POSITIVE IMPACT BOND FRAMEWORK

Paris, October 2018

CONTENT

1 - INTRODUCTION

Environmental challenges, especially the fight against global warming and the preservation of biodiversity, are driving a profound shift toward a low-carbon global economy that embraces the sustainable management of natural and biological resources for the benefit for future generations. At the 2015 Paris Agreement on climate change, Societe Generale took the commitment to keeping its activities in line with the goal of limiting global warming to 2°C. At the centre of relations between economic stakeholders, Societe Generale has defined a comprehensive climate strategy to support its clients through this transformation by offering adapted products and services and keeping its own emissions under control.

1.1 A comprehensive climate strategy

- Financing the energy transition

Societe Generale sets the objective of mobilising €100bn between 2016 to 2020, consisting of €15bn for renewable energy financing and consultancy, and €85bn for green bond issues arranged or jointly-arranged by Societe Generale.

- Scaling back carbon-heavy investments

Societe Generale has stopped financing the development of coal mines, coal-fired plants and associated infrastructure around the world. Societe Generale also decided to end the financing of oil sands production and oil drilling in the Arctic.

- Reducing the environmental impact of energy activities financed by the Bank

Societe Generale is conscious of the fact that the projects it finances can have negative impacts on the environment, and has defined rules to limit these impacts. In the oil and gas sector, the Bank requires its clients to apply the best practices in order to limit greenhouse gas emissions (methane and carbon dioxide) and other environmental impacts associated with production activities. Societe Generale has established publicly-available sector policies and eligibility criteria for doing business with certain clients as well as financing for sensitive industries.

1.2 Managing the risks associated with climate change and supporting our clients

Societe Generale is putting in place a risk management process for the risks associated with climate change so as to evaluate and control them. Beyond the measurable impacts for the Bank, this approach involves providing expertise and advice to its clients by anticipating the changes associated with a low-carbon economy

1.3 Limit our Carbon footprint

Like any company, Societe Generale generates an environmental impact in the course of its activities. Conscious of its responsibility, the Bank has made two major commitments: reduce the Group's internal carbon footprint per occupant by 25% from 2014 levels by 2020; improve the energy efficiency of the Group's buildings by 20% between 2014 and 2020. The innovative Internal Carbon Tax Programme that Societe Generale launched in 2012 has led to tangible results, with the money collected being redistributed to finance internal environmental efficiency initiatives. Carbon footprint per occupant has been reduced by 13% and the energy efficiency of our buildings has improved by 16% from 2014 levels. Over a five-year period, €95 billion in economies was generated and the emission of 38,000 tonnes of carbon dioxide equivalents was avoided.

2 - APPLICATION OF THE PRINCIPLES FOR POSITIVE IMPACT FINANCE 2017

Societe Generale has prepared a Framework in accordance with the UN Environment Finance Initiative's Principles for Positive Impact Finance (2017) and the Green Bond Principles (2018)[1].

Societe Generale, Taipei Branch has adapted the global Positive Impact Framework in order to use it in the context of a local issuance linked to local investments in the Taiwanese region. This document will detail how the issuance of a local green bond on the Taiwanese market is in line with the Societe Generale Positive Impact Framework.

The Principles for Positive Impact Finance are a set of voluntary guidelines to guide financers and investors in their effort to increase their positive impact on the economy, society, and the environment. By jointly considering the three pillars of sustainable development and by basing themselves on an appraisal of both positive and negative impacts, the Principles propose a holistic approach to sustainability issues. In doing so, they build on and complement existing frameworks such as the ICMA's Green and Social Bond Principles (instrument specific), the Principles for Responsible Investment (sector specific), the Equator Principles (risk focused), among others, to provide a broad, common framework to achieve the financing of sustainable development.

In alignment with the Principles for Positive Impact Finance, this Framework is presented through the following key pillars:

1. Definition
2. Frameworks
3. Assessment
4. Transparency

Societe Generale, Taipei Branch will use this framework as reference for an inaugural Positive Impact Bond with a particular focus on renewable energy. Should Societe Generale, Taipei branch choose to modify the scope of the framework for future issuance, the changes made will be documented in an updated Positive Impact Bond Framework and published accordingly on SG's website at https://www.societegenerale.com/en/investors.

2.1 Definition

> PPIF #1: Positive Impact Finance is that which serves to finance Positive Impact Business

Positive Contribution

Renewable Energy: investments in conception, construction and installation of renewable energy production units (Wind, Solar, Biomass or any other renewable source of energy)

[1] See Appendix 1 detailing the alignment of SG Taipei's Positive Impact Finance Framework with the Green Bond Principles.

Societe Generale, Taipei Branch elected to issue this inaugural Positive Impact Bond with a particular focus on renewable energy through the financing or refinancing of projects linked to renewable energy.

The assets will be selected as per their clear positive environmental contribution (according to the positive impact assessment methodology) and their support to increase power generated through renewable energy.

Direct response to SDGs

Societe Generale, Taipei Branch's Positive Impact Bond will support achieving the United Nations Sustainable Development Goals "Affordable and Clean Energy" (SDG 7) contributing in particular to the specific targets mentioned below:

SDG	Target	Indicator
7 AFFORDABLE AND CLEAN ENERGY	**7.2** By 2030, increase substantially the share of renewable energy in the global energy mix	**7.2.1** Renewable energy share in the total final energy consumption

2.2 Framework

PPIF #2: To promote the delivery of Positive Impact Finance, entities (financial or non-financial) need adequate processes, methodologies, and tools, to identify and monitor the positive impact of the activities, projects, programmes, and/or entities to be financed or invested in

Identification

An amount equivalent to the proceeds of the Positive Impact Bond issuance will be exclusively used to finance or refinance projects that contribute to the development of renewable energy in the Taiwanese region. The projects will be selected according the Positive Impact Assessment methodology.

Selection of the project qualifying to Positive Impact

A dedicated Positive Impact Bond Committee, specifically designed for the purpose of ensuring the Positive Impact Bond Framework governance, will oversee the entire Positive Impact Bond process, including the evaluation and selection of the projects.

The Positive Impact Bond Committee is composed of representatives from Societe Generale Departments including: Finance department (DFIN); Positive Impact Department (GLFI), Capital Markets Team (MARK)

This Positive Impact Bond Committee will also be responsible for managing any future updates to the Framework, including expansions to the list of Eligible Categories, and oversees its implementation.

Positive Impact Assessment

The assessment process consists in a 3-steps approach:

- Identification: Target investments/activities with potential Positive Impact
- Evaluation: Assess E&S impacts management (benefits and risks)
- Action: Financing integrating the monitoring of potential negative impacts associated to the transactions and Positive Impact structuration of financial products.

Identification

- A first level of the ‘a priori’ Positive Impact of an investment or activities of a client through an identification of the origins of the impacts:
    - Positive Impact sectors: Electric power production (Wind), Agriculture, A Forestry, Energy, Water, Healthcare
    - Transversal improvements: energy efficiency, Food security, GHG emissions reduction

Evaluation

- The Positive Impact evaluation aims at confirming or not the qualification of a priori Positive Impact Finance assets
- The Evaluation consists in:
    1. Assessing negative and positive E&S impact on at least 17 impact categories, assisted by the Referential Tab and the SG E&S General Guidelines
    2. Evaluating how negative impacts are addressed
    3. For each impact category, a ranking ranged from 0 to 4 is attributed to the assessed impact (Rating Impact Grid)
        0: negative impact management unsatisfactory
        1: passable = possible improvement of negative impact management
        2: well remediated negative impact
        3: neutral impact
        4: positive impact
    4. Only assets with well managed negative impacts combined with positive ones are at the end “positive impact” (as a consequence when an impact is rated 0 or 1, the asset does not qualify to Positive Impact)
    5. Collecting all the justification documentation for audit trail

Action

The potential negative impacts associated to transactions are monitored through provisions including specific provisions if deemed necessary (condition precedent, conditions subsequent, representation and warranties, covenants)

The positive impact is estimated ex-ante.

Management of Proceeds

The net proceeds of the issuance will be managed with Societe Generale, Taipei branch’s treasury and liquidity portfolio.

Societe Generale, Taipei branch has identified eligible project which will represent the full amount of the considered bond. Should it not be the case the proceeds would be allocated in papers that reasonably appear to not include disputable activities or falls into the scope of green projects under Taiwan green bonds regulation

2.3 Assessment

> **PPIF #4: The assessment of Positive Impact Finance delivered by entities, should be based on the actual impacts achieved**

The allocation report (including the confirmation that the proceeds have been fully allocated by PWC or other qualified CPA or certification institute) will be made available via Taipei Exchange's website http://www.tpex.org.tw/web/bond/publish/greenbond/info.php?l=en-us

The impact reporting will be made available on SG's website: https://www.societegenerale.com/en/investors.

Societe Generale, Taipei Branch commits on a best effort basis to report on relevant climate impact metrics which may include:

- Climate benefits indicators:
  - Ex-ante estimated annual GHG emissions avoided in tCO_2 (European Investment Bank Methodology)
  - Renewable Energy Capacity

Assessment of Societe Generale Positive Impact Framework

Societe Generale has commissioned Vigeo Eiris to obtain an external sustainable verification of its Positive Impact Bond Framework. Vigeo Eiris has reviewed Societe Generale's Positive Impact Bond framework and issued a second opinion confirming the framework's strong environmental credentials and its alignment with the Green Bond Principles.

The Second Party Opinion is available on the Positive Impact Bond section of Societe Generale's Investor Relations webpage: https://www.societegenerale.com/sites/default/files/documents/positive-impact-bond/2016/Vigeo_Second_party_Opinion.pdf

For this local Taiwanese Issuance from SG Taipei Branch, the Societe Generale Positive Impact Bond Framework has been adapted through this document in order to take into account the local specificity.

2.4 Transparency

> **PPIF #3: Entities providing Positive Impact Finance should provide transparency and disclosure on:**
>
> **-The activities, projects, programs, and/or entities financed considered Positive Impact, the intended positive impacts thereof (as per PPIF 1);**
>
> **-The processes they have in place to determine eligibility, and to monitor and to verify impacts (as per PPIF 2);**
>
> **- The impacts achieved by the activities, projects, programs, and/or entities financed (as per PPIF 4)**

Through this Positive Impact Bond Framework, Societe Generale, Taipei Branch demonstrates its strong commitment to provide transparency and disclosure on:

The intended use of funds and related positive contribution (see Section 2.1. Definition)

Societe Generale, Taipei Branch is issuing this inaugural Positive Impact Bond with a particular focus on renewable energy through the financing or refinancing of a renewable project that will have a clear positive environmental contribution.

The methodologies, KPIs and processes to determine eligibility and verify impacts (see section '2.2 Framework')

Societe Generale has developed a transparent methodology to:

- ✓ select project that have been assessed as contributing to Positive Impact

The Reporting (see section '2.3 Assessment')

As per the transparency pillar of the Principles for Positive Impact Finance and in the Green Bond Principles, Societe Generale, Taipei Branch commits to produce

- ✓ An impact reporting within a year after the bond issuance and until full allocation.

Societe Generale, Taipei Branch will make public on Taipei Exchange's ebsite http://www.tpex.org.tw/web/bond/publish/greenbond/info.php?l=en-us a limited or reasonable assurance report provided by its external auditor or any other appointed independent third party. For each reporting, the auditors will verify that:

- ✓ The status of use of the funds conforms to the fund usage plan
- ✓ The bond proceeds have been fully allocated.

3 - APPENDIX

GREEN BOND PRINCIPLES	KEY FEATURES OF SOCIETE GENERALE, TAIPEI BRANCH'S POSITIVE IMPACT BOND FRAMEWORK	CORRESPONDENCE TABLE WITHIN THE PPIF FRAMEWORK
USE OF PROCEEDS	Proceeds of the Positive Impact Bond issuance will be exclusively used to finance or refinance local renewable energy.	See Section 2.1. Definition
PROCESS FOR PROJECT EVALUATION AND SELECTION	A dedicated Positive Impact Bond Committee, specifically designed for the purpose of ensuring the Positive Impact Bond Framework governance, will oversee the entire Positive Impact Bond process, including the evaluation and selection of Financing Projects as per the criteria presented below. Eligibility Criteria: × Renewable Energy project × Confirmed as a Positive Impact Finance assets according to the internal existing methodology	See Section 2.2. Framework
MANAGEMENT OF PROCEEDS	Societe Generale, Taipei Branch commits on a best effort basis to reach full allocation at issuance.	See Section 2.2. Framework
REPORTING	Societe Generale, Taipei Branch will produce within the year following the issuance and a least until full allocation of the proceeds of the bond a reporting including: ✓ Confirmation whether the bond proceeds have been fully allocated or not ✓ An impact Reporting	See Section 2.3. Assessment
EXTERNAL REVIEW	Verification of the reporting: limited or reasonable assurance report provided by its external auditor or any other appointed independent third party to be published on SG Taipei's website. Nota: Second Party Opinion (SPO): Second Party Opinion: Vigeo Eiris has reviewed Societe Generale 's Positive Impact Bond framework and issued a second opinion confirming the framework's strong environmental credentials and its alignment with: ✓ The Green Bond Principles	See Section 2.3. Assessment and See Section 2.4. Transparency