

CROSS-SECTORIAL POLICY



BIODIVERSITY

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1. INTRODUCTION

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

As defined by the Convention on Biological Diversity (CBD), biodiversity encompasses the variability among living organisms. This includes diversity within species, between species and of ecosystems. Conservation of biodiversity, maintenance of ecosystem services¹ and sustainable management of living natural resources are key aspects of sustainable development. Societe Generale is fuelling economic development worldwide, and recognises that some of its clients are active in sectors or in areas that may put them at risk of contributing to the overall erosion of biodiversity and ecosystem services if these issues are not properly managed. The Bank is willing to remain a value-adding partner to its clients, while ensuring that its support is provided in a responsible and considered manner. This is why the Bank aims for the highest standards regarding protection of biodiversity when considering the provision of banking and financial services. It is also convinced that opportunities for the financial sector will emerge through new approaches to protect biodiversity, and intends to play a role in this sector.

2. COMMITMENT

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

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

3. RISK ASSESSMENT

While it is incumbent on the Bank’s clients to manage the risks associated with their own operations, it is important to Societe Generale to evaluate the consistency of its engagements with clients against the E&S principles of the Bank.

When evaluating clients’ activity and/or transactions with a potential material impact on/dependency to biodiversity, particular attention is paid to the following aspects:

¹ Benefits obtained from ecosystems include pollination, water yield and purification, flood control, storm protection, soil conservation, carbon storage, degradation of waste...

- Habitat loss² through destruction or conversion (eg by activities entailing significant conversion of land use, projects sited in or close to areas identified as important for biodiversity, or developments in remote or pristine locations);
- Habitat degradation and fragmentation;
- Invasive alien species introduction;
- Unsustainable use of ecosystems and over-exploitation of biodiversity;
- Genetic erosion through hybridation and reliance on a limited number of domestic species;
- Hydrological changes;
- Nutrients and pesticides loading through agricultural practices;
- All types of pollution of the ecosystems (including impacts of climate change);
- Impacts on specific values attached by local communities to biodiversity and ecosystem services;
- Dependency to ecosystem services emerging as a major potential issue for some economic sectors including agribusiness, fisheries, water utilities or tourism.

4. ISSUE-SPECIFIC STANDARDS AND CRITERIA

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

It is widely acknowledged that the interactions and impacts of economic activities on biodiversity are complex and still deserve better understanding and analysis. Over the years, however, attention has been brought to the issue by a number of international institutions and conservancy organisations, which have developed standards and initiatives³ with a view to enhancing biodiversity conservation. The standards and initiatives listed below provide guidance for Societe Generale assessment of a client's approach to managing its impacts on biodiversity.

- The [Convention on Biological Diversity](#) (CBD - including the Biosafety Protocol and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from Their Utilization) and its [Strategic Plan for Biodiversity 2011-2020](#) including Aichi Biodiversity Targets;
- The Conventions targeting species protection, including the [Convention on International Trade in Endangered Species of Wild Fauna and Fauna](#) (CITES) and the [Convention on the Conservation of Migratory Species of Wild Animals](#) (CMS or Bonn Convention);
- The International Union for Conservation of Nature (IUCN) [Red List of Threatened Species](#);
- The Conventions targeting protection of areas or habitats such as the [Convention on Wetlands of International Importance](#) (Ramsar Convention); the UNESCO **Convention on the Protection of the World Cultural and Natural Heritage** and the [UNESCO Man and Biosphere Programme](#) (MAB);
- The initiative defining [Key Biodiversity Areas](#);
- The UNEP/IUCN [World Database on Protected Areas](#);

² A habitat is an ecological area that is inhabited by a particular species. When a habitat is destroyed or degraded, the organisms which previously used the site are displaced or disappear, reducing biodiversity.

³ These standards and initiatives may take the form of conventions, directives, standards, recommendations or guidelines...

- [The Economics of Ecosystems and Biodiversity](#) (TEEB) initiative;
- The [Business and Biodiversity Offsets Programme](#) (BBOP).

Based on the analysis of these initiatives and of best practices of multilaterals and financial institutions, Societe Generale has defined the following biodiversity criteria which are incorporated into its decision-making process when considering provision of banking and financial services.

a. Client criteria

Clients whose activities have potential material impacts on biodiversity, whether direct or indirect, are encouraged to implement the best practices in biodiversity conservation and maintenance of ecosystem services, and in particular:

- To participate in voluntary initiatives and make commitments to the CBD principles and objectives: to contribute to the implementation of the convention as well as its Strategic Plan for Biodiversity, and refer to them as appropriate, for defining concrete and measurable biodiversity target for their operation;
- To participate in voluntary initiatives aiming at offsetting significant residual effects to biodiversity resulting from their activities, such as the BBOP, and to implement the initiatives' recommendations;
- To put in place programmes at the corporate level aiming at measuring both ecosystem degradation and the benefits provided by ecosystems services, as recommended by the TEEB initiative;
- For clients engaged in the primary production of living natural resources⁴, to apply sector-specific standards in sustainable management that incorporate the three biodiversity objectives of the CBD and where relevant to submit to independent certification of such standards.

b. Dedicated transactions criteria

When conducting an E&S assessment of a transaction⁵, Societe Generale has the following requirements:

- When the activities associated with the transaction are located within, or with potential material impacts on nationally legally protected areas⁶, Internationally protected areas⁷, or other Key Biodiversity Areas⁸:
 - A third-party assessment of the potential impacts on biodiversity and related ecosystem services has been carried out;
 - The assessment has demonstrated that:
 - the client is implementing a mitigation strategy which prioritises efforts to prevent or avoid adverse impacts to biodiversity, then to minimise and reduce those effects, to

⁴ Including forestry, agriculture, aquaculture or fisheries. See also relevant Societe Generale Sector Policies.

⁵ See Implementation Process in Societe Generale E&S General Guidelines

⁶ IUCN categories I to IV

⁷ UNESCO Natural World Heritage Sites, UNESCO Man and Biosphere Reserves and wetlands designated under the Ramsar Convention

⁸ [Key Biodiversity Areas](#) are identified at the national level by local stakeholders using a set of transparent and globally standardized criteria, most notably building from the IUCN Red List of Threatened Species, BirdLife International's Important Bird Areas, Plantlife International's Important Plant Areas, IUCN's Important Sites for Freshwater Biodiversity, and sites identified by the Alliance for Zero Extinction.

- repair or restore them, and finally to offset or compensate them, with a view to achieving no net loss of biodiversity;
- adequate consultation of local population and other stakeholders is being carried out, where relevant.
- In addition, for activities located within, or with potential material impacts on a nationally or internationally protected area, evidence is provided that the development is legally permitted and consistent with any regulatory management plans for such area.
- When the activities are leading to the introduction of any new alien species, evidence is provided, to the satisfaction of Societe Generale, that such introduction is compliant with the existing national and international regulatory framework, and that there is no risk of invasive behaviour.

c. Equator Principles

Societe Generale applies the Equator Principles and its underlying standards, namely the IFC Performance Standards⁹, to the transactions falling in the scope of this initiative.

Together with the criteria defined in the E&S General Guidelines, these criteria provide the framework used by Societe Generale to manage its indirect impact on biodiversity. Besides, sector specific standards encompassing management of the impacts on biodiversity are detailed in relevant Sector Policies.

5. SCOPE

This Cross-sectorial Policy applies to all the banking and financial services provided by the Societe Generale Group entities to its clients.

6. IMPLEMENTATION PROCESS

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

The development of these processes will take into consideration risks materiality and may be adapted to countries.

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

7. SCHEDULE – REVISIONS

This Biodiversity Cross-sectorial Policy is applicable from the date of its publication to all services provided therefrom.

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

⁹ Most specifically, the IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources.

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

Updated versions will be posted on [Societe Generale's website](#), where the E&S General Guidelines and all published Cross-sectorial and Sectorial Policies are also available.

This Cross-sectorial Policy has been established in French, versions in other languages are free translations.