

Tobacco sector policy



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1. INTRODUCTION

In the frame of its Corporate Social Responsibility policy, and as a signatory of the Principles for Responsible Banking, the Group (as defined in 2.2 of this sector policy) intends to consider the environmental, social (E&S) and governance issues associated with all its activities, in order to better control their impact and promote good practices, with an objective of continuous improvement.

Societe Generale has published [E&S general principles](#) which define the overall framework of its E&S Risk management system for the responsible conduct of its banking and financial activities. Within this framework, transversal statements addressing issues common to all sectors have been developed, together with sector policies whereby Societe Generale looks more specifically into certain sectors identified as sensitive from an E&S standpoint and in which it plays an active role. The tobacco sector has been identified as one such sector.

Tobacco products present documented health risks as well as certain addictive characteristics. The E&S impacts associated with tobacco activity are high and various material intrinsic E&S risks come with the tobacco industry, such as:

- Health and safety of persons
- Poor labour conditions (child labor, green tobacco sickness, livelihood)
- Pollution, biodiversity loss and deforestation linked to tobacco production
- Negative impacts on local communities.

Therefore, Societe Generale has engaged in an exit strategy of the tobacco sector pursuant to the modalities described in this tobacco sector policy.

All terms used with capital letters are defined in Article 6 “Glossary” or throughout this policy.

2. SCOPE

2.1. Geographical scope

This sector policy is applicable worldwide.

2.2. Scope of the Group’s activities

This sector policy applies to Societe Generale and all consolidated companies over which it exercises exclusive control (together, the “Group”).

It applies to the following products and services:

- All banking and financial products and services carried out by the Group’s entities,
- Asset management activities,
- Investment activities of the Group’s insurance entities.

Mobility services and vehicles leasing activities of the Group also have a tobacco exit strategy which is not covered by this document.

2.3. Scope of tobacco sector activities

This policy covers companies commercially involved in the following activities:

- The production of tobacco,
- The manufacturing of Tobacco Products.

3. SECTOR SPECIFIC E&S STANDARDS AND INITIATIVES

A number of institutions have developed standards and initiatives addressing the E&S impacts resulting from the tobacco sector activities. The standards and initiatives listed below provide guidance for the Group's evaluation in this sector:

- The [World Health Organization Framework Convention on Tobacco Control \(WHO FCTC\)](#) – the first global public health treaty established in 2003 in recognition of the global tobacco epidemic
- The [Voluntary Principles on Security and Human Rights](#) (2000)
- The [Tobacco-Free Portfolios](#) initiative
- The [UN Declaration on the rights of indigenous peoples](#) (2008)

The Group requests its clients to comply with E&S laws and regulations of each relevant country or region while encouraging them to apply the E&S standards and initiatives mentioned above.

The Group will closely follow the new regulations and voluntary standards and initiatives that may emerge in the future. The Group will, when relevant, use them as references in implementing this policy and update it if necessary.

4. IMPLEMENTATION PROCESS

The Group has engaged into an exit strategy of the tobacco sector activities. To implement this strategy, the Group has defined E&S exclusion criteria (as detailed in Article 5 below) which are incorporated into its decision-making processes when considering the provision of products and/or services to the tobacco sector. The E&S exclusion criteria are intended to exclude certain types of corporates, dedicated transactions or services, or banking and financial products and services from the Group's activities.

In addition, Tobacco Companies may fall in the scope of Societe Generale's Industrial agriculture and forestry sector policy. In such case, applicable criteria of those sector policies will be used in addition to the criteria detailed in Article 5 below.

The Group's decisions are based on public information, information made available by its clients or from external data providers. The Group shall make reasonable endeavors to ensure the quality and reliability of this information but accepts no liability whatsoever in connection with any such information.

The Group will evaluate whether the exclusion criteria apply to clients.

The Group may refuse to provide banking and financial products and services to certain corporates or refuse to be involved in certain transactions, even if the exclusion criteria defined in this policy are not applicable. The Group may also require that companies engage in additional actions or additional due diligence processes before concluding on the acceptability of a client or a transaction.

Any deviation from this policy may be granted, on an exceptional basis, by a Societe Generale group oversight committee

chaired by senior management.

5. APPLICATION CRITERIA OF THE POLICY

5.1. Client criteria

Exclusion Criteria

The Group will not provide new banking and financial products and services to Tobacco Companies generating more than 25% of their revenues from Tobacco Products.

5.2. Asset management and investment criteria

Exclusion Criteria

The Group's entities managing assets (directly or on behalf of third parties) and the Group's insurance entities exclude Tobacco Companies from their universe of investment pursuant to their public investment policy.

When the Group distributes funds managed by third party asset managers, such third-party asset managers are encouraged to implement similar standards.

6. APPLICATION DATE AND UPDATES

This policy is applicable from the date of its publication, with exceptions for pre-existing business commitments or opportunities at an advanced stage of negotiation.

This policy may evolve in time, according notably to regulatory evolutions and as a result of the discussions between the Group and its stakeholders. Therefore, the Group reserves the right to modify this policy at any time. Updated versions will be posted on the Group's website, where the E&S general principles, the transversal statements and other E&S sector policies are also available.

This policy has been established in French and in English. In case of inconsistency between the French and the English version, the French version shall prevail.

7. GLOSSARY

Group Responsible Commitment Committee: refers to the Societe Generale Group committee which examines and arbitrates complex transaction/customer cases with a high risk in terms of the Group's reputation or non-alignment with its standards in terms of Corporate Social Responsibility or ethics.

Heated Tobacco Products: refers to a product or device which heats real tobacco within a specific temperature range, using an electronic heat-control system to prevent the tobacco from burning.

Tobacco Companies: refers to companies producing tobacco and/or manufacturing Tobacco Products. This also includes companies that grow or process raw tobacco leaves.

Tobacco Products: refers to products entirely or partly made using tobacco leaves as raw material which are manufactured to be used for smoking, sucking, chewing or snuffing. It includes tobacco-related products with reduced risks such as Heated Tobacco Products.