

APRIL 2018

# SUSTAINABLE INVESTMENT IN GLOBAL MARKETS

AN OFFER COMBINING FINANCIAL PERFORMANCE WITH ENVIRONMENTAL,  
SOCIAL & GOVERNANCE (ESG) PARAMETERS



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# DEFINITIONS

## SRI

Socially Responsible Investment is an investment strategy which considers both financial criteria and environmental, social & governance criteria, to enhance the risk-return profiles of portfolios and/or to bring a social change. The term is becoming associated specifically with strategies that exclude some sectors viewed as unethical; therefore, an increasing number of players use the more global term **Sustainable Investment**.

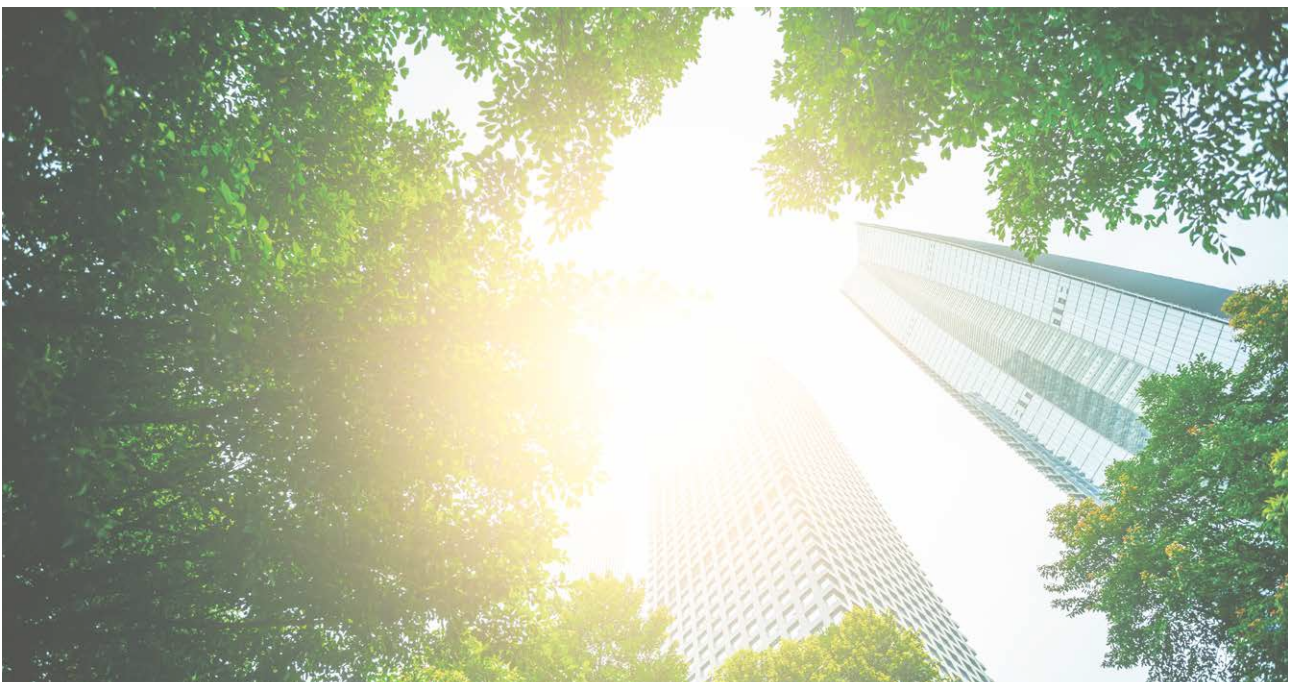
## ESG

Environmental, Social and Governance factors are used by Socially Responsible or Sustainable Investors in portfolio selection and management. Numerous agencies specialize in the ESG rating of thousands of issuers worldwide.

CSR initiatives contribute to increasing the ESG rating of a corporation.

## CSR

Corporate Social Responsibility is the continuing commitment by a business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.



# INTRODUCTION

“ Socially Responsible Investment (SRI) is gaining momentum and outgrowing the traditional investment market. It has grown by 25% globally since 2014\* and more than a third of professionally managed assets in Europe are currently invested according to strategies that factor in some environmental, social and governance parameters.

For our clients, SRI or “sustainable investing” improves the risk-return profile of their portfolios while meeting the demands of end investors, stakeholders and regulators.

With a top-ranked ESG Research team, performing index solutions and a broad socially responsible product offer - ranging from the most vanilla to the most customized proposal - our aim is to deliver sustainable investment solutions that fit the diverse ESG & SRI strategies of our clients. ”

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**TOP RANKED SRI RESEARCH**  
**STANDARD & CUSTOM INDICES**  
**SIMPLE OR STRUCTURED INVESTMENT SOLUTIONS**

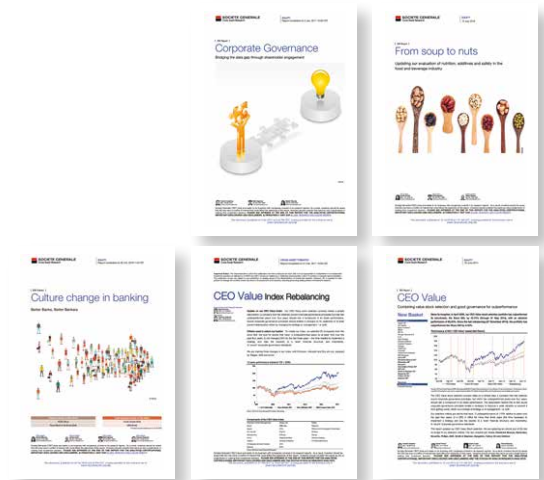
\*<http://www.gsi-alliance.org>

# AT THE FOREFRONT OF SUSTAINABILITY RESEARCH

SG Research's view is that **Environmental, Social & Governance (ESG) issues** are now more easily quantifiable and should be seen as an integral part of any corporate assessment. Together with financial and macroeconomic considerations, they **have become important performance drivers**.

## A STRONG TRACK RECORD

- › Team created in 2006
- › Focus on ESG Fundamentals & Integration
- › **#1** SRI Research (2015 & 2016)
- › **#1** Leading SRI & Sustainability
- › **#4** Corporate Governance

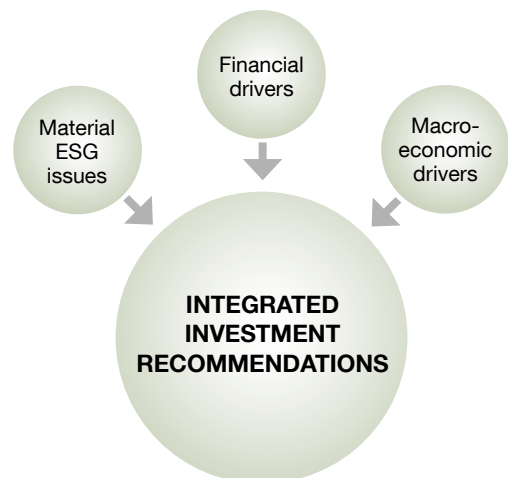


## A WIDE RANGE OF PRODUCTS & SERVICES

- › Thematic / sector / quantitative / corporate access
- › « On-demand » bespoke analysis

## APPROACH: IMPACT & INTEGRATION

- › Selection of material ESG themes & indicators by sector and quantitative evaluation of companies' performances
- › Back-testing of our quantitative ratings



# PERFORMING INDEX SOLUTIONS

Societe Generale offers indices through its leading proprietary index platform, **Societe Generale Index (SGI)**. The SGI index range covers a wide scope of assets including equities, interest rates, credit, commodities and FX. SGI indices are either structured as cross-asset allocations or single-asset strategies.

## PERFORMING FLAGSHIP ESG INDICES

- › Governance themes, based on SG's in-house ESG Research: e.g. SGI CEO value
- › Environmental themes: e.g. SGI World Water, in partnership with RobecoSAM
- › Diversified low volatility ESG indices for participation products, in partnership with FINVEX

**ROBECOSAM**  
We are Sustainability Investing.



## CUSTOM INDICES TAILORED TO CLIENTS' ESG STRATEGIES

Custom indices, whether derived from a flagship index or created at the client's request, are developed to precisely match our clients' objectives and constraints.

- › **Choice** of asset class, investment targets, index components and allocation
- › **Possibility** to onboard an index advisor
- › **Well suited to** implement clients' tailor-made ESG strategies
- › ~ **600** bespoke indices



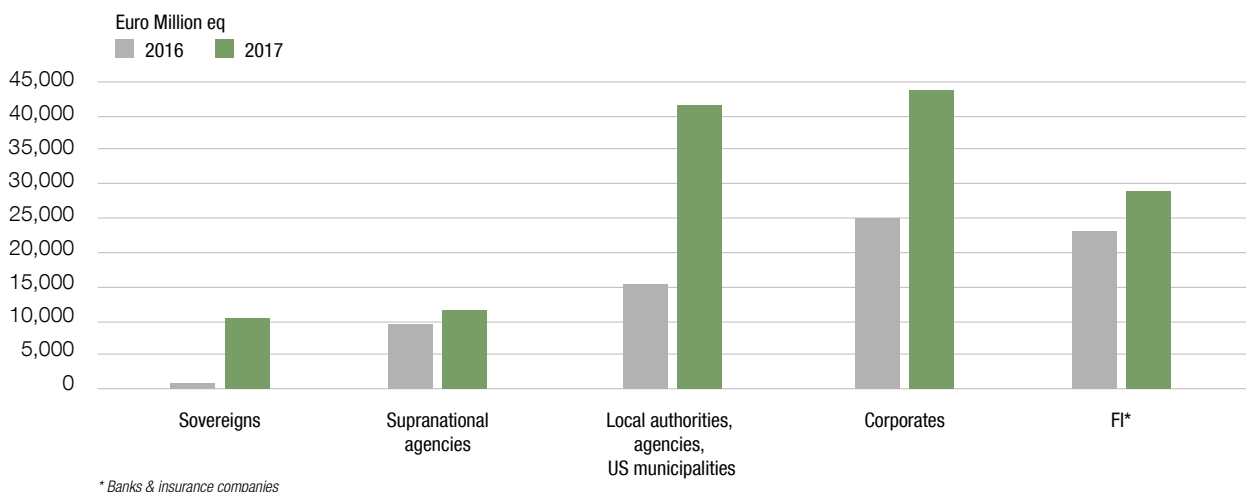
# AN INNOVATIVE SUSTAINABLE INVESTMENT PRODUCT OFFERING

From the most **vanilla** to the most **customized solutions**, Societe Generale aims to meet its clients' sustainable investment objectives through key services such as linking a wide range of issuers (sovereigns, supras, agencies, corporates) and investors (insurance companies, asset managers, etc.) in the realm of green bonds, or structuring tailor-made products.

Leveraging on its strong expertise, the bank also provides a fully made-to-measure custom index offer.

## DISTRIBUTION OF ESG/SRI CASH EQUITIES AND PRIMARY GREEN BONDS

### 2017 green bonds issuance market



## TAILORED « GREEN » OR « POSITIVE IMPACT » STRUCTURED SOLUTIONS

### › Positive Impact Structured Notes

SG CIB commits to hold in its books an amount in Positive Impact Finance assets equivalent to 100% of the nominal amount of such products.

It is committed to monitor its Positive Impact Finance assets through the stringent Societe Generale E&S risk management process during the life of the products.



### › Socially Responsible Deposits

Societe Generale will use the cash collected through those deposits to fund:

- Short term loans to Corporate clients with high Socially Responsible standards.
- Trade Finance Commodity deals selected on Responsible Behaviour criteria.



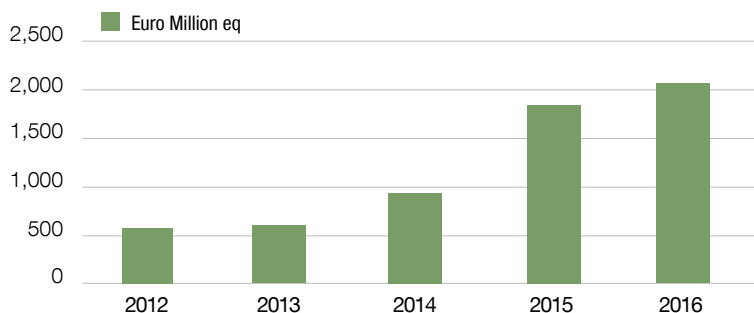
# LONGSTANDING COMMITMENT TO POSITIVE IMPACT FINANCE

**Positive impact finance** aims to deliver a positive contribution to one or more of the three pillars of sustainable development (economic, environmental and social), once any potential negative impact has been duly identified and mitigated.

## LEADING PLAYER IN POSITIVE IMPACT FINANCE

- › SG CIB has been reporting on positive impact finance transactions since 2012
- › The amount of positive impact finance transactions has been multiplied by three and a half from 2012 to 2016, reaching € 2,244 M in 2016
- › In 2015 and 2016, SG CIB successfully issued two vanilla positive impact bonds to fund renewable energy projects in order to contribute to the fight against climate change

### SG CIB's positive impact finance transactions



## SOCIETE GENERALE'S COMMITMENTS TO FIGHT CLIMATE CHANGE

- › €100 billion contribution to the financing of the energy transition between 2016 and 2020
- › Strengthening the environmental and social (E&S) sectoral and gas policy
- › Disengagement from oil sands anywhere in the world from Arctic oil
- › Reinforcing Societe Generale standards regarding respect of the indigenous populations' rights
- › 25% reduction in CO2 emissions per employee by 2020
- › Driving force in the sustainable and low carbon development of Africa





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SOCIÉTÉ ANONYME AU CAPITAL DE 1 009 897 173,75 EUR (11/12/17)  
SOCIÉTÉ GÉNÉRALE EST UN ÉTABLISSEMENT DE CRÉDIT (BANQUE) AGRÉÉ PAR L'ACPR