

CLIMATE STRATEGY: SOCIETE GENERALE IS EMBARKING ON A NEW STAGE TO STRENGTHEN ITS LEADERSHIP IN THE ENERGY TRANSITION AND ALIGN ITS ACTIVITIES WITH THE PARIS AGREEMENT

Press release

Paris, 28 October 2020

Societe Generale, ranked best bank worldwide in 2019 on environmental topics ([RobecoSAM](#)) and number one globally in the financing of renewable energies at the end of September 2020 ([IJGlobal](#)), is embarking on a new decisive stage in its climate strategy to strengthen its leadership in the energy transition alongside its clients and to align all of its activities with the objectives of limiting global warming as defined by the Paris Agreement:

- **Over the coming months, Societe Generale will set itself precise sector-by-sector alignment targets for each of its financing portfolios, starting with the most carbon intensive sectors.** This work will draw on a robust [methodology communicated in September 2020](#) with four other banks (as part of a commitment under the Katowice Agreement) and on the guidelines of the International Energy Agency's (IEA) Sustainable Development Scenario (SDS) in setting out the necessary trajectories.
- **Against this backdrop, Societe Generale is making a very strong new commitment:** after engaging in a process to [completely exit from the coal sector by 2030 for EU and OECD countries and by 2040 for the rest of the world](#), **Societe Generale is one of the first global banks to announce a concrete near-term target to reduce its overall exposure to the oil and gas extraction sector by 10% by 2025.** This commitment goes beyond the requirements of the SDS scenario. In this context, the Group has decided to stop financing onshore oil and gas extraction in the US.
- The Group has restated its pledge to contribute [financing of up to €120 billion for energy transition projects between 2019 and 2023](#). **Societe Generale is thus developing its support for renewable energies worldwide, is innovating to create responsible financing and investment solutions, and is launching a massive training programme for its teams.**

Frédéric Oudea, Chief Executive Officer, says: *“After the Paris Agreement and given the urgency around the climate situation, Societe Generale is leading a responsible and voluntarist climate strategy that we wish to accelerate by pro-actively supporting our clients in their energy transition. Guided by our corporate purpose, we are determined to play a driving role in ‘Building together with our clients a better and sustainable future through responsible and innovative financial solutions’. CSR and in particular climate-related objectives are a priority of the Group's strategy and for each of our business lines, with the aim to be a leader in the sustainable finance and the energy transition fields. This new stage of our climate strategy draws on the alignment as quickly as possible of all our financing activities with the IEA Sustainable Development Scenario. Having been a pioneer in the development of renewable energies, we are one of the first global banks to announce a significant reduction in the short term of our overall exposure to the oil and gas extraction sector. In this context, we are also announcing our decision to stop financing onshore oil and gas extraction in the US. We have a responsibility to redirect our portfolio of activities at a pace that is consistent with the climate scenarios and with an ecological transition that is economically viable and socially inclusive.”*

Pro-actively aligning our financing portfolios with the IEA Sustainable Development Scenario (SDS)

Since 2015 we have been committed to achieving the global warming limitation objectives set out in the Paris Agreement, and in recent years Societe Generale has also initiated fundamental work to prepare for the alignment all of its financing activities within the various sectors in which it operates to support its clients. These alignment efforts must draw on benchmark climate scenarios and robust methodologies for measurement. In this regard, the Group decided to align itself with the strict goals of the IEA Sustainable Development Scenario (SDS), which is broadly used by companies, and aims to limiting temperature increase to below 1.65°C. In parallel, the work undertaken since 2018 with four banks as part of the Katowice agreement to define a common methodology for sector-by-sector alignment of credit portfolios gave rise to the publication in September of a report detailing the application of the PACTA open source method of the 2DII Institute, which is available to all banks to enable them to measure the impacts of their various portfolios, dynamically steer their alignment targets and publish comparable market results. Moreover, the Group has developed a methodology to measure the alignment of its investment portfolios with the climate objectives of the Paris Agreement.

Over the coming months, Societe Generale will set itself precise sector-by-sector alignment targets for each of its portfolios, starting with the most carbon intensive sectors:

Towards a complete exit from coal

Since 2011, Societe Generale has been applying a gradual policy of disengagement from the coal sector, which led to its announcement in 2019 of a goal to reduce its exposure to the thermal coal sector to zero by 2030 at the latest for companies with extraction or electricity production assets in EU and OECD countries, and by 2040 for companies located elsewhere. To achieve this target, in July 2020 Societe Generale published its [new sector-based policy](#) which sets out strict procedures for supporting clients in this transition phase. In addition, the Group has already largely exceeded its coal targets for 2016-2020 by achieving a 43% reduction in its exposure to coal extraction and by limiting the share of coal in the electricity mix financed by the Bank to 11% by mid-2020.

New commitment to gradually reduce its exposure to the oil and gas extraction sector

Societe Generale is today announcing a concrete and measurable target to reduce its portfolio linked to oil and gas extraction by 10% by 2025. This is an ambitious goal which goes beyond the trajectory recommended by the SDS 2020 (-4%) and which allows to take action within a very short time horizon. As part of this commitment, Societe Generale is announcing the end of its financing of onshore oil and gas extraction in the US. It will shortly publish a new sector-based policy in which it will specify how it will support its clients operating in this sector worldwide.

A new decarbonisation goal in the financing of electricity generation

The Group is also committed to reducing the carbon intensity of its financing activities linked to electricity production by 18% by 2025 and by 76% by 2040 compared with the levels at the end of 2019. The goal set for 2025 is much higher than that of the AIE for the same period, thanks to our deliberate policy to exit coal and our leading role in renewable energies.

A driving role in the energy transition: mobilisation of financing, development of innovative solutions and participation in coalitions

Having achieved, one year ahead of schedule, its commitment to contribute €100 billion to the financing of the energy transition between 2016 and 2020, Societe Generale has reiterated its **target to help raise €120 billion between 2019 and 2023** through a range of sustainable financing solutions (credit, bonds, advisory). By the end of September 2020, it had already achieved 60% of this target.

As a pioneer in the development of renewable energies over the last 20 years or so, Societe Generale is forging ahead in this area, and at the end of September 2020 was ranked **N°1 worldwide in the financing of renewable energies** (IJGlobal). In the electricity mix financed by the Bank, the share of renewable energies had increased to more than 50% by mid-2020.

Globally, all our business lines in our various geographical markets draw on our expertise in financial engineering and innovation to **develop innovative financing and responsible investment solutions** that can meet the growing aims of our clients, companies, investors, and individuals to have a positive impact on the development of the economy and society, and to support the development of future solutions (e.g. electric mobility, hydrogen, storage of renewable energy, etc.).

To help with the development of these offers and in order to better support our clients, we have launched a **massive training programme for our teams around CSR matters** (specialised training given to more than 3,000 bankers working in financing and advisory in 2020; a general training programme under way for all employees in 2021).

Societe Generale has also pioneered coalitions with a view to defining a framework that is conducive to the energy transition and stimulates collective momentum. In addition to its commitment as part of the Katowice agreement, Societe Generale is notably a founding signatory, under the aegis of UNEP-FI, of the [Principles for a responsible banking sector](#), a member of the Collective Commitment on Climate and the CFO Principles, a founding signatory of the Poseidon Principles for the decarbonisation of the maritime transport industry and a member of the Hydrogen Council.

Societe Generale's climate strategy draws on three other key drivers:

- **Reducing the Group's own carbon footprint**, with the achievement of two 2014-2020 targets, namely a 25% reduction in the level of greenhouse gas emissions per occupant and a 25% increase in the energy performance per occupant, as well as further acceleration of our Green IT initiatives as part of the signature of the [Sustainable IT Charter](#) in 2019.
- **Full integration of climate risks** in the governance, strategy and management of the Bank's risks.
- **A transparency policy** with the publication of all of the Bank's commitments, achievements, and risk management in a Climate Report based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and the NFRD (Non-Financial Reporting Directive), which we were one of the first banks in the world to publish last year. [Access the 2020 climate report](#)

By working along with other French banks and market players in Paris to be at the forefront of green finance on a global scale, Societe Generale is resolutely committed to strengthening its leadership in sustainable finance and playing its role as a leader in the energy transition.

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Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 138,000 members of staff in 62 countries and supports on a daily basis 29 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking** which encompasses the Societe Generale, Cr dit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates**, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

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