

14

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

IN BRIEF

Environmental, social and governance (ESG) risks correspond to the risk of negative impacts stemming from current or prospective ESG factors relating to the Group's financing, investment or service activities.

14.1 INTRODUCTION

Article 449 bis of CRR2, requires the publication of information on environmental, social, and governmental risks (ESG risks). This requirement has been implemented by implementing regulation 2022/2453 of November 30th 2022.

14.2 QUALITATIVE INFORMATION ON ESG RISKS

The below table shows where to find in the Group 2023 Universal Registration Document⁽¹⁾, the qualitative information required in tables 1, 2, 3. When necessary, precisions have been made.

14.2.1 PILLAR 3 CROSS-REFERENCE TABLE

Topic	Sub-topic	Pillar 3 reference	Pillar 3 requirement	2023 Universal Registration Document page
Environmental risk	Business strategy and processes	Table 1 (a)	Institution's business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning	<ul style="list-style-type: none"> ■ 1.3 A strategy of profitable and sustainable development, based on a diversified and integrated banking model (page 11) ■ 2.4 Extra-financial report (page 46) ■ 5.2.1.2 Aligning our activities with pathways consistent with a maximum temperature rise of 1.5°C (page 319) ■ 5.2.1.3 Supporting positive change (page 325) ■ 5.2.2.1 Dialogue with stakeholders (page 335)
		Table 1 (b)	Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	<ul style="list-style-type: none"> ■ 4.2.1 Risk Appetite (page 175), including section Measures to manage ESG risk factors (page 176) ■ 4.13.4.3 Incorporating climate risks in the risk management framework (page 281), including Scenarios (page 283) ■ 5.2.1.1 Taking action and building a sustainable future together (page 314) ■ 5.2.1.2 Aligning our activities with pathways consistent with a maximum temperature rise of 1.5 °C (page 319)⁽¹⁾ <p>(See also the section Risk Appetite in section 14.2.2.1 of the present Pillar 3 document (page 261))</p>
		Table 1 (c)	Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities	<ul style="list-style-type: none"> ■ 4.13.3.4 Operational implementation in the Group's Business Units (page 277) ■ 4.13.3.5 Additional E&S risk management processes related to the specific characteristics of certain Group activities (page 278) ■ 5.2.1 A committed bank (page 314)

(1) https://www.societegenerale.com/sites/default/files/documents/2023-03/2023-Universal-Registration-Document_EN.pdf.

Topic	Sub-topic	Pillar 3 reference	Pillar 3 requirement	2023 Universal Registrement Document page
Environmental risk	Business strategy and processes	Table 1 (d)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks	<ul style="list-style-type: none"> ■ 4.13.3 Managing ESG-related risks in the group's activities (page 275) ■ 4.13.4.4 Processes and tools for identifying and managing climate risk (page 284) ■ 5.5 Duty of care plan (page 361)
		Table 1 (e)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels	<ul style="list-style-type: none"> ■ 3.1.2 Board of Directors (page 72), including sections Board of Directors and CSR (page 93), Risk committee (page 98), Appraisal of the Board of Directors and its members (page 104) et Training (page 104) ■ 3.1.3 General Management (page 105) ■ 5.2.3.1 Incorporating CSR at the highest level of governance (including diagram) (page 343)
		Table 1 (f)	Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions	<ul style="list-style-type: none"> ■ 4.1.1.5 Risks stemming - environmental, social and governance risks (page 166) ■ 4.13.1 Introduction (page 273) ■ 4.13.3.4 Operational implementation in the Group's Business Units (page 277) ■ 4.14.3.5 Additional E&S risk management processes related to the specific characteristics of certain Group activities (page 278)
	Governance	Table 1 (g)	Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels	<ul style="list-style-type: none"> ■ 3.1.2 Board of Directors (page 72), including section Risk Committee (page 98) ■ 4.2.3 Risk management organisation (page 181) ■ 4.13.2 Analytical approach to extra-financial risks factors (page 273) ■ 5.2.3.1 Incorporating CSR at the highest level of governance (page 343)
		Table 1 (h)	Lines of reporting and frequency of reporting relating to environmental risk	<ul style="list-style-type: none"> ■ 4.2.3 Risk management organisation (page 181), including Risk reporting and assessment systems (page 184) ■ 4.13.2 Analytical approach to extra-financial risks factors (page 273), 5.2.3.1 Incorporating CSR at the highest level of governance (page 343)
		Table 1 (i)	Alignment of the remuneration policy with institution's environmental risk-related objectives	■ 3.1.6 Remuneration of Group senior Management (page 112) including elements on non-financial remuneration
	Risk management	Table 1 (j)	Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework	<ul style="list-style-type: none"> ■ 4.2.1 Risk Appetite (page 175), including section Measures to manage ESG risk factors (page 176) ■ 4.13.4.2 Terminology for environmental risks (page 279) ■ 4.13.4.3 Incorporating climate risks in the risk management framework (page 281)
		Table 1 (k)	Definitions, methodologies and international standards on which the environmental risk management framework is based	<ul style="list-style-type: none"> ■ 4.13.1 Introduction (page 273) ■ 4.13.4.2 Terminology for environmental risks (page 279) ■ 5.2.1.1 Taking action and building a sustainable future together (page 314)

Topic	Sub-topic	Pillar 3 reference	Pillar 3 requirement	2023 Universal Registration Document page
Environmental risk	Risk management	Table 1 (l)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels	<ul style="list-style-type: none"> ■ 4.13.3 Managing ESG-related risks in the group's activities (page 275), including 4.13.3.2 Environmental and Social (E&S) General Principles and sector policies (page 275) and 4.13.3.3 Operational implementation procedures (page 276) ■ 4.13.4.3 Incorporating climate risks in the risk management framework (page 281), including section Identifying climate-induced risks (page 281)
		Table 1 (m)	Activities, commitments and exposures contributing to mitigate environmental risks	<ul style="list-style-type: none"> ■ 4.13.4.3 Incorporating climate risks in the risk management framework (page 281), including section Governance of climate risk management and mitigation (page 283) ■ 5.2.1 A committed bank (page 314)
		Table 1 (n)	Implementation of tools for identification, measurement and management of environmental risks	<ul style="list-style-type: none"> ■ 4.13.4.4 Processes and tools for identifying and managing climate risk (page 284) ■ 4.13.4.5 Biodiversity and nature risks (page 286)
		Table 1 (o)	Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile	<ul style="list-style-type: none"> ■ 4.13.4.3 Incorporating the environment in the risk management framework (page 281), including sections Identifying climate-induced risks (page 281) and Quantifying climate risks and climate stress tests (page 282) <p><i>(See also the section Quantifying climate risks and climate stress tests in section 14.2.2.1 of the present Pillar 3 document (page 261))</i></p>
		Table 1 (p)	Data availability, quality and accuracy, and efforts to improve these aspects	<ul style="list-style-type: none"> ■ 4.13.4.4 Processes and tools for identifying and managing climate risk (page 284), including Data Issues (page 286) <p><i>(See also chapter 14.3 Quantitative information on ESG risks of the present Pillar 3 document (page 262))</i></p>
		Table 1 (q)	Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits	<ul style="list-style-type: none"> ■ 4.2.1 Risk Appetite (page 175), including section Measures to manage ESG risk factors (page 176) ■ 4.2.2 Risk appetite - General framework (page 179) ■ 5.2.1.2 Aligning our activities with pathways consistent with a maximum temperature rise of 1.5 °C (page 319) <p><i>(Also see the section Risk Appetite in section 14.2.2 of the present Pillar 3 document (page 261))</i></p>
		Table 1 (r)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	<ul style="list-style-type: none"> ■ 4.13.4.3 Incorporating climate risks in the risk management framework (page 281), including section Identifying climate-induced risks (page 281)

Topic	Sub-topic	Pillar 3 reference	Pillar 3 requirement	2023 Universal Registrement Document page
Social risk	Business strategy and processes	Table 2 (a)	Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy and financial planning	<ul style="list-style-type: none"> ■ 1.3 A strategy of profitable and sustainable development, based on a diversified and integrated banking model (page 11) ■ 2.4 Extra-financial report (page 46) ■ 5.1.1 Being a responsible employer (page 293) ■ 5.2.1.3 Supporting positive change (page 325) ■ 5.2.2.1 Dialogue with stakeholders (page 335)
		Table 2 (b)	Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	<ul style="list-style-type: none"> ■ 4.2.1 Risk Appetite (page 175), including section Measures to manage ESG risk factors (page 176) ■ 4.13.3 Managing ESG-related risks in the group's activities (page 275) ■ 5.1.1 Being a responsible employer (page 293) ■ 5.2.1.1 Taking action and building a sustainable future together (page 314)
		Table 2 (c)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities	<ul style="list-style-type: none"> ■ 4.13.3 Managing ESG-related risks in the group's activities (page 275) ■ 5.5 Duty of care plan (page 361)
	Governance	Table 2 (d)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to: <ul style="list-style-type: none"> (i) activities towards the community and society; (ii) employee relationships and labour standards; (iii) customer protection and product responsibility; (iv) Human rights. 	<ul style="list-style-type: none"> ■ 3.1.2 Board of Directors (page 72), including sections Board of Directors and CSR (page 93), Risk committee (page 98), Appraisal of the Board of Directors and its members (page 104) et Training (page 104) ■ 3.1.3 General Management (page 105) ■ 5.2.3.1 Incorporating CSR at the highest level of governance (page 343)
		Table 2 (e)	Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body	<ul style="list-style-type: none"> ■ 3.1.2 Board of Directors (page 72), including section Risk Committee (page 98) ■ 4.13.2 Analytical approach to extra-financial risks factors (page 273) ■ 5.2.3.1 Incorporating CSR at the highest level of governance (including diagram) (page 343)
		Table 2 (f)	Lines of reporting and frequency of reporting relating to social risk	<ul style="list-style-type: none"> ■ 5.2.3.1 Incorporating CSR at the highest level of governance (page 343) ■ 5.5 Duty of care plan (page 361)
	Risk management	Table 2 (g)	Alignment of the remuneration policy in line with institution's social risk-related objectives	<ul style="list-style-type: none"> ■ 3.1.6 Remuneration of Group senior Management (page 112) including elements on non-financial remuneration
		Table 2 (h)	Definitions, methodologies and international standards on which the social risk management framework is based	<ul style="list-style-type: none"> ■ 4.13.1 Introduction (page 273) ■ 5.1.1 Being a responsible employer (page 293)
		Table 2 (i)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels	<ul style="list-style-type: none"> ■ 4.13.3 Managing ESG-related risks in the group's activities (page 275) ■ 5.1.1 Being a responsible employer (page 293) ■ 5.5 Duty of care plan (page 361)

Topic	Sub-topic	Pillar 3 reference	Pillar 3 requirement	2023 Universal Registration Document page
Social risk	Risk management	Table 2 (j)	Activities, commitments and assets contributing to mitigate social risk	<ul style="list-style-type: none"> ■ 4.13.3 Managing ESG-related risks in the group's activities (page 275) ■ 5.1.1 Being a responsible employer (page 293) ■ 5.5 Duty of care plan (page 361)
		Table 2 (k)	Implementation of tools for identification and management of social risk	<ul style="list-style-type: none"> ■ 4.13.3 Managing ESG-related risks in the group's activities (page 275) ■ 5.1.1 Being a responsible employer (page 293) ■ 5.5 Duty of care plan (page 361)
		Table 2 (l)	Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits	<ul style="list-style-type: none"> ■ 4.13.3 Managing ESG-related risks in the group's activities (page 275) ■ 5.1.1 Being a responsible employer (page 293) ■ 5.5 Duty of care plan (page 361)
		Table 2 (m)	Description of the link (transmission channels) between social risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	<ul style="list-style-type: none"> ■ 4.13.3 Managing ESG-related risks in the group's activities (page 275)
Governance risk	Governance	Table 3 (a)	Institution's integration in their governance arrangements governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics	<ul style="list-style-type: none"> ■ 4.13.3.1 ESG risk management framework (page 275)
		Table 3 (b)	Institution's accounting of the counterparty's highest governance body's role in non-financial reporting	<ul style="list-style-type: none"> ■ 4.13.3.1 ESG risk management framework (page 275)
		Table 3 (c)	Institution's integration in governance arrangements of the governance performance of their counterparties including: <ul style="list-style-type: none"> (i) ethical considerations; (ii) strategy and risk management; (iii) inclusiveness; (iv) transparency; (v) management of conflict of interest; (vi) internal communication on critical concerns. 	<ul style="list-style-type: none"> ■ 4.13.3.1 ESG risk framework (page 275) ■ Risks related to governance issues are covered by several internal processes (including the customer evaluation process - see Chapter 4.13.3, page 278, based on the principles of ethical business conduct and compliance with regulatory requirements. They include, in particular, the processes concerning financial embargoes and sanctions (see chapter 4.11 Compliance, page 266), anti-money laundering and counter-terrorism financing (see chapter 4.11 Compliance, page 266), Anti-corruption measures (see chapter 4.11 Compliance, page 267), resources appropriation, tax transparency and evasion (see chapter 4.11 Compliance, page 267) and Data protection (see chapter 4.11 Compliance, page 268)
	Risk management	Table 3 (d)	Institution's integration in risk management arrangements the governance performance of their counterparties considering: <ul style="list-style-type: none"> (i) ethical considerations; (ii) strategy and risk management; (iii) Inclusiveness; (iv) transparency; (v) management of conflict of interest; (vi) internal communication on critical concerns. 	<ul style="list-style-type: none"> ■ 4.13.1 Introduction (page 273) ■ 4.13.2 Analytical approach to extra-financial risks factors (page 273) ■ 4.13.3.1 ESG risk framework (page 275)

14.2.2 INCORPORATING THE ENVIRONMENT IN THE RISK MANAGEMENT FRAMEWORK – COMPLEMENTARY ELEMENTS

Incorporating climate risks in the risk management framework

QUANTIFYING CLIMATE RISKS AND CLIMATE STRESS TESTS

Stress testing for climate risk is a valuable tool to assess how resilient institutions are to changes in the market. The set of scenarios includes future developments in the energy transition, carbon emissions trajectories or severe climate events.

The Group has made significant progress in recent years with developing and onboarding of tools and methodologies to include climate risk in its overall stress tests.

In 2020, it voluntarily took part in two pilot stress testing exercises organised by the French Prudential Supervisory Authority (Autorité de contrôle prudentiel, ACPR) and the European Banking Authority (EBA).

The Group was also included the ECB's climate risk stress test exercise in the first half of 2022. The European Central Bank designed the first climate resilience stress test covering the European economy to help supervisory authorities and financial institutions to assess the impacts of climate risks on companies and banks over the next 30 years.

Three modules formed the basis of the exercise, including one module stressing credit and market risk under different short- and long-term scenarios and covering both physical and transition risks, as well as questionnaires on operational and reputational risks.

The ECB presented these stress tests as a joint learning exercise aimed at enhancing both banks' and supervisors' capacity to assess this risk. Participation in the exercise and the feedback received from the ECB provided important leverage for the Group to improve how it takes climate risk factors into account in the Group's stress test framework, and to accelerate the development and formal drafting of its methodology.

In 2022, the Group approved the principle of including a climate stress test based on different scenarios in its stress test framework. The stress test should be conducted at least once a year over medium and long time horizons and cover transition and physical risks. It can either be overall or specific to a portfolio.

In addition, the development of the internal climate stress test has made it possible to take into account the impact of physical and transition risks on credit risk in the 2022 ICAAP exercise.

RISK APPETITE

See "Measures to manage ESG risk" in section 4.2.1 "Risk appetite" (p. 175 of the 2023 Universal Registration Document).

As part of the monitoring of ESG risk appetite indicators, the Group applies the monitoring and escalation process described in the Group Risk Appetite Framework, which consists in particular of notifying General Management in the event of an overrun.

In addition, elements relating to sectoral policies are presented in the first part of section 4.13 (p. 274) and on alignment issues in Chapter 5, "Aligning our activities with pathways consistent with a maximum temperature rise of 1.5 °C", pages 317 and following in 2023 Universal Registration Documentation.

14.3 QUANTITATIVE INFORMATION ON ESG RISKS

Quantitative information on environmental, social and governance risks in application of the implementing regulation 2022/2453, use the same data as the ones used to produce other regulatory reports. In particular, elements used to produce the reporting of financial information (FINREP) have been used to ensure native consistency with existing productions. Specific enhancements have then been performed from this base to comply with each template requirements. These enhancements mainly consist in using external data providers.

14.3.1 TEMPLATE 1: BANKING BOOK – CLIMATE CHANGE TRANSITION RISK

Sector breakdown of exposures to non-financial counterparts have been made by leveraging on the internal procedure used for regulatory reportings in order to determine the activity sector of a specific counterparty.

Regarding exposures towards companies excluded from EU Paris-aligned Benchmarks, their identification is based on data purchased from data provider Moody's and internal monitoring. These data have allowed us to apply the exclusion criteria as defined under regulation 2020/1818 regarding to revenues or emissions intensity

thresholds as well as the evaluation of significant harm to at least one of the six environmental objectives. Based on these results, internal reviews have performed to qualify the consistency with existing internal procedures.

The first Pillar 3 publication of greenhouse gas (GHG) emissions will be reported as of 30 June 2024. Indeed, although the Group already have these elements, more work is necessary to ensure of their quality before meeting this deadline.

TABLE 107: BANKING BOOK – INDICATORS OF POTENTIAL CLIMATE CHANGE TRANSITION RISK: CREDIT QUALITY OF EXPOSURES BY SECTOR, EMISSIONS AND RESIDUAL MATURITY

Sector/subsector	Gross carrying amount (in EURm)			
		of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	of which stage 2 exposures	of which non-performing exposures
1 Exposures towards sectors that highly contribute to climate change*	176,775	16,616	17,062	7,498
2 A – Agriculture, forestry and fishing	2,138	-	226	127
3 B – Mining and quarrying	7,875	3,915	356	128
4 B.05 – Mining of coal and lignite	8	6	-	1
5 B.06 – Extraction of crude petroleum and natural gas	4,394	3,159	118	1
6 B.07 – Mining of metal ores	1,669	265	141	54
7 B.08 – Other mining and quarrying	800	5	27	12
8 B.09 – Mining support service activities	1,005	480	70	60
9 C – Manufacturing	36,139	3,818	3,650	1,856
10 C.10 – Manufacture of food products	5,500	1	411	264
11 C.11 – Manufacture of beverages	1,414	-	130	24
12 C.12 – Manufacture of tobacco products	99	-	3	0
13 C.13 – Manufacture of textiles	353	-	28	55
14 C.14 – Manufacture of wearing apparel	206	-	46	30
15 C.15 – Manufacture of leather and related products	128	-	17	15
16 C.16 – Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	621	-	31	33
17 C.17 – Manufacture of paper and paper products	606	-	70	15

Accumulated impairment, accumulated
negative changes in fair value due to credit risk
and provisions (in EURm)

		of which Stage 2 exposures	of which non- performing exposures	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	(4,753)	(855)	(3,485)	124,371	29,230	19,976	3,198	5
2	(114)	(20)	(82)	1,446	443	170	79	6
3	(72)	(10)	(52)	5,554	2,128	189	3	3
4	-	-	-	8	-	-	-	1
5	(11)	(5)	(1)	3,184	1,210	-	-	3
6	(26)	(1)	(23)	1,123	435	110	-	4
7	(13)	(1)	(10)	540	247	10	3	4
8	(21)	(3)	(18)	698	236	70	1	4
9	(1,176)	(214)	(844)	30,830	3,838	1,320	151	3
10	(204)	(57)	(126)	4,800	537	126	37	2
11	(31)	(10)	(13)	1,164	157	56	37	4
12	-	-	-	99	0	-	-	2
13	(46)	(1)	(43)	290	54	6	3	3
14	(19)	(1)	(18)	191	15	0	0	2
15	(13)	-	(13)	106	8	14	1	3
16	(24)	(3)	(18)	497	91	20	13	4
17	(20)	(6)	(10)	565	38	2	1	2

Sector/subsector		Gross carrying amount (in EURm)		
		of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	of which stage 2 exposures	of which non-performing exposures
18	C.18 – Printing and reproduction of recorded media	431	-	45
19	C.19 – Manufacture of coke and refined petroleum products	2,736	1,499	127
20	C.20 – Manufacture of chemicals and chemical products	2,404	205	40
21	C.21 – Manufacture of basic pharmaceutical products and pharmaceutical preparations	1,746	8	75
22	C.22 – Manufacture of rubber products	1,355	5	73
23	C.23 – Manufacture of other non-metallic mineral products	1,493	23	73
24	C.24 – Manufacture of basic metals	1,411	194	141
25	C.25 – Manufacture of fabricated metal products, except machinery and equipment	2,599	33	247
26	C.26 – Manufacture of computer, electronic and optical products	1,234	1	13
27	C.27 – Manufacture of electrical equipment	1,429	12	143
28	C.28 – Manufacture of machinery and equipment n.e.c.	1,898	6	88
29	C.29 – Manufacture of motor vehicles, trailers and semi-trailers	5,092	1,810	178
30	C.30 – Manufacture of other transport equipment	1,923	19	113
31	C.31 – Manufacture of furniture	292	-	19
32	C.32 – Other manufacturing	423	0	14
33	C.33 – Repair and installation of machinery and equipment	747	1	32
34	D – Electricity, gas, steam and air conditioning supply	18,076	5,785	266
35	D35.1 – Electric power generation, transmission and distribution	15,110	4,952	233
36	D35.11 – Production of electricity	13,162	4,515	230
37	D35.2 – Manufacture of gas; distribution of gaseous fuels through mains	2,810	832	31
38	D35.3 – Steam and air conditioning supply	157	2	1
39	E – Water supply; sewerage, waste management and remediation activities	2,035	250	29
40	F – Construction	8,561	177	846
41	F.41 – Construction of buildings	3,516	52	314
42	F.42 – Civil engineering	1,761	75	187
43	F.43 – Specialised construction activities	3,284	51	345
44	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	34,425	1,842	1,802
45	H – Transportation and storage	21,422	799	702
46	H.49 – Land transport and transport via pipelines	7,237	96	170
47	H.50 – Water transport	6,428	671	187
48	H.51 – Air transport	3,117	-	127
49	H.52 – Warehousing and support activities for transportation	4,592	33	215
50	H.53 – Postal and courier activities	47	-	3
51	I – Accommodation and food service activities	5,703	-	854
52	L – Real estate activities	40,402	30	888
53	Exposures towards sectors other than those that highly contribute to climate change*	96,526	760	2,833
54	K – Financial and insurance activities	28,409	564	300
55	Exposures to other sectors (NACE codes J, M – U)	68,117	196	2,533
56	TOTAL	273,301	17,376	10,331

* In accordance with the Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks – Climate Benchmark Standards Regulation – Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

Accumulated impairment, accumulated
negative changes in fair value due to credit risk
and provisions (in EURm)

		of which Stage 2 exposures	of which non- performing exposures	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
18	(24)	(3)	(18)	378	48	5	0	2
19	(23)	(6)	(15)	1,590	476	670	0	5
20	(41)	(7)	(27)	1,933	451	13	7	3
21	(28)	(10)	(14)	1,511	127	93	14	2
22	(48)	(9)	(31)	1,152	179	19	5	2
23	(50)	(6)	(36)	1,122	357	9	5	3
24	(101)	(12)	(86)	1,164	244	2	0	2
25	(138)	(27)	(102)	2,226	336	29	7	3
26	(12)	(3)	(7)	1,080	84	69	1	3
27	(106)	(7)	(94)	1,198	220	6	3	2
28	(74)	(21)	(42)	1,690	152	45	10	2
29	(87)	(10)	(72)	4,970	110	8	2	2
30	(36)	(4)	(29)	1,843	26	53	1	3
31	(14)	-	(12)	260	30	2	0	2
32	(15)	(6)	(8)	367	43	11	2	3
33	(20)	(4)	(13)	638	52	57	1	3
34	(179)	(71)	(79)	10,246	3,507	3,828	496	6
35	(91)	(14)	(52)	8,584	3,111	2,920	495	6
36	(83)	(11)	(50)	7,395	2,646	2,631	490	6
37	(86)	(57)	(26)	1,628	299	883	0	5
38	(2)	-	(1)	34	98	24	0	7
39	(30)	(10)	(16)	1,230	338	376	90	6
40	(574)	(64)	(480)	7,131	805	585	42	3
41	(178)	(13)	(154)	2,960	278	247	32	3
42	(173)	(12)	(156)	1,272	263	225	1	4
43	(224)	(39)	(170)	2,918	258	101	8	3
44	(1,313)	(124)	(1,105)	30,771	2,400	423	830	3
45	(381)	(91)	(259)	12,458	5,563	2,941	460	5
46	(129)	(26)	(85)	4,839	1,630	478	290	5
47	(78)	(42)	(31)	2,884	2,490	1,055	0	6
48	(59)	(16)	(42)	1,351	860	907	0	7
49	(113)	(7)	(101)	3,347	583	490	172	5
50	(1)	-	-	44	1	3	0	2
51	(462)	(96)	(353)	4,072	1,044	522	64	4
52	(452)	(155)	(215)	20,633	9,164	9,622	983	7
53	(2,102)	(583)	(1,286)	74,341	13,156	7,134	1,895	4
54	(177)	(30)	(110)	23,996	3,284	901	228	2
55	(1,925)	(553)	(1,176)	50,345	9,872	6,233	1,667	5
56	(6,855)	(1,438)	(4,771)	198,713	42,385	27,109	5,093	4

14.3.2 TEMPLATE 2: CLIMATE CHANGE TRANSITION RISK: LOANS COLLATERALISED BY IMMOVABLE PROPERTY COLLATERAL - ENERGY EFFICIENCY OF THE COLLATERAL.

This template outlines the gross carrying amount of loans collateralized by immovable property by energy efficiency buckets based on the level of energy efficiency of the collateralized as indicated in the Energy Certificate Performance (EPC).

It is worth noticing that are included in loans collateralized by immovable property, loans secured by a guarantee provided by Crédit Logement or other insurance companies.

EPC are considered as ESG data that are currently under review to improve their collection and storage.

In the absence of EPC, and when possible, we have estimated the energy consumption of the immovable property collateral based on public information disclose by organisms such as *l'Agence de l'Environnement et de la Maîtrise de l'Énergie* (ADEME).

TABLE 108: BANKING BOOK - INDICATORS OF POTENTIAL CLIMATE CHANGE TRANSITION RISK: LOANS COLLATERALISED BY IMMOVABLE PROPERTY - ENERGY EFFICIENCY OF THE COLLATERAL

Counterparty sector	Total gross carrying amount amount (in EURm)						
	Level of energy efficiency (EP score in kWh/m ² of collateral)						
	0 ≤ 100	> 100 ≤ 200	> 200 ≤ 300	> 300 ≤ 400	> 400 ≤ 500	> 500	
1 TOTAL EU AREA	157,020	8,079	13,547	14,769	9,119	3,888	1,681
2 of which Loans collateralised by commercial immovable property	25,069	1,081	272	2,473	440	1	-
3 of which Loans collateralised by residential immovable property	131,951	6,998	13,276	12,296	8,679	3,887	1,681
4 of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-
5 of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	36,947	7,560	12,935	12,367	3,086	672	326
6 TOTAL NON-EU AREA	10,764	17	873	1,889	495	2	1
7 of which Loans collateralised by commercial immovable property	5,939	-	850	1,874	490	-	-
8 of which Loans collateralised by residential immovable property	4,825	17	23	15	6	2	1
9 of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-
10 of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	3,277	17	873	1,889	495	2	1

Total gross carrying amount amount (In EURm)									
Level of energy efficiency (EPC label of collateral)								Without EPC label of collateral	
	A	B	C	D	E	F	G	of which level of energy efficiency (EP score in kWh/m ² of collateral) estimated	
1	519	612	2,402	6,033	3,216	981	374	142,883	26%
2	-	-	-	1	-	-	-	25,067	17%
3	519	612	2,401	6,032	3,216	981	374	117,816	28%
4	-	-	-	-	-	-	-	-	0%
5	-	-	-	-	-	-	-	36,947	100%
6	-	-	-	-	-	-	-	10,763	30%
7	-	-	-	-	-	-	-	5,939	54%
8	-	-	-	-	-	-	-	4,825	1%
9	-	-	-	-	-	-	-	-	0%
10	-	-	-	-	-	-	-	3,277	100%

14.3.3 TEMPLATE 3: BANKING BOOK – CLIMATE CHANGE TRANSITION RISK: ALIGNMENT METRICS

The Group has committed to align its credit portfolios on the most emissive sectors in an effort to manage its activities in line with its objective of fighting climate change. The methodological framework, the sectoral implementation of the credit portfolio alignment and the

key figures are detailed in Chapter 5 “Corporate Social Responsibility” of the Universal Registration Document (URD) in the section 5.2.1.2 “Aligning Origination Policies and Credit Portfolios in Various Sectors”.

14.3.4 TEMPLATE 4: BANKING BOOK – CLIMATE CHANGE TRANSITION RISK: EXPOSURES TO TOP 20 CARBON-INTENSIVE FIRMS

To determine the elements presented in this template, the Group has defined a list of the world 20 most carbon-intensive firms, by using, in particular, reports of the Carbon Disclosure Project (CDP).

TABLE 109: BANKING BOOK – INDICATORS OF POTENTIAL CLIMATE CHANGE TRANSITION RISK: EXPOSURES TO TOP 20 CARBON-INTENSIVE FIRMS

Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
3,351	1.23%		1.8	13

* For counterparties among the top 20 carbon emitting companies in the world

14.3.5 TEMPLATE 5: BANKING BOOK – CLIMATE CHANGE PHYSICAL RISK: EXPOSURES SUBJECT TO PHYSICAL RISK

Given the lack of stability of quantitative models and gaps with available data, the elements shared in this template represent a first estimate of the Group's gross exposures potentially sensitive to physical hazards.

The geographical breakdown of this template is based on aggregations (France, Europe excluding France, North America, Rest of the World) that are in line with the main activities' locations of the Group.

The exposures sensitive to the impact of climate change physical events are reported in gross amounts, i.e. before taking into account mitigating measures such as insurance coverage or mitigating actions by counterparties or public actors (such as flood protection systems). It is expected that the physical risk impacts on the Group's portfolio are reduced by such measures.

The identification of the existence of a physical risk in the Group's portfolio, is based on the following items:

- climate-related hazards covered are flood and drought under the acute events, and changing temperature and sea level rises under chronic events;
- use of Representative Concentration Pathway (RCP 8.5) climate scenario, developed by The Intergovernmental Panel on Climate Change (IPCC). Projections are at yearly time steps 2030 (acute hazards) and 2100 (chronic hazards);
- geographical location is the one of the assets of counterparties of the Group's portfolio. We have used internal and external data sources (Moody's) to determine location of the assets;
- determination of the physical risk scores of each asset broken-down per type of hazard is based on data provider Munich Re for all but French companies, and internal evaluation for French companies.

TABLE 110: BANKING BOOK – INDICATORS OF POTENTIAL CLIMATE CHANGE PHYSICAL RISK: EXPOSURES SUBJECT TO PHYSICAL RISK

		Gross carrying amount (in EURm)					
		of which exposures sensitive to impact from climate change physical events					
		Breakdown by maturity bucket					
	France		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	A – Agriculture, forestry and fishing	778	89	21	24	18	13
2	B – Mining and quarrying	275	6	2	-	-	2
3	C – Manufacturing	12,056	185	23	7	11	6
4	D – Electricity, gas, steam and air conditioning supply	3,714	53	2	4	-	2
5	E – Water supply; sewerage, waste management and remediation activities	1,229	27	2	-	-	2
6	F – Construction	4,515	54	7	1	-	3
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	13,824	227	19	4	28	10
8	H – Transportation and storage	5,106	74	10	3	-	2
9	L – Real estate activities	25,843	68	61	96	2	8
10	Loans collateralised by residential immovable property	115,158	159	488	1,319	362	14
11	Loans collateralised by commercial immovable property	16,221	1	-	1	-	9
12	Repossessed collaterals	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	43,548	264	50	28	2	4

Gross carrying amount (in EURm)								
of which exposures sensitive to impact from climate change physical events						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures		of which Stage 2 exposures	of which non-performing exposures
1	2	138	12	16	1	(2)	(1)	-
2	5	3	-	-	-	-	-	-
3	39	183	4	26	14	(6)	(1)	(4)
4	21	37	1	-	-	-	-	-
5	23	7	-	1	-	-	-	-
6	14	46	2	6	4	(3)	-	(2)
7	37	236	5	28	12	(10)	(1)	(7)
8	31	54	2	13	1	(1)	-	(1)
9	53	168	6	19	10	(5)	(1)	(3)
10	1,008	1,233	87	231	15	(3)	(1)	(2)
11	1	1	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-
13	114	220	10	40	21	(9)	(1)	(7)

Gross carrying amount (in EURm)						
of which exposures sensitive to impact from climate change physical events						
Breakdown by maturity bucket						
Europe (excluding France)		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	A – Agriculture, forestry and fishing	966	-	-	-	-
2	B – Mining and quarrying	1,407	82	43	1	3
3	C – Manufacturing	10,852	766	40	5	2
4	D – Electricity, gas, steam and air conditioning supply	5,391	157	2	8	3
5	E – Water supply; sewerage, waste management and remediation activities	465	14	3	-	2
6	F – Construction	2,019	67	18	18	-
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	9,522	220	4	-	1
8	H – Transportation and storage	7,022	116	24	54	-
9	L – Real estate activities	9,375	170	26	26	7
10	Loans collateralised by residential immovable property	18,737	1	2	2	-
11	Loans collateralised by commercial immovable property	9,761	15	-	-	-
12	Reposessed collaterals	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	32,463	606	76	23	1

Gross carrying amount (in EURm)						
of which exposures sensitive to impact from climate change physical events						
Breakdown by maturity bucket						
North America		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	A – Agriculture, forestry and fishing	31	-	-	-	-
2	B – Mining and quarrying	1,558	191	135	1	4
3	C – Manufacturing	4,719	898	17	4	-
4	D – Electricity, gas, steam and air conditioning supply	3,555	188	55	16	-
5	E – Water supply; sewerage, waste management and remediation activities	34	4	1	-	2
6	F – Construction	114	24	4	5	-
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	2,790	420	2	-	1
8	H – Transportation and storage	3,438	266	243	237	-
9	L – Real estate activities	3,377	131	9	5	-
10	Loans collateralised by residential immovable property	41	-	-	-	-
11	Loans collateralised by commercial immovable property	2,224	-	-	-	-
12	Reposessed collaterals	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	12,860	1,199	99	43	-

Gross carrying amount (in EURm)								
of which exposures sensitive to impact from climate change physical events						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures		of which Stage 2 exposures	of which non-performing exposures
1	-	-	-	-	-	-	-	-
2	31	88	7	6	-	-	-	-
3	116	647	48	26	12	(10)	(1)	(8)
4	42	113	13	7	14	(5)	(1)	(4)
5	3	16	-	1	-	-	-	-
6	28	69	6	13	-	(4)	(3)	-
7	42	169	13	2	-	-	-	-
8	93	89	12	25	-	-	-	-
9	50	171	8	4	15	(3)	-	(2)
10	4	1	-	1	-	-	-	-
11	15	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-
13	165	473	68	61	45	(11)	(1)	(8)

Gross carrying amount (in EURm)								
of which exposures sensitive to impact from climate change physical events						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures		of which Stage 2 exposures	of which non-performing exposures
1	-	-	-	-	-	-	-	-
2	238	36	53	36	-	(1)	(1)	-
3	509	295	115	72	12	(7)	(1)	(6)
4	170	79	10	1	6	(3)	-	(2)
5	3	3	1	-	-	-	-	-
6	22	8	3	5	-	(1)	(1)	-
7	248	130	44	3	2	(1)	-	-
8	374	194	178	402	-	(9)	(9)	-
9	87	39	19	7	-	(1)	(1)	-
10	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-
13	780	372	189	64	1	(1)	(1)	-

		Gross carrying amount (in EURm)					
		of which exposures sensitive to impact from climate change physical events					
		Breakdown by maturity bucket					
Rest of the World		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
1	A – Agriculture, forestry and fishing	363	15	-	-	-	0
2	B – Mining and quarrying	4,635	680	304	24	-	4
3	C – Manufacturing	8,513	1,090	186	347	-	4
4	D – Electricity, gas, steam and air conditioning supply	5,417	539	183	314	-	7
5	E – Water supply; sewerage, waste management and remediation activities	307	6	3	-	1	5
6	F – Construction	1,914	74	8	3	-	3
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	8,289	870	15	-	-	1
8	H – Transportation and storage	5,857	271	295	97	-	6
9	L – Real estate activities	1,806	82	7	11	-	4
10	Loans collateralised by residential immovable property	2,840	-	-	1	-	10
11	Loans collateralised by commercial immovable property	2,801	-	-	-	-	-
12	Reposessed collaterals	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	13,357	1,247	177	44	-	2

Gross carrying amount (in EURm)								
of which exposures sensitive to impact from climate change physical events								
	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
							of which Stage 2 exposures	of which non-performing exposures
1	11	-	4	1	1	(1)	-	-
2	464	182	362	25	2	(1)	-	-
3	836	304	483	113	47	(34)	(7)	(24)
4	551	153	332	47	25	(14)	(4)	(8)
5	7	1	2	-	-	-	-	-
6	55	15	16	3	9	(5)	-	(5)
7	521	245	119	30	38	(32)	(4)	(27)
8	383	168	112	245	13	(14)	(2)	(11)
9	45	41	14	5	-	(1)	-	-
10	1	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-
13	819	395	254	176	29	(9)	(3)	(4)

14.3.6 TEMPLATE 10: OTHER CLIMATE CHANGE MITIGATING ACTIONS THAT ARE NOT COVERED IN THE EU TAXONOMY

The template refers to funding contributing to the climate change mitigation, and which are not aligned to the European Taxonomy.

The figures presented by the Group are based on the existing internal system to identify financing commitments dedicated to Sustainable and Positive Impact Finance (SPIF), Sustainable and Positive Investments (SPI), Sustainability Linked Loans (SLL). The Group does not yet have the results of the evaluation of the alignment with the European taxonomy, consequently all fundings eligible for this model are considered as not aligned.

It should be also noted:

- the inability to isolate loans relating to the renovation of real estate from those intended for their purchase led us to put all of this financing in the category “households”;
- Societe Generale Group may supports its clients in issuing green debt, that are eligible for inclusion in this template, but these bonds are not on the Bank’s Balance Sheet, as a consequence they do not contribute to the exposures presented in this template.

In addition, the nature of climate change mitigation measures is detailed in Chapter 5.3.1.1.3 “Measuring customer guidance in sustainable transformation” of the Universal Registration Documentation (URD).

TABLE 111: OTHER CLIMATE CHANGE MITIGATING ACTIONS THAT ARE NOT COVERED IN REGULATION (EU) 2020/852

Type of financial instrument	Type of counterparty	Gross carrying amount (in EURm)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	-
	Non-financial corporations	-	-	-	-
	<i>Of which Loans collateralised by commercial immovable property</i>	-	-	-	-
	Other counterparties	-	-	-	-
Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	1,427	Yes	No	The Group’s climate change mitigation actions are linked to loans grouped around the following themes: low-carbon solutions and technologies, renewable electricity generation and storage, plug-in electric or hybrid vehicles, new real estate and improved energy efficiency of buildings, financing sustainable agriculture and forests, other “green” solutions or green equipment. The positive and sustainable nature of these financings contributes to climate change mitigation and more particularly to the transition risk. As of today, the assessment of the alignment to the European taxonomy (UE 2020/852 regulation) is still ongoing, therefore all of these funds are considered as not aligned.
	Non-financial corporations	11,957	Yes	No	
	<i>Of which Loans collateralised by commercial immovable property</i>	438	Yes	No	
	Households	832	Yes	No	
	<i>Of which Loans collateralised by residential immovable property</i>	597	Yes	No	
	<i>Of which building renovation loans</i>	93	Yes	No	
	Other counterparties	437	Yes	No	