

SOCIETE GENERALE POSITIVE IMPACT COVERED BOND REPORTING

SG SFH's Portfolio of Eligible Loans

As of 31st May 2019

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PROCEEDS' ALLOCATION AND KEY IMPACT INDICATORS

Portfolio based allocation report*

- As of 31st May 2019, the outstanding amount of the portfolio of Eligible Loans totals EUR 2,987m
- Net proceeds of the Positive Impact Covered Bond issued in 2019 by SG SFH are **100% allocated** to the portfolio of Eligible Loans **refinancing consequently 33.5% of this portfolio's global amount**

Positive Impact Covered Bonds

ISIN	Issue date	Currency	Amount issued	Maturity date	Coupon
			millions		%
FR0013434321	18 July 2019	EUR	1,000	18 July 2029	0.125%
Total					

Portfolio of Eligible Loans – as at 31 May 2019

Portfolio name	Number of Eligible Loans**	Outstanding Amount	Eligibility for Positive Impact Covered Bond	Average Portfolio Lifetime	Annual GHG emissions avoided	Annual Energy savings
		EUR millions	%	years	tCO ₂ eq	MWh
Portfolio of Eligible Loans	21,237	2,987	100%	18	15,926	90,695

*based on the Harmonized Framework for Impact Reporting guidelines: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf>

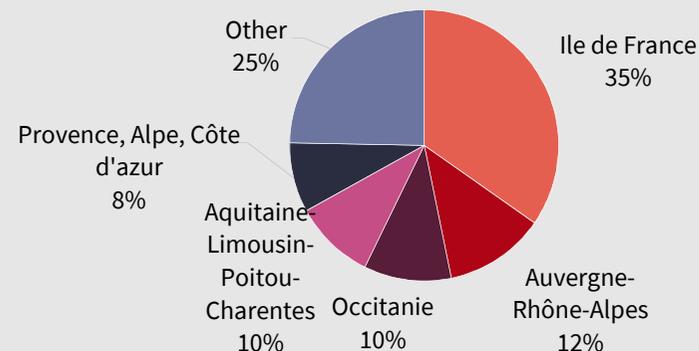
**as defined in SG SFH Positive Impact Covered Bond Framework https://www.societegenerale.com/sites/default/files/documents/Notations%20Financi%C3%A8res/sf_h_positive_impact_covered_bond_framework_june2019.pdf

SG SFH'S PORTFOLIO OF ELIGIBLE LOANS

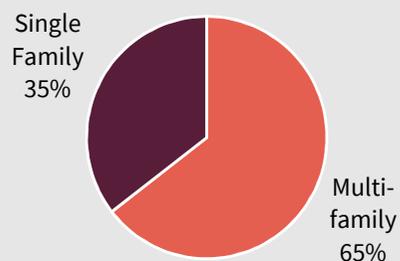
Portfolio of Eligible Loans as at 31 May 2019

Outstanding amount	EUR 2,987m
Number of loans	21,237
Average Portfolio Lifetime	18 years

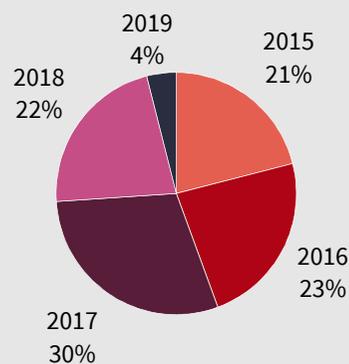
Breakdown of outstanding amount per region



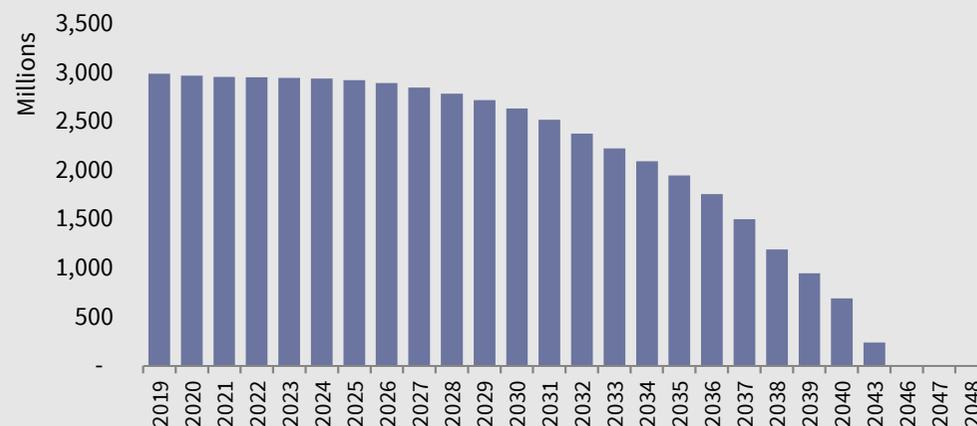
Breakdown of outstanding amount by type of dwelling



Breakdown of outstanding amount by year of first drawdown



Amortising profile of the portfolio of Eligible Loans



In case of methodological changes in the selection and evaluation process of the Eligible Loans, or in case of material controversies that could lead to the replacement of the targeted loans by other Eligible Loans, the information will be provided in the annual reporting. A material controversy is considered as a controversy which significantly impacts the building sector from an environmental and/or social standpoint. This could include, and is not limited to, the non-compliance with environmental rules set by the French government and working conditions during the building phases.

ENVIRONMENTAL IMPACTS OF THE PORTFOLIO OF ELIGIBLE LOANS

- In alignment with UNEP FI's Principles for Positive Impact Finance, eligible loans to SG SFH's Positive Covered Bonds have been selected for their clear positive contribution to Climate and their support to the transition to a low carbon future
- Therefore they directly contribute to achieving the following United Nations Sustainable Development Goals:



Target 7.3 By 2030, double the global rate of improvement in energy efficiency



UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Financing Green buildings can contribute to this goal, as it contributes to the reduction of GHG emissions compared to energy production based on fossil fuels and to the development of carbon-intensive buildings

- Positive contribution to Climate is essentially measured based on the following metrics:



Estimated ex-ante annual energy savings (in MWh)



Annual GHG emissions in tons of CO₂ equivalent saved

Environmental impacts of the Eligible portfolio

Type of dwelling	Estimated floor area (m ²)	Annual Energy savings (MWh)	Annual GHG emissions avoided (tCO ₂ eq)
Multi-family	722,596	35,552	6,243
Single-family	734,261	55,143	9,683
Total	1,456,856	90,695	15,926



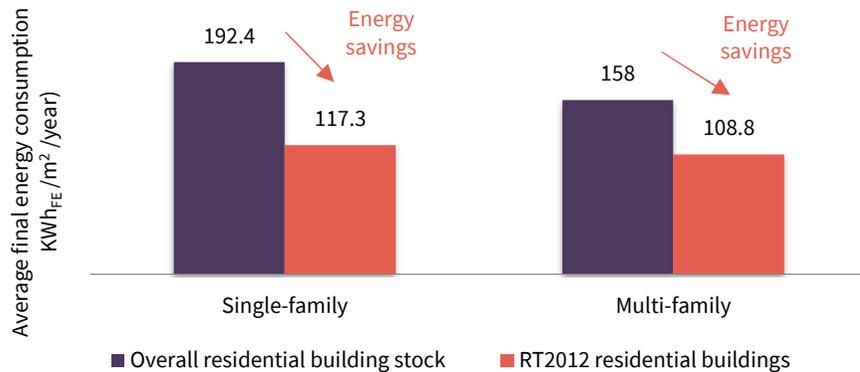
- In alignment with UNEP FI's Principles for Positive Impact Finance, a review of potential negative impacts mitigation actions and an analysis of other positive externalities has been performed (cf. slides 7 & 9)

IMPACT MEASUREMENT METHODOLOGY

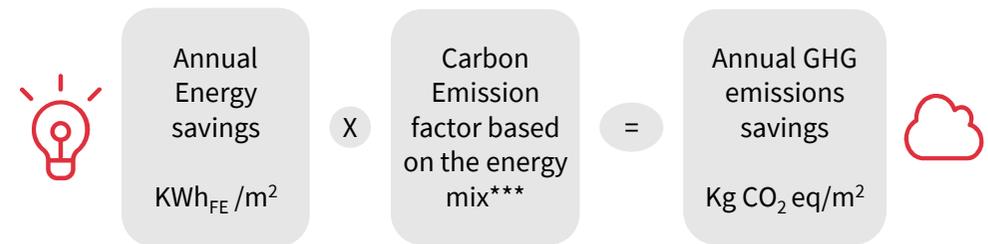
- Societe Generale Group has relied on the support of external green real estate consultant Wild Trees to define the Impact measurement methodology. This methodology is available on Societe Generale's debt investors webpage*



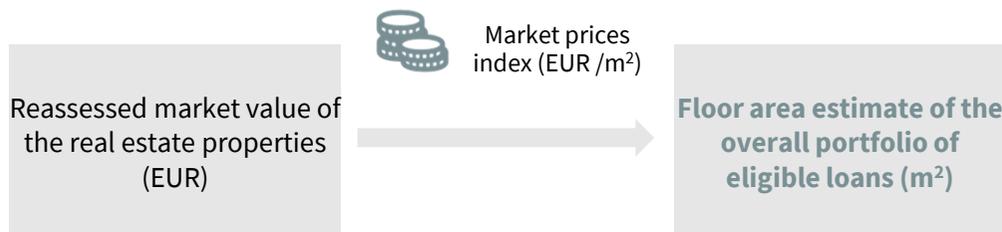
Step 1: Energy savings** estimate



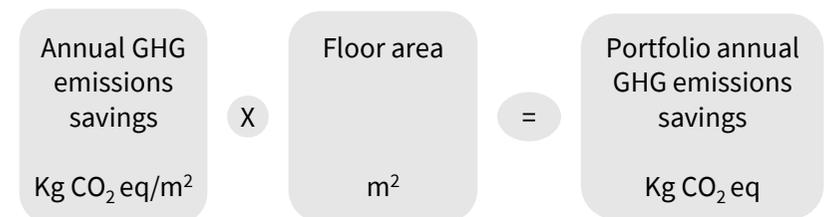
Step 2: Convert energy savings into GHG emissions savings



Step 3: Floor area estimate



Step 4: Assessment of the environmental benefits of the pool



* https://www.societegenerale.com/sites/default/files/documents/Notations%20Financi%C3%A8res/2019/methodology-for-assets-selection-and-impact-measurement_wild-trees.pdf

**Main data source is the survey on the efficiency of homes, "Performance de l'Habitat, Équipements, Besoins et Usages de l'énergie" Phebus: <https://www.statistiques.developpement-durable.gouv.fr/enquete-performance-de-lhabitat-equipements-besoins-et-usages-de-lenergie-phebus>

***GHG conversion factor is a weighted average of the conversion factors for each energy source (coal, wood, oil, natural gas, electricity) and usage for residential buildings (Source: ADEME, legifrance Arrêté of february the 8th of 2012)

OTHER EXTERNALITIES ASSESSMENT (1/2)

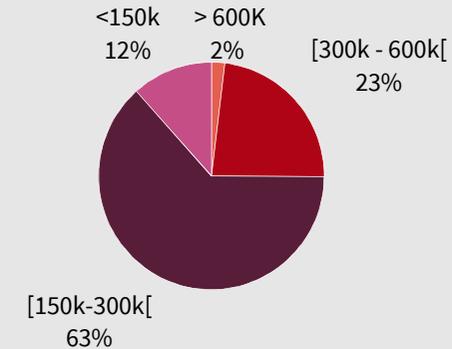
Identification of other positive externalities and mitigation of potential negative impacts

Access to housing



By targeting mortgages on **main residences only**, the Positive Impact Covered Bond promotes **residences' primary use: housing**. Secondary residences are excluded because of their impact on real estate market prices which could create barriers for property acquisition by local residents.

Distribution of dwellings by initial price of property (in EUR thousands)

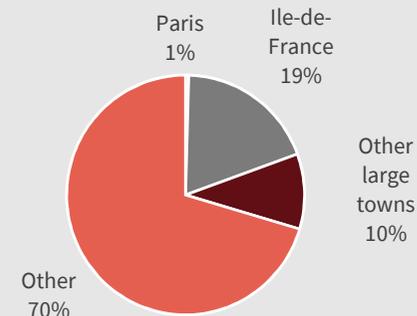


Preservation of biodiversity and soil

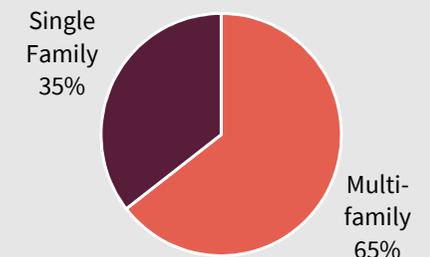


The exclusion of any secondary residences limits the impact on land artificialization and its consequences on soil and biodiversity erosion is limited. By supporting access to **multi-family dwellings**, positive impact covered bonds contribute to **reducing the soil area's construction rate** (the share of multi-family dwellings is higher than the share of single-family dwellings in the eligible portfolio).

Floor area breakdown by location Urban vs rural



Breakdown of outstanding amount by type of dwelling



OTHER EXTERNALITIES ASSESSMENT (2/2)

Identification of other positive externalities and mitigation of potential negative impacts

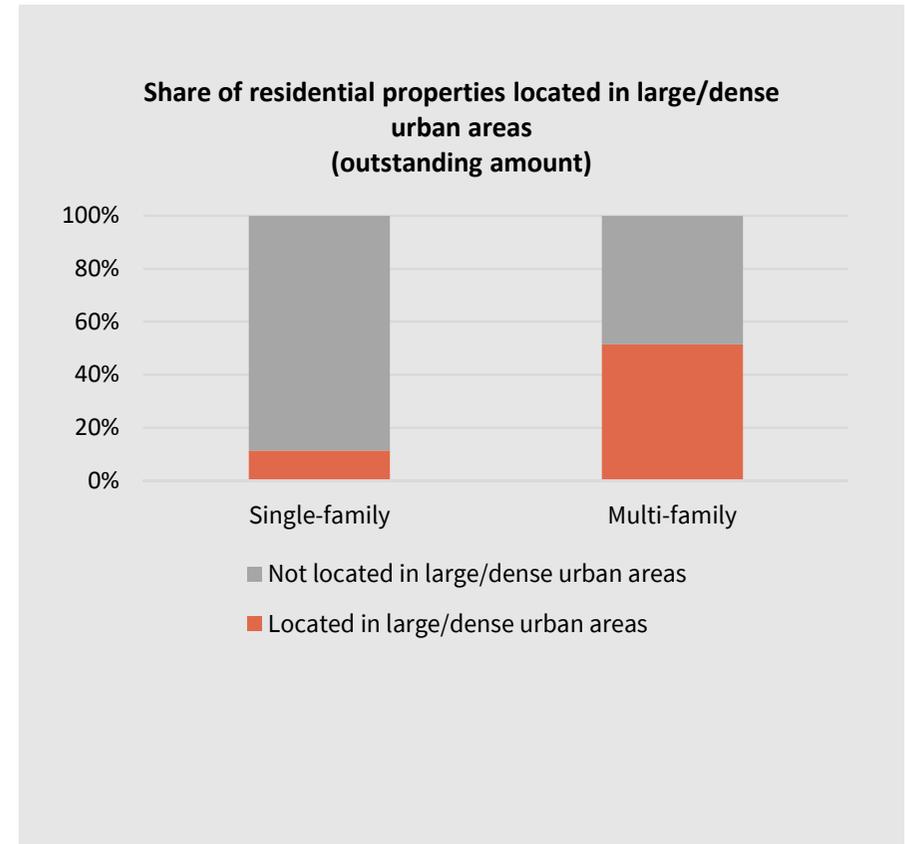
Access to public transportation

The average carbon footprint of a French citizen is annually estimated by the Bureau of Ecological Transition and the ADEME. Nowadays, it is estimated around **12 tCO₂eq/year**. Amongst the emissions sources, the **car usage** is the main emission source with **2 tCO₂eq/year per person**, with 7 French citizens out of 10 taking their car to go to work each day. Car usage is the more emissive transportation mean on a daily basis with regard to its usage per person and per travelled kilometer.

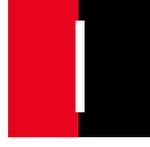
For this reason, reducing car use is at the center of the national priorities with regards to the goals established by the national carbon reduction strategy (SNBC).

Car use is related to the travel distance between the home location and the working place. It is also correlated to the availability of public transportation services. Thanks to 1990's voluntary mobility policies in **largest cities**, car use represents **51.7% of the modal share**, compared to **68% in medium-sized towns**. Main residences located in largest towns therefore allow a car use decrease.

A large proportion of the portfolio of Eligible Loans finances the acquisition new multi-family properties located in the largest cities, more likely to be connected to public transportation



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