities;</li> </ul>	
		Equipment	Manufacturing and/or supply of equipment (e.g., electrolysers) wholly dedicated and key to the production of green hydrogen.	
	Transmission, distribution & storage	Electricity transmission & distribution facilities, infrastructure, and equipment	Development, construction, extension, renewal, operation and/or maintenance of transmission systems <sup>(19)</sup> and/or supporting infrastructure/equipment <sup>(20)</sup> that transport the electricity on the extra high-voltage and high-voltage interconnected system. OR Development, construction, extension, renewal, operation and/or maintenance of distribution systems and/or supporting infrastructure/equipment that transport electricity on high-voltage, medium-voltage, and low-voltage distribution systems.	
Electricity Storage facilities, equipment & infrastructure		Development, construction, extension, renewal, operation and/or maintenance of facilities (and related infrastructure and equipment) that store electricity from renewable energy sources only (i.e., solar, wind, hydropower, ocean energy) and return it at a later time in the form of electricity. Pumped hydropower storage is included.		

Green Category	Green Sub-Category	Typology of Assets/Projects	Eligible Activity	Objectives and contribution to the SDGs
Clean Transportation	Urban and suburban land transport	Passenger cars and commercial vehicles	Purchase, financing, renting, leasing and operation of passenger cars and commercial vehicles.	<p><b>EU Environmental objective</b> Climate change mitigation</p> <p><b>Environmental benefits</b> GHG emissions reduction, pollutant emission reduction</p> <p><b>Contribution to SDGs</b> 11 (Sustainable Cities &amp; Communities)</p>
		Heavy Duty vehicles	Purchase, financing, renting, leasing and operation of heavy-duty vehicles.	
		Public land transport vehicles	Purchase, financing, leasing, rental and/or operation of urban and suburban transport vehicles for passengers and road passenger transport	
		Components, machinery & equipment	Manufacturing and/or supply of components, machinery and/or equipment (except batteries) that are wholly dedicated to the manufacturing of passenger cars, commercial vehicles, public land transport vehicles and/or heavy-duty vehicles.	
	Batteries for low carbon transport	Batteries and their components	Manufacture and/or supply of rechargeable batteries, battery packs and accumulators (and their respective components such as battery active materials, battery cells, casings and electronic components).	
	Rail transport	Rail for passenger transport	Manufacture, purchase, financing, rental, leasing, operation and maintenance of passenger transport using railway rolling stock on mainline networks, spread over an extensive geographic area, passenger transport by interurban railways and operation of sleeping cars or dining cars as an integrated operation of railway companies.	
		Rail for freight transport	Manufacture, purchase, financing, rental, leasing, operation and maintenance of freight transport on mainline rail networks as well as short line freight railroads.	
	Active mobility	Personal mobility or transport devices	Purchase, financing, leasing, renting and/or operation of personal mobility or transport devices. It includes scooters, bicycles, and unicycles	
	Infrastructure for low carbon transport	Infrastructure for personal mobility	Construction, modernisation, maintenance and/or operation of infrastructure for personal mobility such as pavements, bike lanes and pedestrian zones, electrical charging and hydrogen refueling installations for personal mobility devices.	
		Infrastructure for rail transport	Construction, modernisation, operation and/or maintenance of infrastructure for rail transport such as railways, subways, bridges, tunnels, stations, terminals, rail service facilities, safety and traffic management systems.	
		Infrastructure for low-carbon road transport and public transport	Construction, modernization, maintenance and/or operation of Infrastructure for low-carbon road transport and public transport such as motorways, streets, roads, other vehicular and pedestrian ways, surface work on streets, roads, highways, bridges or tunnels and construction of airfield runways.	
		Infrastructure for low carbon water transport	Construction, modernisation, operation and/or maintenance of infrastructure that is required for zero tailpipe CO <sub>2</sub> operation of vessels or the port's own operations, as well as infrastructure dedicated to transshipment.	
	Low carbon technologies	Technologies	Manufacturing, upgrade and/or supply of low carbon transport vehicles, rolling stock and vessels.	
	Water transport	Vessels for inland waters	Manufacture, purchase, leasing, operation and maintenance of freight vessels on inland waters, involving vessels that are not suitable for sea transport.	
Manufacture, purchase, leasing, operation and maintenance of passenger vessels on inland waters, involving vessels that are not suitable for sea transport.				
Vessels for sea or coastal waters		Manufacture, purchase, operation and maintenance of vessels designed and equipped for performing passenger transport, on sea or coastal waters, whether scheduled or not. It includes ferries, water taxis and excursions, cruise or sightseeing boats.		
		Manufacture, purchase, operation and maintenance of vessels designed and equipped for transport of freight or for the combined transport of freight and passengers on sea or coastal waters, whether scheduled or not. It includes vessels required for port operations and auxiliary activities, such as tugboats, mooring vessels, pilot vessels, salvage vessels and ice-breakers.		

(19) A system is defined as the power control area of the transmission or distribution network where the infrastructure or equipment is installed (20) such as but not limited to underground cables, overhead lines, pylons etc.

Green Category	Green Sub-Category	Typology of Assets/Projects	Eligible Activity	Objectives and contribution to the SDGs
Pollution Prevention and Control Waste management & Air emission Reduction	Waste collection & transport	Waste collection, transport systems	Separate collection, transport and transfer of non-hazardous waste in single or comingled fractions from households and businesses by means of (but not limited to) refuse bins, wheeled bins, containers provided for waste.	<p><b>EU Environmental objective</b> Climate change mitigation</p> <p><b>Environmental benefits</b> Reduction of air pollution, Reduction of waste</p> <p><b>Contribution to SDGs</b> 11 (Sustainable cities &amp; communities) and 12 (Responsible Consumption &amp; Production)</p>
	Waste treatment	Biological waste treatment facilities & related infrastructures	Development, construction, upgrade, installation, operation and/or maintenance of facilities (and related infrastructures) wholly dedicated to the treatment of separately collected bio-waste through composting (aerobic digestion) with the resulting production and utilization of compost.	
			Development, construction, installation, upgrade operation and/or maintenance of facilities wholly dedicated to the treatment of separately collected bio-waste <sup>(21)</sup> through anaerobic digestion with the resulting production and utilization of biogas and digestate and/or chemicals.	
		Material recovery from non-hazardous waste facilities & related infrastructures	Development, construction, installation, operation and/or maintenance of facilities for the sorting and processing of separately collected non-hazardous waste streams into secondary raw materials involving mechanical reprocessing, except for backfilling purposes.	
	Waste sorting, processing & recycling	Components, equipment, technologies, and machinery	Manufacturing and/or supply of components, equipment, technologies and/or machinery which are wholly dedicated to facilities for anaerobic digestion and material recovery.	
		Facilities, equipment, and related infrastructures	Development, construction, installation and/or maintenance of waste sorting, processing and/or recycling facilities and related equipment and/or infrastructures.	
	Direct Air Capture of CO <sub>2</sub> (only in the European Union)	Captured CO <sub>2</sub> Transport infrastructure	Development, construction, installation, operation and/or maintenance of CO <sub>2</sub> pipelines and retrofit of gas networks where the main purpose is the integration of captured CO <sub>2</sub> and to decarbonize hard-to-abate sectors such as cement and steel through Carbon Capture and Storage (CCS).	
			Storage and/or Permanent sequestration of captured CO <sub>2</sub> infrastructures and installations	
		Technologies	Manufacturing, development, conception, design, installation and maintenance and/or supply of Carbon Capture and Storage (CCS) technologies that are intended to decarbonize hard-to-abate sectors such as cement and steel. For the sake of clarity, CCU (carbon utilization) is also excluded at this stage.	
	Sustainable water management and wastewater management	Water collection, treatment & supply	Water collection, treatment, and supply systems	
Wastewater collection & treatment		Wastewater collection network and infrastructure	Development, construction, operation, extension, renewal and/or maintenance of wastewater systems of centralized and decentralized wastewater collection networks and related infrastructure (incl. sludge network and treatment, recovery processes), for both municipal and industrial purpose	
Water management		Instruments, technologies, processes & infrastructures	Manufacturing, development, development, conception, design, supply, and/or operation of technologies, instruments, processes, infrastructures and/or networks improving water management and/or efficiency.	

(21) Same as above.

Green Category	Green Sub-Category	Typology of Assets/Projects	Eligible Activity	Objectives and contribution to the SDGs
Circular Economy	Circular Economy Adapted solutions	Co-efficient and/or circular economy adapted instruments, technologies and processes	<p>Manufacturing, development, conception and/or supply of instruments, processes, technologies and/or networks that at least aim at one of the following purposes:</p> <ul style="list-style-type: none"> <li>■ extending instrument-life or cycles of use of goods and/or materials<sup>(22)</sup> compared to initial instrument-life or cycles of use of goods and/or materials<sup>(23)</sup>.</li> <li>■ using only compostable and recycled material<sup>(24)</sup></li> <li>■ significantly improving the effectiveness and efficiency of resources consumption, within a company's operations or along its supply chain. The effectiveness and efficiency of resources consumption can be certified through a material efficiency certification.</li> <li>■ recycling of an instrument after its end-of-life stage</li> </ul>	<p><b>EU Environmental objective</b> Circular Economy</p> <p><b>Environmental benefits</b> Reduction of waste and resource use</p> <p><b>Contribution to SDGs</b> 12 (Responsible Consumption &amp; Production)</p>
Green Buildings	Construction of new buildings	Residential and non-residential Building <sup>(25)</sup>	Construction, upgrade, development and/or extension of new buildings residential buildings	<p><b>EU Environmental objective</b> Climate change mitigation</p> <p><b>Environmental benefits</b> Energy savings</p> <p><b>Contribution to SDGs</b> 7 (Affordable &amp; Clean energy) and 11 (Sustainable Cities &amp; Communities)</p>
	Renovation of existing building (only in the European Union)	Residential and non-residential building	Construction, upgrade, development civil engineering works and/or extension for the renovation of existing residential and non-residential buildings which are located in the European Union.	
	Energy efficiency	Equipment	Energy efficiency equipment for buildings such as smart monitoring and regulating of heating system, daylight control system, instruments and devices for measuring, regulation and controlling energy performance of buildings	

### 3.2 – SOCIAL CATEGORIES

Societe Generale GTPS has identified four categories which aim at generating positive social impacts (hereinafter “**Social Categories**”). These Social Categories are namely:

- Access to healthcare
- Access to education and professional training
- Affordable basic infrastructure
- Affordable housing

The Social Categories include economic activities that compromise assets and projects. They are considered as directly addressing or mitigating a specific social issue and/or seeking to achieve positive social outcomes. In this regard, Social GTB solutions (the “**Social GTB solutions**”) are made available to finance, refinance (via direct capital expenditures, or via operating expenditures or via loans), guarantee or secure in whole or in part new or existing economic activities in one or several Social Categories listed above (the “**Eligible Activities**”), in compliance with the Framework’s requirements.

Eligible Activities are defined as activities (i) listed in Table 2 (public version) (ii) meeting internal specific Eligibility Criteria<sup>(26)</sup> and (iii) having passed the sustainable qualification process described in the Framework (See [Section 4](#)). These Eligibility Criteria have been established in the spirit of, and to the extent feasible are based on, “best E&S market practices” such as the *Social Loan Principles* and when applicable and/or relevant *Social Bond Principles* and *for Guidelines for the United Nations Sustainable Development Goals*. The Eligibility Criteria have also been set in accordance with Société Générale Environmental & Social standards (e.g., sector policies).

In the case of the existence of a local social taxonomy, Societe Generale GTPS will tend to apply, if possible, the Eligibility Criteria that would be the most stringent in between the Framework requirements and local regulations. In addition, Societe Generale GTPS intends to apply, to the extent feasible, minimum social safeguards as explained in [Section 4](#). Affordability shall take into account among others, public regulation or public financial support, when applicable and relevant. A 6-month look-back period is considered for all types of eligible GTB solutions.

(22) Virgin plastic-based instruments are excluded. (23) Energy recovery is excluded as well as any activities related to the business sectors excluded by the Framework (24) Compostable material as defined by EN 14995:2006 ([Link](#)) or EN 13592:2017 ([Link](#))

(25) A building should be regarded as residential building when more than half of the floor area is used for dwelling purposes as defined by OECD. [Link](#) (26) The Eligibility Criteria can be disclosed to clients and any relevant stakeholders upon request.

**Table 2: Eligible Activities for each Social Category of Societe Generale GTPS’s Sustainable Global Transaction Banking Framework**

Eligible Social Category	Typology of Assets/ Projects <sup>(27)</sup>	Eligible Activity	Target Population	Objectives and contribution to the SDGs
Access to essential services — Healthcare	Health facilities	Construction, operation, maintenance, extension and/or refurbishment of public health facilities, centers and/or related infrastructure that provide access to essential medical services (such as primary care, post-acute, specialties care <sup>(28)</sup> ).	<ul style="list-style-type: none"> <li>All people needing an access to healthcare, including vulnerable groups as defined by national regulations.</li> <li>And/or underserved populations that have been excluded or distant from the health care system, owing to a lack of quality access to essential goods and services</li> </ul>	<p><b>Social Objectives</b> Increase the accessibility to healthcare services to all, health care capacity and quality of care</p>
	Equipment & Medical Treatments	Manufacturing and supply of equipment (such as, but not limited to, MRI scanners, automatic blood analyzer, pulsating vacuum sterilizer scanners) and/or production and distribution of medication (patented medicines and vaccines) in the context of special health emergencies or exceptional crisis (e.g., COVID-19 pandemic, Ebola, natural disaster etc.)	<ul style="list-style-type: none"> <li>All people needing an access to care because of special health emergencies care exceptional crisis, including vulnerable groups as defined by national regulation.</li> <li>And/or Health professionals (e.g., general practitioners, specialists, midwives, nurses)</li> </ul>	<p><b>Social benefits</b> Reduce social exclusions and inequalities regarding healthcare. Improving the quality of existing health infrastructures facilities</p>
	Elderly Care Facilities	Construction, operation maintenance, extension and/or refurbishment of public elderly care facilities and/or related infrastructure that improve the quality of life of at least one of the target populations listed to the right.	<ul style="list-style-type: none"> <li>Elderly people (i.e., people aged 65 and over)</li> <li>And/or dependent people<sup>(29)</sup></li> </ul>	<p><b>Contribution to SDGs</b> SDGs: 3 (Good Health and well-being)</p>
Access to essential services — Education and professional training	Education facilities	Construction, operation, extension and/or refurbishment of public education facilities and/or related infrastructure.	<ul style="list-style-type: none"> <li>All pupils and students (0 to 25 years)</li> <li>And/or young workers between 15 and 24 years<sup>(30)</sup></li> <li>And/or People with socio-professional integration difficulties (all ages), without training or professional experiences, long-term unemployed including young people not in employment, education, or training (NEET)</li> </ul>	<p><b>Social Objectives</b> Increase the accessibility to education to all, educational capacity, and quality of education</p> <p><b>Social benefits</b> Reduce social exclusions and inequalities and support the accessibility to employment for all. Improving the quality of existing infrastructure and equipment for public secondary and higher education</p> <p><b>Contribution to SDGs</b> 4 (Quality Education)</p>

(27) They can be located worldwide except if specified otherwise. (28) Such as musculoskeletal system, cardiology, neurology, respiratory diseases, geriatrics, severe burns and mental health (29) Dependent people are people under a dependency status which is defined by the national health authorities in the considered country (30) The International Labour Organization’s (ILO) defines young workers as those within the age group of 15 to 24 years. [Link](#).

Eligible Social Category	Typology of Assets/ Projects <sup>(27)</sup>	Eligible Activity	Target Population	Objectives and contribution to the SDGs
<b>Access to essential services</b> — <b>Affordable basic infrastructure</b>	<b>Infrastructure</b>	<p>Construction, operation, extension and/or refurbishment of infrastructure in less developed regions in Europe<sup>(31)</sup> or middle- or low-income countries<sup>(32)</sup>. Such infrastructures are currently non-existent/insufficient or need to be enhanced. It includes:</p> <ul style="list-style-type: none"> <li>■ Clean public transport infrastructure</li> <li>■ Sanitation infrastructure</li> <li>■ High speed internet and/or optic fiber network services in non-covered areas<sup>(33)</sup> or areas at risk of digital exclusion<sup>(34)</sup>.</li> <li>■ Telecommunications services in non-covered areas or areas at risk of digital exclusion*</li> <li>■ Electricity services</li> <li>■ Wastewater and waste management infrastructure.</li> </ul> <p>*Or any area recognised as “zone blanche” by local telecommunication operators or municipalities / national recognised body.</p>	<ul style="list-style-type: none"> <li>■ Underserved population, owing to a lack of quality access to essential goods and services and living in less developed regions in Europe or in middle- or low-income countries.</li> </ul>	<p><b>Social Objectives</b> Improving access to transport, energy, and other public services</p> <p><b>Social benefits</b> Reduce social exclusions and inequalities</p> <p><b>Contribution to SDGs</b> 3 (Global Health and Well-being) 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure) &amp; 11 (Sustainable Cities and Communities)</p>
<b>Affordable housing</b>	<b>Residential buildings</b>	<p>Construction, operation, maintenance, extension and/or refurbishment of social and/or affordable housing<sup>(35)</sup> facilities or infrastructure affordable and accessible to individuals and/or families who would otherwise not have access to it.</p>	<ul style="list-style-type: none"> <li>■ Social Housing Organizations</li> <li>■ And/or Populations benefiting from social housing as per national law in each considered country<sup>(36)</sup>, including people at risk of housing exclusion (e.g., low-income population, young people, elderly people, people with disabilities)</li> </ul>	<p><b>Social Objectives</b> Increase the accessibility to affordable housing for the target population and the capacity of the social housing stock</p> <p><b>Social benefits</b> Reduce social exclusions and inequalities</p> <p><b>Contribution to SDGs</b> 1 (No Poverty) and 11 (Sustainable Cities &amp; Communities)</p>

(31) As defined by the EU Cohesion Policy, a region within the EU is considered less developed if its GDP per capita is less than 75% of EU - 27 average. (32) As defined by the World Bank: [Low income | Data \(worldbank.org\)](#) and [Middle Income Countries Overview: Development news, research, data | World Bank](#) (33) There is no fixed nor mobile nor Internet service provided by any operator (34) Areas at risk of digital exclusion are understood as areas where at least one mobile service with 2G EDGE or 3G service is provided by an operator but where the backhaul capacity is not enough to provide quality Internet experience. (35) As defined by the OECD, social housing corresponds to “housing owned and/or managed by governments or private organizations for the aim of making it affordable to lower-income residents or otherwise serving some special needs population” and affordable housing means “rental and owner-occupied dwellings that are made more affordable to households through a broad range of supply- and demand-side supports (including housing allowances or vouchers, subsidies or tax relief to first-time homeowners)”. (36) In this sense, middle-income and high-income populations (as defined by the considered country) are excluded.

### 3.3 – SUSTAINABLE CATEGORIES

Societe Generale GTPS has identified categories which aim at both generating positive environmental and social benefits as “**Sustainable Categories**”.

Sustainable GTB solutions (the “**Sustainable GTB solutions**”) are made available to finance, refinance (via direct capital expenditures, or via operating expenditures or via loans), guarantee or secure in whole or in part new or existing economic activities in one or several Green Categories and in one or several Social Categories listed above (the “**Eligible Activities**”), in compliance with the Framework’s requirements.

Eligible Activities are defined as activities (i) listed in Tables 1 and 2 (public version) (ii) meeting internal specific Eligibility Criteria<sup>(37)</sup> and (iii) having passed the sustainable qualification process described in the Framework (See [Section 4](#)).

### 3.4 – SPECIFIC DEFINITIONS

**Based on the above, Societe Generale GTPS considers the following specific definitions of sustainable GTB solutions.**

#### 3.4.1 – SUSTAINABLE TRADE FINANCE SOLUTIONS

One-off trade finance solutions are qualified as sustainable only if they guarantee/secure Eligible Activities that meet the appropriate internal Eligibility Criteria defined for each Eligible Activity and if the associated transactions have successfully passed the qualification process described in [Section 4](#).

Trade finance facilities are qualified as sustainable only if:

- (i) all one-off trade finance transactions issued under the facilities are classified as sustainable and /or if the trade transaction issuances are ringfenced to Eligible Activities.
- (ii) or the client is considered as a specific client profile (as described in [Section 4](#)).

A sustainable sub-tranche of a classic (i.e., not sustainable) trade finance facility can be set provided it is dedicated to trade finance solutions (guarantees, L/C, SBLC etc.) classified as sustainable in compliance with the Framework’s requirements. In addition, a verification will be run to ensure that each issuance complies with the agreed conditions. For the sake of clarity, in this case, only the sub-tranche is qualified as sustainable (not the whole trade finance facility).

#### 3.4.2 – SUSTAINABLE CASH MANAGEMENT SOLUTIONS

Cash management solutions are classified as sustainable only (i) if the use of proceeds is fully ringfenced to Eligible Activities that meet the appropriate requirements from the Framework and the associated transaction has successfully passed the qualification process, (ii) or if the client is considered as a specific client profile.

A sustainable sub-tranche of a classic (i.e., not sustainable) cash management transaction can be set provided the use of proceeds is fully ringfenced to Eligible Activities which meet the appropriate requirements set by the Framework. In addition, a verification is performed to ensure that each drawdown complies with the agreed conditions (See [Section 5](#)). For the sake of clarity, in this case, only the sub-tranche is qualified as sustainable (not the whole transaction).

### 3.4.3 – SUSTAINABLE FACTORING/FORFAITING SOLUTIONS

Forfaiting solutions or programs are classified as sustainable only (i) if the invoices solely cover Eligible Activities that meet the appropriate requirements from the Framework and the associated transactions have successfully passed the qualification process, (ii) or the client is considered as a specific client profile.

Factoring solutions or programs are classified as sustainable only if the client is considered as a specific client profile<sup>(38)</sup>.

#### 3.4.4 – EXCLUDED ACTIVITIES

Societe Generale GTPS considers the following activities as excluded from the Framework:

- Activities entailing destruction of high conservation value areas or with a negative impact on the outstanding universal value of a World Heritage site.
- Commercial logging operations for use in primary tropical moist forests.
- Driftnet fishing in the marine environment using nets exceeding 2.5 kilometers in length.
- Fossil fuels exploration, production, trade and transformation.
- Gambling, casinos and equivalent enterprises.
- Power Production from fossil fuels and nuclear power.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor or animal cruelty.
- Production or trade in alcoholic beverages
- Production or trade in any instrument or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB’s (Polychlorinated Biphenyls), wildlife or instruments regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES).
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in tobacco.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Production or trade in weapons and munitions.
- Production or trade in wood or other forestry instruments other than from sustainably managed forests

The sustainable qualification excludes enterprises operating solely in the business sectors listed in the present Excluded Activities list.

<sup>(37)</sup> The Eligibility Criteria that can be disclosed to clients and any relevant stakeholders upon request. <sup>(38)</sup> Factoring programs with non-specific client profile can potentially be eligible only in very specific cases, if they meet internal requirements – including but not limited to the ability to demonstrate that the underlying assets are fully eligible and relate to “Renewable Energy - Solar Power” and/or “Renewable Energy - Wind Power” and/or “Clean Transportation”.

# 4. PROCESS FOR IDENTIFICATION AND SELECTION OF SUSTAINABLE GTB TRANSACTION

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## 4.1 – QUALIFICATION PROCESS

The qualification of an eligible GTB solution as “sustainable” consists in a 3-step process as described below. This process includes a thorough environmental and social (E&S) assessment of the associated GTB transaction (“**E&S Due Diligence on the sustainable GTB transaction**”) to determine whether it has a positive environmental and/or social impact while not representing potential material and significant environmental and social risks (e.g., the main potential E&S risks are clearly identified and properly managed and /or mitigated).

This qualification process has been established in the spirit of, and to the extent feasible is based on, “best E&S market practices” such as *EU Taxonomy, the Green/Social Loan Principles and when applicable and/or relevant Green/Social Bond Principles and /or Guidelines for the United Nations Sustainable Development Goals*.

Only GTB transactions for which the main potential E&S risks (or negative impacts) are considered as appropriately managed and/or mitigated and for which tangible E&S contribution can be demonstrated, can be considered as “sustainable” (hereinafter referred as “**sustainable GTB transactions**”). For the sake of clarity, it implies that the qualification process also covers the review of appropriate mitigation measures if significant E&S risks have been identified at client and/or transaction level.

### A. IDENTIFICATION

Sales / Front Officers within the business lines (i.e., commercial teams) of Societe Generale GTPS identify potential sustainable GTB transactions for each business activity in their area of responsibility. They carry out some preliminary E&S checks included in E&S Due Diligence on the sustainable GTB transactions (See [Section 4.11](#)).

### B. EVALUATION

Environmental and social champions have been nominated in the different business lines of Societe Generale GTPS. They deepen the E&S Due Diligence performed during the identification phase with the support of Societe Generale GTPS E&S experts if need be.

### C. VERIFICATION & SELECTION

An E&S Experts pool of experts (the “**Committee**”) within the Societe Generale GTPS reviews the compliance with the Framework and oversees the whole identification, evaluation, verification and selection process. The Committee is reviewing deals on an ad-hoc basis and at sufficient frequency to review each potential sustainable GTB transaction in accordance with commercial timing requirements and look-back periods.

The Committee is composed of Societe Generale GTPS’s environmental and social experts (or “**GTPS E&S experts**”), not located within commercial teams. The role of the Committee is to:

- Review each GTB transaction that has been identified as “sustainable GTB transaction”.
- Based on the results of the E&S Due Diligence performed on the transaction, and on any additional checks they may feel necessary, give their final opinion on the sustainable qualification of the transaction.
- Discuss and validate the changes to the Framework (if any).
- Monitor adequate disclosures to third parties
- Address any issues arising from the External Review of the Framework when it is updated/modified.

For Eligible Activities relating to Green Categories, the positive impact on climate change is estimated based on methodologies defined for each Green Category according to the level of available information. For Eligible Activities relating to Social Categories, the positive impact on society is estimated according to the level of available information and includes, wherever possible, the number of beneficiaries.

Potential E&S risk associated with these transactions are monitored through specific provisions if deemed necessary.

## D. ESCALATION & ARBITRAGE

In case of disagreement with respect to the classification sustainable of the transaction between any stakeholder involved in the transaction, the GTB transaction is escalated to the Head of ESG for GTPS and the Head of the related Societe Generale GTPS Business Line for decision.

In case of disagreement between these two parties, an escalation to the Group Complex Transaction & Reputational Risk Committee<sup>(39)</sup> might be envisaged as the ultimate decision body.

## 4.2 – ENVIRONMENTAL AND SOCIAL DUE DILIGENCE ON SUSTAINABLE GTB TRANSACTIONS

An E&S Due Diligence on the sustainable GTB transactions has been set to determine whether the transaction generates environmental and/or social benefits while not representing potential material and significant environmental and social risks. To do so, each component of the potential sustainable transaction is assessed via an E&S risk approach and positive impact approach. As specified below, Societe Generale GTPS

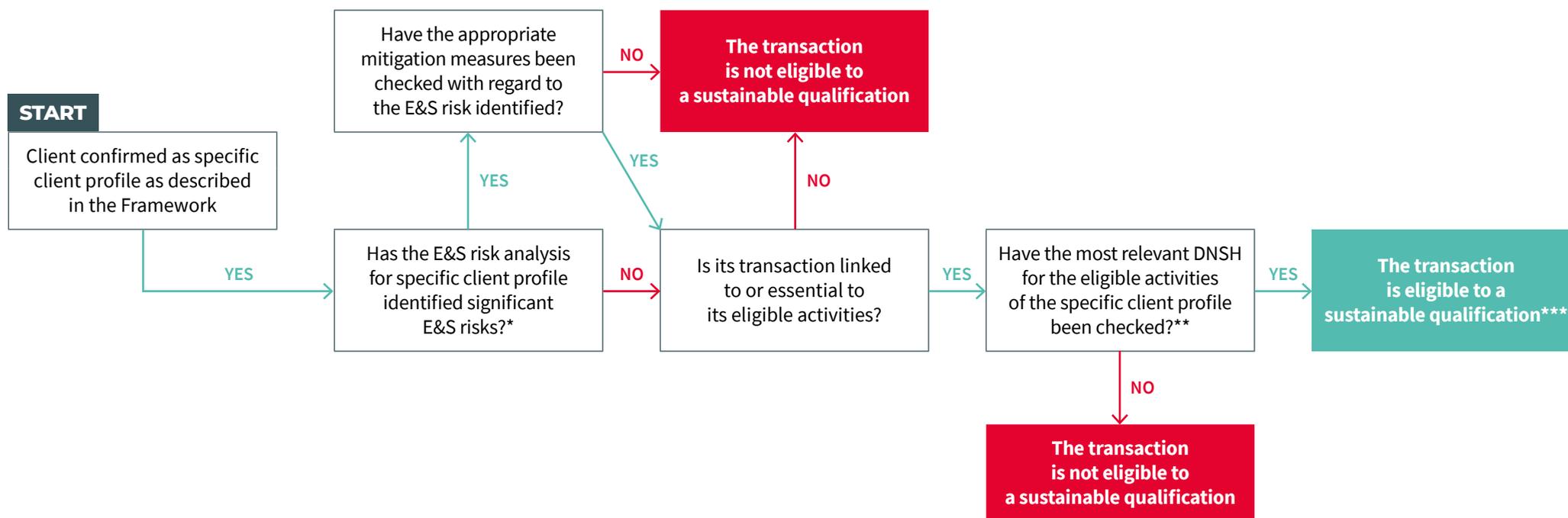
considers the following components of a potential sustainable GTB transaction to be assessed through this double approach: (i) the client of the potential sustainable GTB transaction (ii) the underlying assets/projects of the potential sustainable GTB transaction and its sustainability purpose, and (ii) other counterparties (as defined in the present section) of the potential sustainable GTB transaction.

The E&S Due Diligence on the potential sustainable GTB transactions aims at:

- Identifying potential significant E&S risks (or negative impacts) of the GTB transactions.
- Assessing how these E&S risks are addressed, managed and/or mitigated, in particular regarding the Group's E&S Risk Management Framework.
- Assessing the positive (environmental and/or social) impact(s) of the GTB transactions.

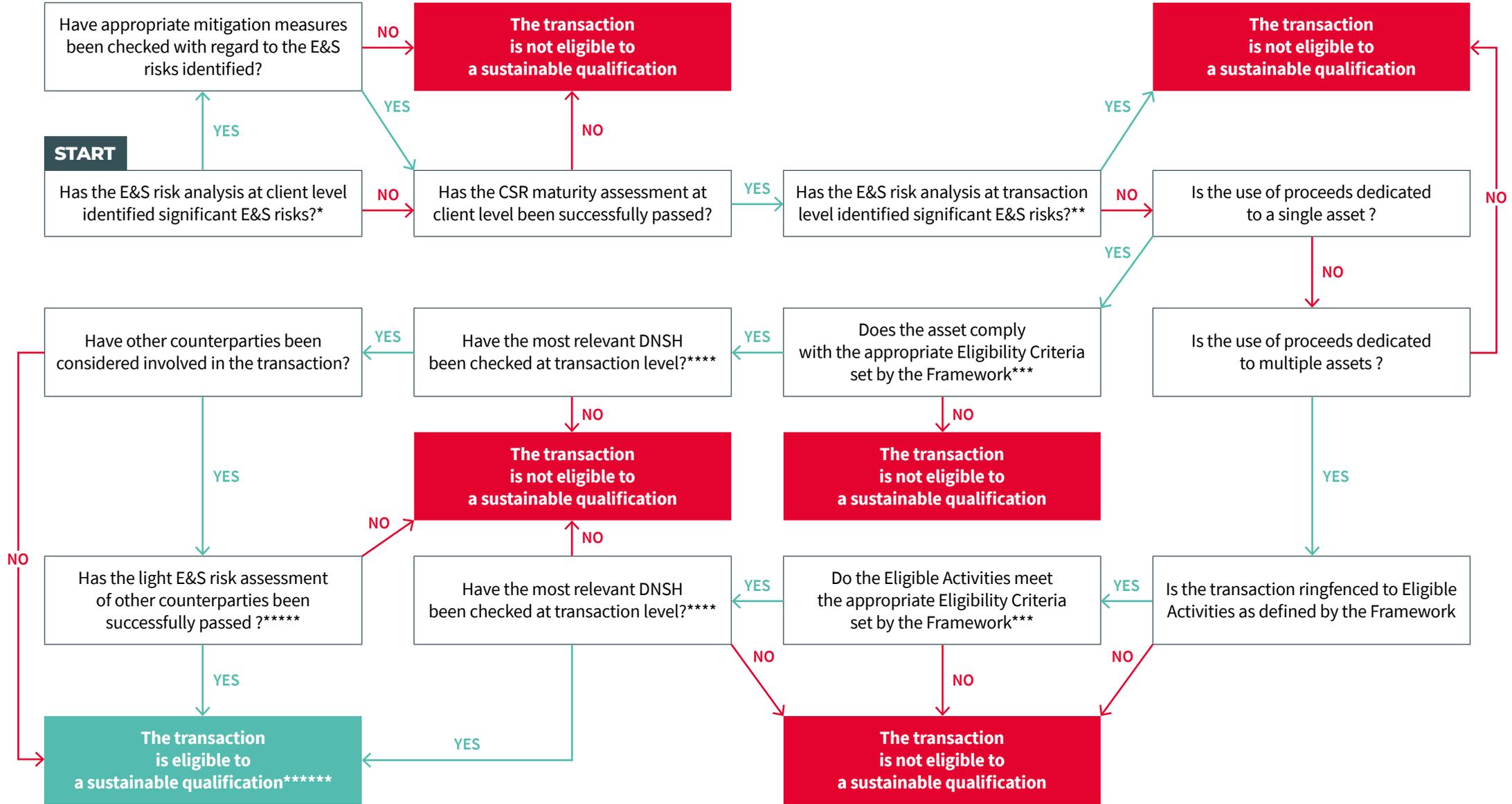
This E&S Due Diligence on sustainable GTB transactions supplements and/or overlaps but does not replace the current E&S Risk management Framework of Societe Generale applicable to clients and transactions. The E&S risks analysis performed both at client and/or transaction level as part of the E&S Due Diligence encompasses “do no significant harm” and “minimum social safeguards” checks in coherence with the EU Taxonomy approach, for the selection of Eligible Activities related to Green Categories.

**Table 3: E&S Due Diligence with a specific client profile**



(39) whose purpose is to review, assess and, as appropriate, approve/reject the heightened legal, regulatory, tax, compliance, accounting, conduct and/or reputational risks that may arise from (a) the involvement of any Group entities or employees in any complex structured transaction or (b) any new or existing product, transaction, business, service or activity with any client, customer or counterparty \* The E&S risks analysis performed as part of the ES DD at specific client profile level encompasses, as per relevance and on a best effort basis, a review of compliance with the most appropriate minimum social safeguards in the spirit of the EU Taxonomy. In all cases, the specific client profile is subject to an ES DD as required per Societe Generale E&S Risk Management Framework and if not required by the Group Framework, specific client profile analysis is realised. \*\* In the long term, Societe Generale intends to evolve towards a DNSH assessment that is fully aligned with the requirements of the EU Taxonomy. \*\*\* The qualification as sustainable is subject to the approval of the Committee. In case of disagreement, an arbitrage process has been put in place.

**Table 4: E&S Due Diligence with non specific client profile**



\* The E&S risks analysis performed as part of the ES DD at client level encompasses, as per relevance and on a best effort basis, a review of compliance with the most appropriate minimum social safeguards in the spirit of the EU Taxonomy. In all cases, the client profile is subject to an ES DD as required per Societe Generale E&S Risk Management Framework and if not required by the Group Framework, client profile analysis is realised. \*\* The transaction should not be related to a project on Societe Generale's E&S identification list nor exclusion list to be eligible to a sustainable qualification. \*\*\*The Eligibility Criteria are intended to be aligned on a best effort basis and where feasible with best market standards, in particular the EU Taxonomy requirements. In the long term, Societe Generale aims at being fully aligned with such requirements. \*\*\*\* In the long term, Societe Generale intends to evolve towards a DNSH assessment that is fully aligned with the requirements of the EU Taxonomy \*\*\*\*\* Counterparties identified in legal documentation \*\*\*\*\*The qualification as sustainable is subject to the approval of the Committee. In case of disagreement, an arbitrage process can be put in place.

## 4.2.1 – FOCUS ON ICC STANDARDS FOR SUSTAINABLE TRADE AND SUSTAINABLE TRADE FINANCE (WAVE 2)

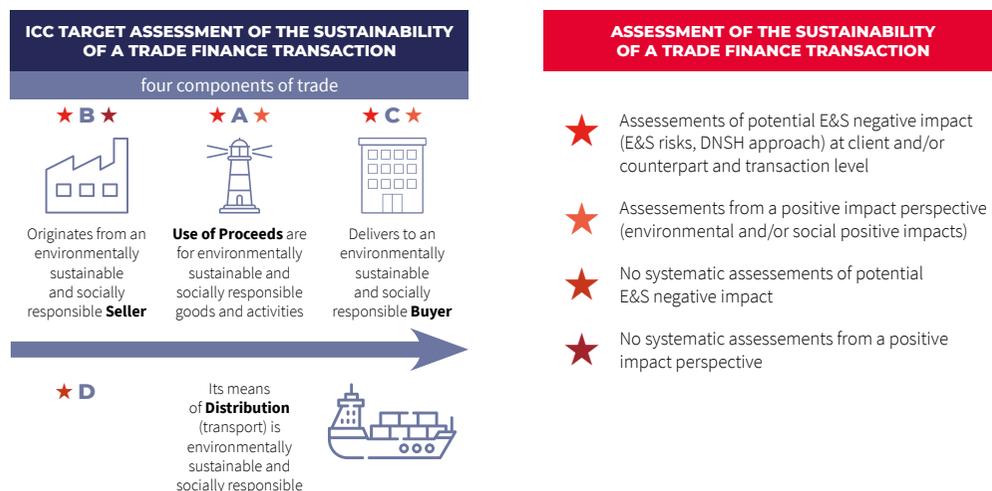
As of the date of publication of the Framework, the International Chamber of Commerce (ICC) has released a second draft of standards for sustainable trade, providing a framework that assesses the sustainability of trade and trade finance transactions.

The second version (Wave 2 – pilot phase) of the ICC framework incorporates a holistic definition of sustainable trade transaction as a transaction that:

- Consists of goods/services that have an environmentally sustainable and/or socio-economically responsible purpose and have been produced in an environmentally sustainable and socio-economically responsible way (Use of Proceeds);
- Originates from an environmentally sustainable and socio-economically responsible supplier (Seller);
- Is destined to an environmentally sustainable and socio-economically responsible buyer (Buyer);
- Is transported by environmentally sustainable and socio-economically responsible means (Distribution);

Nonetheless, these standards come in addition to pre-existing market standards such as the *Green Loan Principles* and aim at complementing the existing standards that are focusing more on the sustainability of the underlying assets and activities. Moreover, this ICC standards do not cover some GTB solutions covered by the Framework, such as cash management and factoring/forfeiting solutions, and may be less applicable to major trade finance guarantees, especially project related guarantees or L/Cs.

Most of the components of trade transactions to be assessed according to the ICC Standards are covered by a Societe Generale GTPS process, through client and/or counterpart (applicant or beneficiary) E&S review, and through transaction E&S assessment and impact and/or targeted population monitoring as described below:



As further described below, Societe Generale GTPS performs the following E&S assessment on the sustainable GTB transactions:

### Pillar A: Sustainability assessment of the Use of Proceeds being traded.

- The Use of Proceeds of the goods being traded pillar is covered through the E&S assessment of the underlying asset/project in the context of a trade finance transaction. Please refer to *Component 2: “E&S assessment of the underlying project/asset”* below.

### Pillar B: Sustainability assessment of the origin/seller

- The Seller is one of the counterparts assessed whether as per *Component 1: “E&S assessment of the client”* or as per *Component 4: “E&S Assessment of the other counterparties”* as described below.

### Pillar C: Sustainability assessment of the destination/buyer

- The Buyer is one of the counterparts assessed whether as per *Component 1: “E&S assessment of the client”* or as per *Component 3: “E&S Assessment of the other counterparties”* as described below.

### Pillar D: Sustainability assessment of the distribution from buyer to supplier (i.e., transport)

- This pillar was out of scope of Wave 1 of the ICC Standards for Sustainable Trade and Sustainable Trade Finance, due to lack of data quality and/or availability at this stage. However, it is intended to be included in Wave 2 release. This component is not specifically covered by the Societe Generale GTPS approach on trade finance unless the underlying goods are a transportation mean, in which case both the E&S risk and E&S positive impact will be assessed.

Societe Generale GTPS recognizes the importance of such market standards and will closely follow the evolution of the final version of the ICC Sustainable Trade Finance Standards (after the Wave 2 testing phase). *Societe Generale GTPS’s E&S assessment of the components of a potential sustainable GTB transaction is as described below.*

## 4.2.2 – COMPONENT 1: E&S ASSESSMENT OF THE CLIENT

Definition of client

- In the context of a trade finance transaction, the client can refer to either the “Beneficiary” or the “Applicant” and to either the “Buyer” or the “Supplier” depending on whether it is import or export trade finance.
- In the context of a cash management transaction, the client refers to the “Borrower”.
- In the context of a factoring or forfeiting transaction, the client refers to the “Seller” or “Adherent”.

Clients of potential sustainable GTB transactions are assessed through an E&S risk approach and CSR maturity approach (or “positive impact” evaluation). This E&S assessment follows a specific and rigorous methodology which is based on publicly available information and completed with information gathered through databases, ratings and/or information received from the client. To this end, Societe Generale GTPS focuses primarily on the following pillars to assess a client from an E&S perspective:

### 4.2.2.1 – E&S RISK APPROACH

#### E&S risk management comprises three main steps:

##### 4.2.2.1.1 – E&S RISK IDENTIFICATION:

This step consists in identifying whether the client or its underlying activities are on the E&S exclusion list or the E&S identification list, whether they are the subject of any E&S-related controversy and whether they are covered by an E&S sector policy. This process is designed to confirm, amongst other things, compliance with the exclusion criteria from the applicable sector policies.

##### 4.2.2.1.2 – E&S ASSESSMENT OF THE CLIENT IDENTIFIED AS PRESENTING AN E&S RISK

When an E&S risk is identified, the business line assesses compliance with the criteria from the applicable E&S policy(ies) and the Group’s other E&S commitments and weighs up the severity of any E&S controversies. This assessment may include a prospective analysis of these criteria. Based on the conclusions of the assessment, an E&S opinion is then issued. The E&S risk opinion may be positive, conditional (subject to contractual conditions, action plans, restrictions) or negative.

#### 4.2.2.1.3 – E&S ACTIONS:

E&S mitigation actions may be recommended to mitigate the risks identified.

In this regard, Societe Generale can check the processes put in place by the client to identify and mitigate perceived, actual, or potential E&S risks (e.g., policies, exclusion criteria etc.). If such risks are identified but considered by Societe Generale GTPS as not appropriately managed (e.g., no mitigation measures), then the transaction may be excluded from a sustainable qualification.

#### 4.2.2.2 – CLIENT CSR MATURITY ASSESSMENT

Societe Generale GTPS assesses the CSR maturity of the client based on the review of key CSR pillars and external recognised ESG rating and/or Certifications.

#### 4.2.2.3 – SPECIFIC CLIENT PROFILE

##### 4.2.2.3.1 – DESCRIPTION

A client has a specific client profile when it meets all the following criteria:

- Has a positive impact assessment
- At least 90% of revenues are eligible to the European Taxonomy as per its declaration in its CSRD reporting and correspond to activities considered as having limited or significant contribution to SDGs according to ISS-Corporate (please see ISS-Corporate External Review of the Framework)
- OR at least 90% of its revenues stem from the Eligible Activities within the Green Categories “Renewable Energy - Solar Power” and/or “Renewable Energy – Wind Power” and/or “Clean Transportation”.
- OR at least 90% of its revenues stem from Eligible Activities within the Social Categories “Access to essential
- OR it is a Non-Governmental Organization, Non-Profit (NBFL) or a Philanthropic Foundation;
- AND The E&S risk analysis at client level has been performed as described above.

##### 4.2.2.3.2 – ADDITIONAL E&S RISK ANALYSIS FOR SPECIFIC CLIENT PROFILE

The E&S assessment on a specific client profile is completed with additional E&S risk analysis which is adapted to the client's Eligible Activities. This review systematically includes a DNSH analysis at client level, with an analysis of the remaining 10% of the client revenues to ensure that they do not derive solely from Excluded Activities from the Framework (Section 3).

### 4.2.3 – COMPONENT 2: E&S ASSESSMENT OF THE UNDERLYING ASSET/PROJECT<sup>(40)</sup> (TRANSACTION LEVEL)

As for clients, the E&S assessment of the underlying asset/project of a potential sustainable GTB transaction is done through a double approach (i) E&S risk approach and (ii) positive impact approach.

In this regard, three cases are considered when assessing the potential Eligible Activities of a transaction:

**Case 1:** The transaction is a dedicated transaction (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. This is specifically the case of one-off trade finance transactions.

**Case 2:** The transaction is a dedicated transaction with multiple assets and/or pools of assets (linked or not to projects), meaning that the underlying assets/projects are not necessarily individually identified and known before closing the transaction, but the use of proceeds is ringfenced to Eligible Activities. This is specifically the case of trade finance facilities or of short-term RCF/Working Capital loans.

**Case 3:** The transaction is a general corporate purpose one and the client has a specific client profile.

#### 4.2.3.1 – E&S RISK APPROACH

This step consists in identifying whether the transaction or its underlying assets/project are on the E&S exclusion list or the E&S identification list, whether there is an E&S-related controversy and whether the transaction is covered by an E&S sector policy. This analysis will confirm, where applicable, compliance with the exclusion criteria from the applicable sector policies. In addition, when applicable, the transaction is checked to be not related to the *Excluded Activities* defined by the Framework.

In this regard, if significant E&S risks have been identified at transaction level and are considered by Societe Generale GTPS as inappropriately managed, Societe Generale GTPS can ask the client for mitigation or remediation measures that can be reflected in the legal documentation or related agreement if relevant. If such measures cannot be appropriately checked, the GTB transaction can be excluded from a sustainable qualification.

#### 4.2.3.2 – POSITIVE IMPACT APPROACH

This step consists in identifying whether the transaction (or its underlying activities) has a positive impact, i.e., environmental and/or social benefits as described below.

##### 4.2.3.2.1 – SUSTAINABILITY PURPOSE & COMPLIANCE WITH THE ELIGIBILITY CRITERIA SET BY THE FRAMEWORK

**Case 1 – Dedicated transaction with a single underlying asset:** The underlying asset/project is assessed against its compliance with the appropriate Eligibility Criteria defined by the Framework (See [Section – Use of Proceeds Approach](#)).

**Case 2 – Dedicated transaction with multiple assets and/or pools of assets:** The dedicated transaction with multiple assets and/or pools of assets is ringfenced to Eligible Activities as defined by the Framework. The appropriate Eligibility Criteria and/or Eligible Activities which are defined by the Framework are reflected in a dedicated agreement or legal documentation.

**Case 3 – General corporate purpose transaction with specific client profile:** The client is a specific client profile, and the transaction is linked to or essential to its eligible activities or considered as supporting the client in its activities globally.

##### 4.2.3.2.2 – DNSH APPROACH AT UNDERLYING ASSET/PROJECT LEVEL

In addition to the E&S risk performed at client and transaction levels (as described above in “E&S risk approach”) and in the spirit of the European Taxonomy, the Eligible Activities will be checked, on a best effort basis, against the relevant “Do No significant Harm” criteria. The elements analyzed will vary depending on several factors. The aim of these checks is to avoid significant negative impacts on the other environmental objectives of the EU Taxonomy that would counterbalance the generated or expected positive environmental and/or social benefits of the transaction.

**Case 1 – Dedicated transaction with a single underlying asset:** In the case of a dedicated transaction with a single underlying asset, where the Eligible Activities are clearly identified, the following criteria can be checked, depending on their relevance vis-à-vis the Eligible Activities:

- **Restoration of biodiversity and ecosystems:** Whenever relevant, and especially in the case of a project-related transaction, a check is performed on the location of the underlying projects to make sure that it is located outside of areas legally protected nationally or internationally or other key biodiversity areas.
- **Other DNSH criteria:** As per relevance, and especially in the case of a project-related transaction, the most appropriate and relevant features of the DNSH applicable to the Eligible Activities are checked in the spirit of the EU Taxonomy (e.g., sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems).

<sup>(40)</sup> Factoring transaction do not pass this assessment since factoring instruments or programs are classified as green, social or sustainable only if the client is considered as a specific client profile.

**Case 2 – Dedicated transaction with multiple assets and/or pools of assets:** The appropriate E&S risk management / DNSH conditions are checked with regard to the Eligible Activities and are complementary to the elements gathered at client level, based on client’s management of key E&S risks. The main E&S risk management / DNSH conditions are reflected in the client assessment and/or the legal documentation or related agreement.

**Case 3 – Generale corporate purpose transaction with specific client profile:** The appropriate E&S risk management / DNSH conditions are checked with regard to the activities of the specific client profile and are complementary to the elements gathered at client level, based on client’s management of key E&S risks. The main E&S risk management / DNSH conditions are reflected in the client assessment and/or legal documentation or related agreement.

#### **4.2.3.2.3 – MINIMUM SOCIAL SAFEGUARD**

The E&S risks assessment performed as part of the positive impact evaluation both at client and transaction levels encompasses, as per relevance and on a best effort basis, a review of the most appropriate minimum social safeguards in the spirit of the EU Taxonomy and takes into consideration the maturity of local E&S regulation in the spirit of the Equator Principles. In addition, E&S client assessment includes a focus on health & safety and human rights policies, management systems and certifications as well as the existence and requirements related to a Code of conduct and a focus on the existence and strength of a grievance mechanism.

A systematic check of the existence of a grievance mechanism will be performed on transactions related to infrastructure projects.

#### **4.2.4 – COMPONENT 3: E&S ASSESSMENT OF OTHER COUNTERPARTIES**

The term “Other Counterparties” refers to parties that are involved in the potential sustainable GTB transaction (i.e., identified in legal documentation) but that is not its direct client, and/or to which Societe Generale GTPS is not contractually bound.

*In the context of a trade finance transaction, the other counterparties can refer (among others) to the Beneficiary or to the Applicant.*

The suppliers of the underlying asset(s) of a transaction can also be considered as another counterparty on specific cases. Whenever relevant, the other counterparties of the transaction are assessed according to a lighter E&S risk analysis detailed below.

##### **4.2.4.1 – PRESENCE ON E&S EXCLUSION AND IDENTIFICATION LISTS**

The presence of other counterparties on the E&S exclusion lists and E&S identification lists are checked.

##### **4.2.4.2 – ENVIRONMENTAL & SOCIAL REPUTATIONAL RISK ANALYSIS**

Societe Generale GTPS ensures that the other counterparties do not represent any major E&S reputational risk. It includes checks on whether the other counterparties have been impacted by significant controversies related to E&S issues. If significant E&S controversies have been identified, a thorough analysis is performed to understand if the other counterparty’s capacity to handle these E&S issues and if this E&S issue is linked to the envisaged transaction. The result of such analysis can impact the transaction’s eligibility to a sustainable qualification.

#### **4.2.5 – SPECIFIC LOCAL STANDARDS OR REQUIREMENTS RELATING TO SUSTAINABLE GLOBAL TRANSACTION BANKING PRODUCTS**

In the case of local regulations applicable to sustainable GTB solutions or to the Green or Social Categories – such as local green taxonomy– the most stringent between the Framework requirements and local regulations apply. In the case of local non-binding recommendations or market standards, these will be looked at and applied to the extent possible while structuring the sustainable GTB solution.

### **4.3 – DOCUMENTARY EVIDENCE COLLECTION (PRE-MONITORING)**

In parallel to the E&S Due Diligence of the sustainable GTB transaction, documentary evidence is collected to trace the elements used to qualify the transaction as sustainable and to assess, measure and/or quantify the expected and/or generated environmental and/or social benefits.

When it comes to GTB solutions without a dedicated use of proceeds (general purpose corporate loans, such as RCFs or WCLs):

- If the client is not a specific client profile: legal documentation or relating agreement should reflect that the proceeds are exclusively ringfenced to Eligible Activities;
- If the client is a specific client profile: the elements used to confirm its status as specific client profile will be collected and kept.

Documentary evidence are usually the documents already collected for traditional transactions and may be completed with specific information requested to the client or gathered through internal checks.

# 5. MANAGEMENT OF PROCEEDS APPROACH

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This section describes the Societe Generale GTPS approach to the management of sustainable GTB solutions throughout their whole financial life in accordance with the Framework requirements. Sustainable GTB transactions are tracked at Business Line level and progressively integrated into Societe Generale's internal IT systems. If a non-compliance is identified at some point during the lifetime of a sustainable GTB solution, this non-compliance will be addressed and resolved or may result in a de-classification of the sustainable GTB solutions.

## 5.1 – POST-ISSUANCE MONITORING & CONDITION PRECEDENT

### 5.1.1 – POST-ISSUANCE MONITORING OF SUSTAINABLE TRADE FINANCE SOLUTIONS

*For one-off sustainable trade finance solutions (guarantee, SBLC or L/C...):*

At each issuance of a sustainable one-off trade finance solution, the client is expected to provide a Sustainable Declaration to Societe Generale GTPS, which contains relevant information describing the Eligible Activities along with impact indicators (See [Section 6](#)). Upon reception of the *Sustainable Declaration*, Societe Generale GTPS reviews the purpose and description of the Eligible Activities and the impact indicators to determine whether they meet the Framework requirements. After this review, Societe Generale GTPS notifies its consent (or not) to consider the one-off trade finance solutions as “sustainable” whether by written confirmation, or by sending back a Sustainable Certificate to the client if requested.

As checks are done during the issuance of trade finance solutions, and the trade finance solution will only cover the Eligible Activities as agreed at issuance, there is no further management of proceed apart from a follow-up on potential Sustainable Deterioration Event.

*For sustainable sub-tranche of a trade facility (guarantee, SBLC or L/C...) or sustainable trade finance facility:*

It is agreed that a Sustainable Declaration will be done for each issuance under this (sub)facility, in which case the previous description applies to each issuance, or issuance under this (sub)facility is ringfenced to Eligible activities as described in the legal documentation or related agreement.

### 5.1.2 – CONDITION PRECEDENT: CASH MANAGEMENT SOLUTIONS

If specified in the legal documentation, at each drawdown, the client is expected to provide a Sustainable Utilization Request to Societe Generale GTPS. This document describes the Eligible Activities that will be financed and describes how they meet the Eligibility Criteria of the Framework. The Eligibility Criteria are pre-agreed with the client and correspondent invoices and/or appropriate supporting documents are made available to the Bank upon request. This allows Societe Generale GTPS to make sure of end-use monitoring at the time of each drawdown.

For the sake of clarity, for uncommitted cash management financing facility, the notion of unallocated use of proceeds does not apply.

### 5.1.3 – SUSTAINABLE FACTORING / FORFAITING SOLUTIONS

**Sustainable factoring:** a sample of invoices is reviewed as per legal clauses or related agreement. Additional checks are performed on the same sample of invoices to confirm that the underlying activities correspond in majority to Eligible Activities. If anomalies are detected on this sample, the sample of invoices to check is increased, and as case may be, a Sustainable Deterioration Event can apply as described below.

**Sustainable forfeiting:** the compliance of the underlying assets with the Eligibility Criteria of the Framework is checked systematically as described in the legal documentation or related agreement.

## 5.2 – SUSTAINABLE DECLASSIFICATION MECHANISM

### 5.2.1 – SUSTAINABLE DETERIORATION EVENT

A declassification mechanism can be triggered when a Sustainable Deterioration Event occurs.

A Sustainable Deterioration Event means, in relation to any sustainable GTB solutions:

- the occurrence of any event which entails that the relevant Eligible Activity does no longer meet the appropriate Eligibility Criteria as set out in the legal documentation or related agreement, and/or
- the Eligible Activity, its stakeholders or the client are affected by a material and significant environmental and social controversy, and/or
- the client fails to meet its appropriate reporting requirements, and/or
- in the case of factoring, if the testing of invoices demonstrates that the invoices are not covering eligible assets

after a remediation process has been put in place.

### 5.2.2 – REMEDIATION & SUSTAINABLE DECLASSIFICATION

If the Sustainable Declassification is triggered after a remediation process, a GTB solution ceases to be qualified as “sustainable” and then, as agreed in legal documentation or related agreement, the GTB solution should not be further characterized, announced, or publicized as sustainable by the client nor Société Générale GTPS.

For the sake of clarity, when a Sustainable declassification mechanism is triggered, it does not imply any termination of the GTB solution nor constitute an event of default.

If the Sustainable Declassification is not triggered, the GTB solution still qualifies as “sustainable”.

### 5.2.3 – SPECIFIC CLIENT PROFILE

At renewal or extension of a sustainable GTB solution, checks are performed to ensure that the client still meets the criteria to be considered as “specific client profile”. If the criteria are no longer met, there is no systematic “Sustainable Deterioration Event” but each new transaction with this client will be analyzed as “a transaction without a specific client profile” and relevant reporting requirements will apply.

Such case and associated consequences are reflected in the E&S clauses of the legal documentation and pre-agreed with the client.

## 5.3 – GRANDFATHERING EVENT

Eligible Activities must meet the appropriate internal Eligibility Criteria at the time they are flagged as Eligible Activities and at the date the GTB solution is classified as sustainable.

Consequently,

- If the internal Eligibility Criteria of the Framework are strengthened, modified, or removed for a given Eligible Activity, these new internal Eligibility Criteria will not apply retroactively to the existing sustainable GTB solutions.
- If the Framework is updated before the end of the maturity of a sustainable GTB solution, the Eligible Activity is not assessed against the new Framework requirements.
- When the transaction is renewed, or its maturity extended for the first time, the requirements of the Framework at the time the Eligible Activities are flagged as Eligible Activities still apply even if the Framework has been updated in the meantime. However, the client is warned by Front Officers or Sales that new requirements have been implemented and that, in the case of a second renewal or second extension of maturity, the new requirements will be applied.

# 6. REPORTING

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## 6.1 – ALLOCATION REPORTING

### 6.1.1 – ALLOCATION REPORTING ON THE TRANSACTION

An allocation reporting on the transaction consists in a report that describes how the proceeds of the sustainable GTB instrument (the “**Allocation Report**”) have been allocated to the relevant Eligible Activities for a given transaction. Clients are expected to provide an Allocation Report to Societe Generale GTPS, at least, on an annual basis as pre-agreed and wherever feasible.

#### **Trade finance solutions:**

- *One-off trade finance instrument:* no Allocation Report is needed in this case. The use of proceeds is the amount of the one-off trade finance instrument issued over the year and the outstanding amount (exposure) of the one-off trade finance instrument at year-end.
- *Trade finance facilities:* the use of proceeds corresponds to the amount of the trade finance solutions issued during the year under the facility and outstanding amounts (exposure) of trade finance solutions at year-end.

**Cash management products:** the use of proceeds consists of the amounts drawn during the year and the outstanding amount (exposure) at year-end.

**Receivable/Forfaiting programs:** the use of proceeds corresponds to the amount of invoices (in euros) bought under the program over the year.

### 6.1.2 – CONSOLIDATED ALLOCATION REPORTING

All allocation reporting on the sustainable GTB transactions is collected for each Business Line and consolidated in a single report on an annual basis (the “**Consolidated Allocation Report**”).

### 6.1.3 – PUBLIC ALLOCATION REPORTING

On an annual basis, the public allocation report (or “**Public Allocation Reporting**”) disclosing the consolidated outstanding number of transactions that were qualified as sustainable during the reporting period will be made publicly available starting on 2025. This data will be integrated into the Universal Registration Document, verified by external auditors with at least a limited assurance.

## 6.2 – IMPACT REPORTING

The impact reporting aims at quantifying and measuring the expected and/or generated positive environmental and/or social benefits of the sustainable GTB transactions. To this end, clients are expected to provide a report on their sustainable GTB transaction (the “**Impact Report**”) to Societe Generale GTPS. The Impact Report should include the following elements, as defined in the legal documentation or related agreement:

- A description of the ongoing Eligible Activities with a confirmation that they meet the appropriate Eligibility Criteria or at least, a description of the underlying asset/project’s characteristics in order to ensure their alignment with the Eligibility Criteria.
- Wherever applicable, a confirmation that the ongoing Eligible Activities are not affected by a Sustainable Deterioration Event.
- A quantitative performance measure of the environmental and/or social benefits of the ongoing Eligible Activities via the use of indicators. These indicators are pre-agreed with the client and selected on a case-by-case basis. Clients are encouraged to use commonly recognised methodologies for their calculation, in line with market standards.

### Trade finance solutions

- *One-off trade finance instruments*: clients are expected to send the Impact report to Societe Generale GTPS at the issuance of each one-off trade finance instrument, along with the associated *Sustainable Declaration* (See [Section 5](#)). The positive environmental and/or social impacts are thus measured ex-ante and can be actual figures or expected data. When the one-off trade finance solutions have a long-term maturity, the client could provide, where feasible, another Impact Report before the end of the maturity of the transaction to measure the positive impacts on an ex-post basis.
- *Trade finance facilities*: clients are expected to send an Impact Report on an annual basis at facility or sub-tranche level corresponding to the projects covered by the sustainable trade finance solutions issued under the facility.

**Cash management solutions:** clients are expected to send an Impact Report to Societe Generale GTPS within one year from the first drawdown. The Impact Report is done at facility level. In case of renewal, the client is expected to send an Impact Report on the previous year up to 3 months after the renewal date.

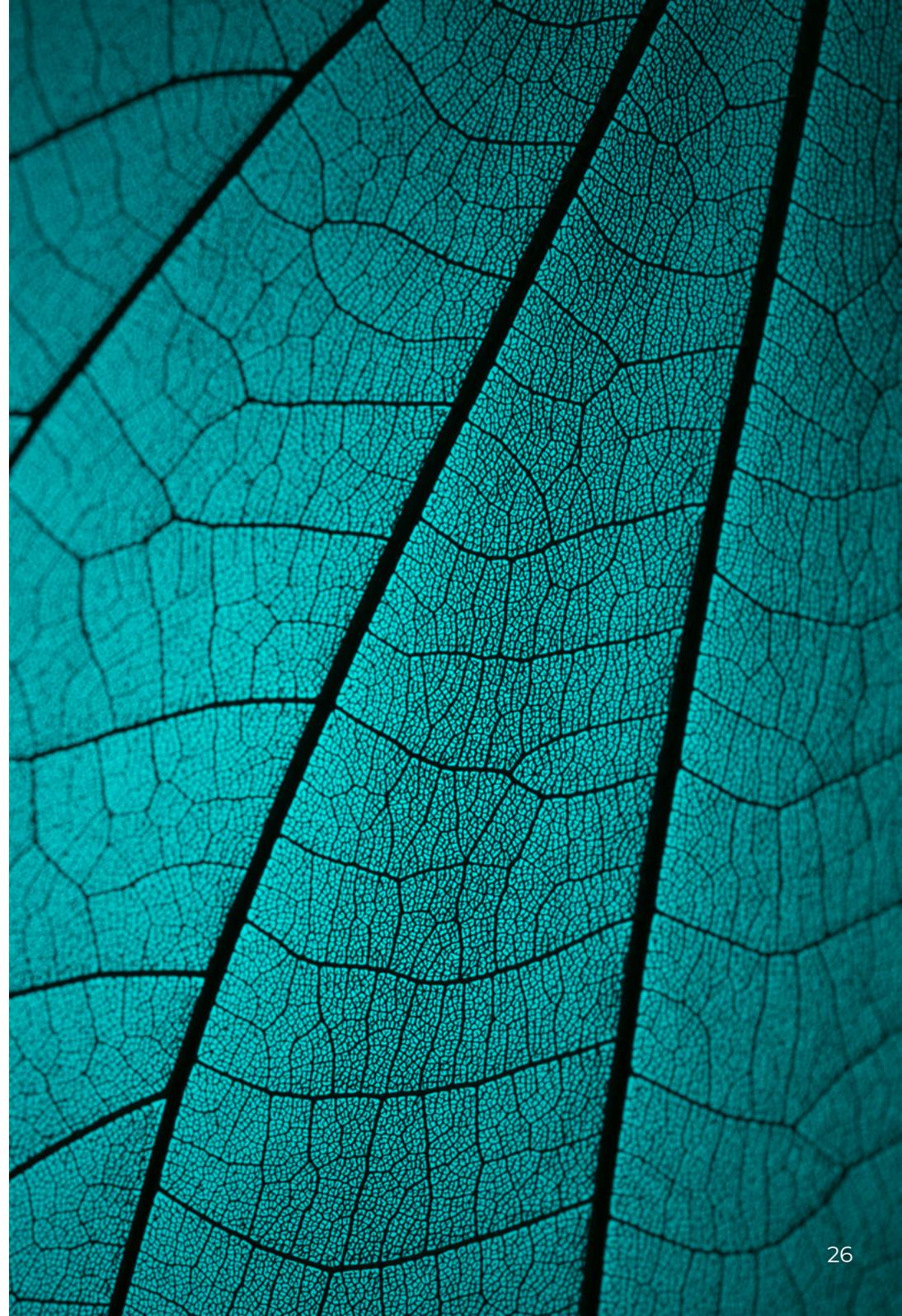
**Factoring and forfaiting solutions:** clients are expected to send an Impact Report to Societe Generale GTPS on an annual basis.

**Specific Client Profile:** in the case of general corporate purpose transaction with a specific client profile (such as trade finance facility, receivable programs), the Impact Report could be replaced with an existing communication from the client, i.e., impact related information could be gathered for instance through existing documentation at client level (e.g., annual report, environmental report etc.). However, the specific client profile is checked on an annual basis to ensure that the client still qualifies for this status and that no major E&S controversy has affected the client.

Societe Generale GTPS will endeavor to monitor, at first internally, a consolidated reporting of impact on a best effort basis.

## 6.3 – FAILURE TO REPORT

If the client fails to provide the appropriate reporting to Societe Generale GTPS as agreed in legal documentation or specific related agreement, Societe Generale GTPS will start a remediation process with the client. If the remediation process fails, it may trigger a Sustainable Deterioration Event and its associated consequences as described in [Section 5](#).



# 7. EXTERNAL REVIEW

*The Framework was drafted in English. In the event of any discrepancy between the English version and a translated one, the English version shall prevail.*

## **External review of the public allocation reporting**

Societe Generale will request from an independent auditor an external review of the annual public allocation report. This review should at least meet the limited assurance review standards.

## **External Review on the Framework**

**ISS-CORPORATE**  Societe Generale GTPS has commissioned ISS-Corporate as an External Reviewer of the internal full version of the *Sustainable Global Transaction Banking Framework* (dating October 25, 2023).

*ISS-Corporate enable investors to develop and integrate responsible investing policies and practices, engage on responsible investment issues, and monitor portfolio company practices through screening solutions.*

*It also provides climate data, analytics, and advisory services to help financial market participants understand, measure, and act on climate-related risks across all asset classes. In addition, ESG solutions cover corporate and country ESG research and ratings enabling its clients to identify material social and environmental risks and opportunities.*

ISS-Corporate has reviewed the following elements:

- the internal full version of the Sustainable Global Transaction Banking Framework (dating October 25, 2023)
- assessed Societe Generale GTPS' sustainable qualification system.
- assessed Societe Generale's ESG risk management in the context of its sustainable global transaction banking activities.
- assessed Societe Generale's sustainability performance and strategy.

## **Disclaimer**

ISS-Corporate assessed the contribution of the eligible categories to the UN SDGs displayed under Part II of its External Review based on a detailed Framework provided by Société Générale, which included a list of eligible categories and their corresponding detailed eligibility criteria. For confidentiality reasons, Société Générale will not disclose the list of eligible categories in their published Framework. ISS-Corporate External Review remains valid as long as the cited Framework and the eligibility criteria as of October 25, 2023, remain unchanged.

The External review on the internal full version of the Framework is available on <https://www.iss-corporate.com/solutions/esg-solutions/second-party-opinion/>.

## **Publication of the Framework and future updates**

The rapidly evolving regulatory context involves the extension of the European Taxonomy on green activities to the four remaining environmental objectives, the publication of European Taxonomy on social activities and the release of the final version of ICC standards on *Sustainable trade and sustainable trade finance*. In this context, the Framework will be progressively updated over the years in light of these developments.

Any substantial modification to the Framework will be shared with the External Reviewer and will be subject to a second External review when necessary.

# 8. APPENDIX 1: SOCIETE GENERALE, A COMMITMENT OF OVER 20 YEARS

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## **Societe Generale's approach to managing environmental and social risks**

Societe Generale conducts its business with the utmost respect for the values and principles under:

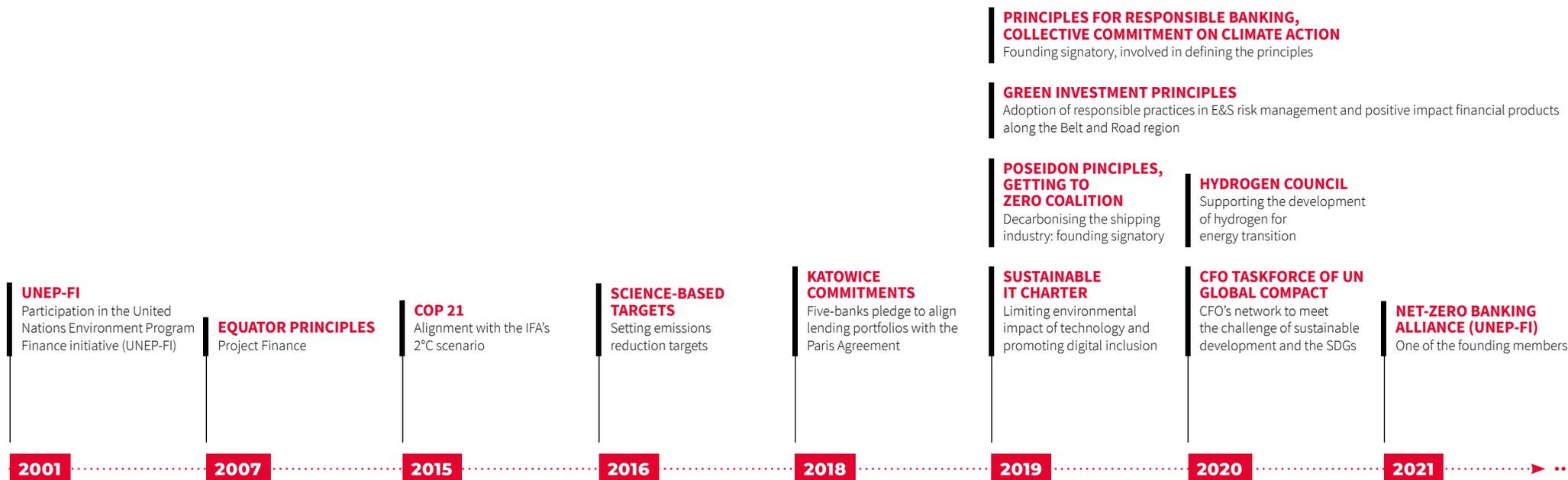
- the Universal Declaration of Human Rights and its additional commitments.
- the fundamental conventions of the International Labour Organization (ILO).
- the UNESCO World Heritage Convention.
- the Guidelines for Multinational Enterprises of the OECD (Organisation for Economic Co-operation and Development).
- the United Nations Guiding Principles on Business and Human Rights.

In addition, the Group has shown its proactive commitment to the following public and private initiatives:

- As a founding signatory member of the Principles for Responsible Banking<sup>(41)</sup> – Commitment to Climate Action (PRB CCCA)<sup>(42)</sup>, and being involved in defining the associated principle.
- As a founding signatory member of the Poseidon Principles – Getting to Zero Coalition<sup>(43)</sup> which aims to decarbonizing the shipping industry.

- By implementing the Sustainable IT Charter<sup>(44)</sup> that limits the environmental impact of technology while promoting digital inclusion.
- As an Investor Member of the Hydrogen Council<sup>(45)</sup> which supports the development of hydrogen for energy transition.
- Engaging in CFO Taskforce of UN Global Compact<sup>(46)</sup> which works to meet the challenge of sustainable development and the Sustainable Development Goals.
- In 2021, Societe Generale was one of the founding members of the Net Zero Banking Alliance (NZBA), an industry-led and UN-convened alliance bringing together banks “committed to aligning their lending and investment portfolios with net-zero emissions by 2050”<sup>(47)</sup>.

<sup>(41)</sup> Principles for Responsible Banking. [Link](#) <sup>(42)</sup> PRB. Commitment to Climate Action (CCA). [Link](#) <sup>(43)</sup> Poseidon Principles – Getting to Zero Coalition. [Link](#) <sup>(44)</sup> Sustainable IT Charter. [Link](#) <sup>(45)</sup> Hydrogen Council. [Link](#) <sup>(46)</sup> CFO Coalition for the SDGs. [Link](#) <sup>(47)</sup> UNEP FI. Net Zero Banking Alliance. [Link](#)



The full list of Societe Generale's commitments are available on [Societe Generale website](#). These commitments include notably (in ante-chronological order):

**2022**

- Societe Generale joined the Aviation Climate-Aligned Finance Working Group, Aluminium Climate-Aligned Finance Working Group and signed Sustainable STEEL Principles.

**2021**

- Societe Generale joined the Net-Zero Banking Alliance as a founding member.
- Societe Generale joined the Net-Zero Asset Owner Alliance.
- Societe Generale joined the Steel Climate-Aligned Finance Working Group as co-leader.
- Publication of Societe Generale first reporting and self-assessment for the Principles for Responsible Banking.

**2020**

- Societe Generale joined the UN Global Compact CFO Principles on Integrated SDG Finance.
- Societe Generale joined the Hydrogen Council, supporting the development of hydrogen for the energy transition.

**2019**

- Signature of the Principles for Responsible Banking and member of the Collective Commitment on Climate.
- Signature of the French Business Climate Pledge.
- Societe Generale signs the Poseidon Principles promoting shipping industry decarbonization.
- Signature of the Sustainable IT Charter, committing to limit the environmental impact of technology and encourage digital inclusion.

**2018**

- Societe Generale becomes the first French bank to join the Climate Bonds Partner Program, an international network of financial actors working with Climate Bonds to shift investment towards a low carbon and climate resilient economy.

**2017**

- Adoption of the Principles for Positive Impact Finance (UNEP-FI).
- Supporting the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD).

## 2016

- Signature of Women's Empowerment Principles – WEP, Professional Equality Charter of United Nations.
- Signature of the International Labour Organisation's Global Business Charter on Disability.

## 2015

- Subscription to the “Principles for Mainstreaming Climate Actions within Financial Institutions”, launched during COP 21.
- Societe Generale joined the “Soft Commodities Compact” of the Banking Environment Initiative (with the Consumer Goods Forum) to fight tropical deforestation.
- Launch of the “Positive Impact Manifesto” of the UNEP-FI.
- Signature of the French Business Climate Pledge.
- Signature of a Global Agreement on Fundamental Rights with UNI Global Union.

## 2014

- Lyxor signed the Principles for Responsible Investment (PRI), developed by an international group of institutional investors reflecting the increasing relevance of environmental, social, and corporate governance issues to investment practices.
- Support of the Green Principles, which aims at establishing a reference framework for green bonds.
- Signature of the Joint Declaration organized by Transparency International France for the promotion of transparent, honest lobbying.

## 2010

- Signature of the “Responsible Supplier Relations” Charter (France).

## 2007

- Signature of SME Pact (France);
- Adoption of the Equator Principles, a set of guidelines adopted by financial institutions for determining, assessing, and managing social and environmental risk when financing projects.

## 2004

- Signature of the Diversity Charter (France) and compliance with the environmental obligations stipulated by the Grenelle 2 law.

## 2003

- Joined the United Nations Global Compact, which encourages companies to integrate principles relating to human rights, working conditions and the fight against corruption.

## 2001

- Joined the United Nations Environment Programme Finance Initiative (UNEP-FI). This public-private partnership between the UN and the global financial sector promotes the adoption of best sustainable development practice at all operational levels of financial institutions.

## 2000

- Societe Generale became a founding member and the only French bank to participate in the Wolfsberg Group, an association of 13 international banks committed to fight money laundering and corruption.

# 9. APPENDIX 2: CORRESPONDENCE TABLE BETWEEN THE GREEN CATEGORIES AND THE RELATED EU TAXONOMY ELIGIBLE ACTIVITIES

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Green Category	Related EU Taxonomy Eligible Activities
Renewable Energy	<ul style="list-style-type: none"><li>■ Electricity generation using solar photovoltaic technology.</li><li>■ Electricity generation using concentrated solar power (CSP) technology.</li><li>■ Electricity generation from wind power</li><li>■ Electricity generation from hydropower</li><li>■ Electricity generation from ocean energy technologies</li><li>■ Manufacture of hydrogen</li><li>■ Manufacture of equipment for the production and use of hydrogen</li><li>■ Storage of electricity</li><li>■ Transmission and distribution of electricity</li><li>■ Manufacture of renewable energy technologies</li></ul>

Green Category	Related EU Taxonomy Eligible Activities
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>■ Transport by motorbikes, passenger cars and light commercial vehicles</li> <li>■ Freight transport services by road</li> <li>■ Freight rail transport</li> <li>■ Passenger interurban rail transport</li> <li>■ Urban and suburban transport, road passenger transport</li> <li>■ Operation of personal mobility devices, cycle logistics</li> <li>■ Inland freight water transport</li> <li>■ Inland passenger water transport</li> <li>■ Sea and coastal freight water transport, vessels for port operations and auxiliary activities</li> <li>■ Sea and coastal passenger water transport</li> <li>■ Manufacture of batteries</li> <li>■ Manufacture of low carbon technologies for transport</li> <li>■ Infrastructure enabling low carbon water transport.</li> <li>■ Infrastructure enabling road transport and public transport.</li> <li>■ Infrastructure for personal mobility, cycle logistics</li> <li>■ Infrastructure for water transport</li> <li>■ Infrastructure for rail transport</li> </ul>
<b>Pollution Prevention and Control Waste management &amp; Air emission Reduction</b>	<ul style="list-style-type: none"> <li>■ Collection and transport of non-hazardous waste in source segregated fractions</li> <li>■ Anaerobic digestion of bio-waste</li> <li>■ Composting of bio-waste</li> <li>■ Transport of CO<sub>2</sub></li> <li>■ Underground permanent geological storage of CO<sub>2</sub></li> </ul>
<b>Sustainable water management and wastewater management</b>	<ul style="list-style-type: none"> <li>■ Construction, extension and operation of water collection, treatment, and supply systems</li> <li>■ Construction, extension and operation of wastewater collection and treatment</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>■ Construction of buildings</li> <li>■ Renovation of existing buildings</li> <li>■ Acquisition and ownership of buildings</li> <li>■ Manufacture of energy efficiency equipment for buildings</li> </ul>

# DISCLAIMER

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*Societe Generale wants to contribute to a proactive and responsible environmental transition by supporting its clients and the real economy towards a less carboned future through responsible and innovative financial solutions. Whilst Societe Generale continues to support customers across a range of sectors during the transition phase, Societe Generale is committed to a process of aligning its financing with trajectories compatible with the objectives of global carbon neutrality in 2050, starting with the most CO<sub>2</sub>-emitting activities. Visit Societe Generale's website for further information on environmental transition: [Environmental transition - Societe Generale](#).*

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