

SCOPE

Société Générale CIB has created a range of products (the “PI Structured Notes”), to allow investors to invest in a structured note whilst promoting the financing of Positive Impact Finance assets, i.e. assets which have a positive impact on at least one of the three main sustainable pillars (environment, social and economic) and for which the potential negative impacts have been avoided, mitigated or compensated (“Positive Impact Finance”). A PI Structured Notes is an investment product comprising firstly a savings component and also one or more derivatives. The investment product’s characteristics (payoff and underlying) are standard for the considered client-base.

Société Générale CIB commits to hold, in its books, an amount in Positive Impact Finance (PIF) assets equivalent to 100 % of the nominal amount of such PI Structured Notes until the maturity of the Note.

Vigeo Eiris was commissioned by Société Générale CIB to conduct an independent assessment on the sustainable credentials of the Positive Impact Finance asset portfolio related to a series of Positive Impact (PI) structured notes issued by Societe Generale CIB (hereafter the “PIF asset portfolio”), according to the Vigeo Eiris Environmental, Social and Governance (ESG) assessment methodology. The scope of our work includes:

- Analysis of Société Générale’s ESG performance, controversies and its capacity to mitigate these risks (Part I.)
- Assessment of the relevance, the coherence and the efficiency of the transaction ESG and PIF assessment frameworks (Part II.)
- Review of the PIF asset portfolio (Part III.).

VIGEO EIRIS’ OPINION

Vigeo Eiris provides a reasonable¹ level of assurance on the sustainable credentials of the Positive Impact Finance asset portfolio currently attributed by Société Générale CIB to this product.

- Société Générale’s ESG performance is advanced¹
- We provide a reasonable level of assurance on the ESG and PIF assessment frameworks.
- Vigeo Eiris confirms the asset portfolio currently attributed to the PI Structured Notes issued by Société Générale CIB is:
 - Composed of Positive Impact Finance assets, which have a positive impact on at least one of the three main sustainable development pillars (environment, social and economic), i.e. climate change mitigation, natural resources preservation and access to education, in line with five United Nations Sustainable Development Goals (the “UN SDGs”), and for which an appropriate management of the potential negative impacts is implemented and not on the basis that they are offset by the positive impacts.
 - Held by Société Générale CIB for an equivalent amount to 100 % of the nominal amount invested in the PI Structured Notes.

¹ Vigeo Eiris’ scales of assessment (detailed definitions are available in page 6):

Level of assurance: Weak, Moderate, Reasonable
Performance: Advanced, Good, Limited, Weak

Part I. Analysis of Société Générale's ESG performance

As of December 2016, Société Générale's overall ESG performance and commitments are considered as advanced. The Bank ranks 2nd in the "Diversified Banks" Vigeo Eiris sector which covers 31 European companies and achieves advanced performance in the three Environment, Social and Governance pillars.

Société Générale faced persistent² allegations concerning all sustainability domain, principally business ethics and governance, where severity is considered critical³. The Company is reactive³ and announced remedial actions for impacted stakeholders in response to these controversies.

Vigeo Eiris's level of assurance that Société Générale's ESG risks are adequately managed is reasonable, including human capital, reputation, operational efficiency and legal security risks.

Part II. ESG and Positive Impact Finance (PIF) assessment frameworks

In light of our review and interactions with Société Générale CIB and subject to the footnote³ above, Vigeo Eiris confirms that Société Générale CIB is committed to hold an equivalent amount of assets to the nominal of the PI Structured Notes in financing transactions dedicated to projects:

- According to dedicated assessment frameworks including social responsibility criteria (Environmental, Social and Governance) in line with Société Générale commitments and compliant with Equator Principles Guidelines, as:
 - Exclusion of transactions involved in activities prohibited by international conventions and agreements: cluster bombs and anti-personnel mines, production or trade in hazardous substances subject to international bans, trade in wildlife with endangered species,...
 - Verification and management of ESG controversies and risks, covering:
 - ENVIRONMENT** : Protection of biodiversity, management of atmospheric emissions, waste and water management, energy efficiency and GHG emissions,...
 - SOCIAL** : Improvement of health and safety conditions, respect for human rights and prevention of violations, promotion of local development,...
 - BUSINESS ETHICS** : prevention of corruption, anti-money laundering, prevention of conflict of interest;
 - GOVERNANCE** : board of directors, shareholding structure, ownership chain, ESG controversy analysis.
- Generating positive impacts on at least one of the pillars of sustainable development (Environmental, Social and Economic), with negative impacts correctly managed, as identified in the PIF assessment framework

We provide a reasonable level of assurance on the ESG and Positive Impact Finance assessment framework:

- The ESG assessment framework is relevant, regarding international standards and sector issues, coherent with Société Générale's commitments in terms of responsible finance, and efficient in identifying and integrating ESG issues in project selection and financing. Compared with previous review, the ESG assessment framework has been reinforced at client level (i.e. evaluation of the underlying entity).
- The PIF assessment framework is overall relevant, regarding sustainability issues, coherent with Société Générale's corporate commitments in terms of responsible finance, and efficient in identifying and evaluating impact management in order to conclude on positive benefits. In addition, transactions are qualified as PIF if the negative impacts of the asset are appropriately avoided, mitigated or remediated and not on the basis that they are offset by the positive impacts. We have recommended to foster data collection from clients, in order to evaluate the actual impacts throughout the life-time of the transaction, and to promote the client disclosure on the impacts achieved by each asset and the KPI used.

² Vigeo Eiris' scales of ESG controversy assessment

Frequency : Isolated, Occasional, Frequent, Persistent

Severity: Minor, Significant, High, Critical

Responsiveness: Proactive, Remediate, Reactive, Non Communicative

³ In the event that any of the Positive Impact Finance assets currently attributed by Société Générale CIB to this product are prepaid, sold, cease to exist or for whatever reason cannot be considered as attributable to this product, then Société Générale will, to the extent possible, replace such asset with another Positive Impact Finance asset.

Part III. Review of Positive Impact Finance (PIF) asset portfolio

In light of our review, Vigeo Eiris confirms that the PIF asset portfolio currently attributed by Société Générale CIB to the PI Structured Notes is:

- Composed of PIF assets which are categorized by Société Générale CIB as low risk, i.e. with minimal or no environmental or social impacts, except four assets which are categorized as medium risk, with potential limited adverse social or environmental impacts that are well remediated through mitigation measures, based on the E&S risk analysis reviewed by the E&S Team for all assets
- Contributing to the following environmental and social positive impacts:

Climate change mitigation

- Production of energy from renewable sources: solar and wind farms, and biomass
- Energy efficiency: energy performance of buildings with significant reduction of consumption and low-consumption buildings (regarding French thermal regulations)
- Sustainable transportation (collective transport): exploitation of metro line with significant reduction of CO₂ emissions due to the road traffic decrease and modal shift

Natural resources preservation

- Waste efficiency: sorting and recycling of household and green waste, and energy recovery

Access to Education

- Higher student capacity with the construction of education buildings (universities and schools), equipment and leisure activities

We consider that the defined PIF asset portfolio is in line with five United Nations Sustainable Development Goals: 4. Access to education, 7. Affordable and clean energy, 11. Sustainable cities and communities, 12. Responsible consumption and production, and 13. Climate action.

- Held by Société Générale CIB for an equivalent amount to 100 % of the nominal amount invested in the PI Structured Notes.

In case of controversy and / or additional information which would raise material issues regarding ESG risks, best practices and / or impacts of the investment financed, the asset would no longer be qualified as 'Positive Impact Finance' and would be replaced to the extent possible by another Positive Impact Finance asset, as described in the ESG and PIF assessment framework, that would be subject to a review leading to the updating of that note.

We provide a reasonable level of assurance on positive impacts generated by the PIF asset portfolio currently attributed to this PI Structured Notes.

This statement is valid for one year, subject to an annual review, excluding any modification in the scope of targeted asset portfolio and assessment frameworks.

Paris, January 22nd 2018



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Appendix - METHODOLOGY AND DETAILED RESULTS

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction, including the issuance of notes.

Part I. Analysis of Société Générale's ESG performance

Société Générale has been evaluated by Vigeo Eiris Rating on its social responsibility performance, according to a rating framework aligned with public international standards, in compliance with the ISO 26000 norm, and based on 21 relevant sustainability drivers organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. The evaluation framework has been customized regarding material issues, based on the Diversified Banks Europe assessment framework.

Vigeo Eiris reviewed information provided by the company, press content providers and stakeholders.

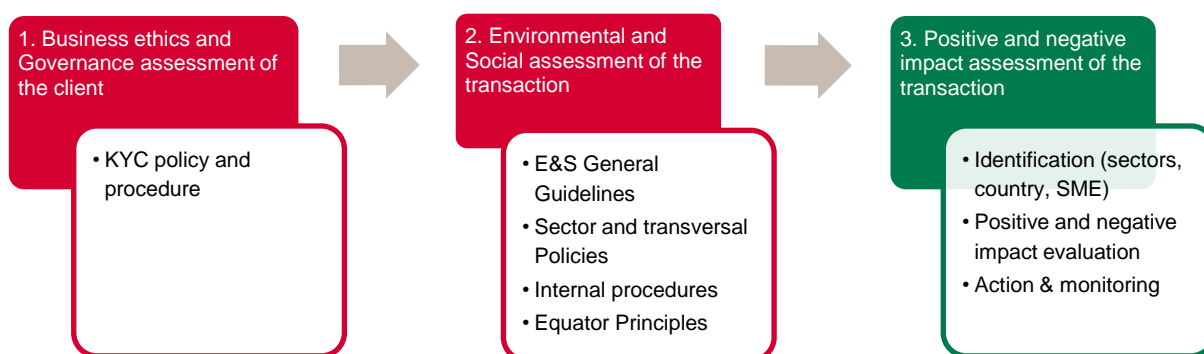
A research of stakeholder-related ESG controversies on each domain of sustainability has been conducted. Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors: frequency, severity and responsiveness.

Part II. 'ESG and Positive Impact Finance' (PIF) assessment frameworks

We have conducted our review of the transaction funding process associated with the Positive Impact Finance assets on the basis of:

- Analysis of ESG and PIF assessment frameworks through internal documentation provided by Société Générale CIB
- Review of the coherence with Société Générale's CSR public commitments
- Internal interviews with E&S Team of the bank

In that statement / note, we express our opinion regarding a framework aligned with public international standards, in compliance with the ISO 26000 norm, as well as the Equator Principles.



ESG Assessment (1 and 2)

The ESG evaluation principles are exhaustive and precise, regarding :

- E&S General Principles Guidelines, which are based on international standards in terms of sustainability: Global Compact, OECD Guidelines, ILO Conventions, Equator Principles...
- Sector and transversal policies, which cover conclusively the major CSR specific risks for each sector and define dedicated requirements to the client and to transactions, in line with sector standards.

E&S General Guidelines and sector policies are publically available on the Société Générale website and internal responsibilities are well-defined in order to ensure the effective implementation of ESG evaluation principles within the bank.

The ESG assessment framework implemented by Société Générale CIB is robust and coherent with its commitments:

- The assessment process is clearly defined and formalized, with a precise definition of the different steps in the evaluation depending on the transaction risk categorization. Transactions categorized as medium and high risk are subject to a depth analysis and a specific monitoring.
- A research of ESG controversies (sector, client, project) is integrated into the ESG assessment process.
- The requests from NGOs are submitted to an internal investigation and if necessary a corrective action plan is implemented.
- The E&S Review and Categorization Form ensures the traceability of the evaluation.
- The ESG evaluation of the transactions and the E&S action plan are systematically verified internally, with a depth control in case of transactions categorized as medium and high risk and identified as PIF.
- The ESG risk assessment framework has been reinforced at asset's underlying entity level: all clients proposed for the PIF transactions are subject to the E&S evaluation process, based on E&S expertise within the KYC Team and a dedicated client E&S procedure.

Positive Impact Finance Assessment (3)

Identification of eligible assets

The method for identifying projects with potential benefits, i.e. qualified as a priori PIF assets (generating positive impacts), is based on coherent and well-defined factors, as:

- Sectors, "a priori" positive, defined by a referential tab identifying potential positive and negative on the three pillars (social, environmental and economic), covering most currently observed impacts for project of each sector in order to provide a first assistance for the further assessment
- Transversal improvements listed, such as energy efficiency, recycling, food security, human rights,...
- Regions, defined as developing countries based on a list of countries according to their level of development (World Bank classification)
- Types of economic actors, i.e. SMEs / SMIs based on a grid of eligibility thresholds (employees and turnover).

Correspondence with one of these four factors allows the Front Officer to detect a project with potential benefits and to identify assets associated with transactions that will be subject to an evaluation of the impact management, to confirm/check whether or not these benefit exist.

Evaluation of the project impacts regarding the PIF assessment framework

The evaluation framework is relevant:

- 20 impacts categories, including 10 social, 9 environmental and 1 economic are clearly defined, using reliable sources of information.
- Impact categories are exhaustive regarding environmental and social issues, except for human rights (i.e. equality of access) which are partially covered by the framework.
- Positive and negative impacts may be considered during the evaluation process.

The eligibility threshold to PI qualification is clearly defined:

- The project must have ex ante positive impacts on at least one of the pillars of sustainable development (Environmental, Social and Economic).
- Any project with negative impacts - not remediable or moderately remediated - on a pillar is not eligible. Transactions are selected if the negative impacts are appropriately avoided, mitigated or remediated and not on the basis that they are offset by the positive impacts.

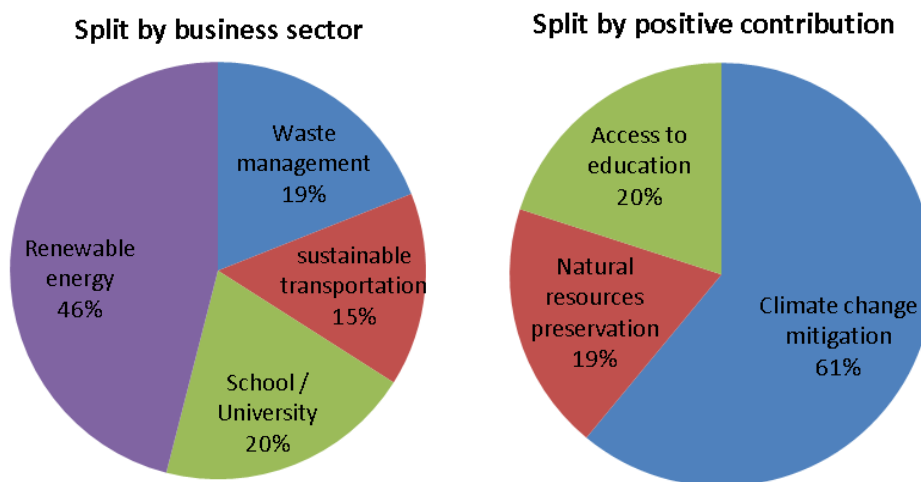
The PIF assessment framework implemented by Société Générale CIB is overall robust and coherent:

- The assessment process is clearly defined and formalized, with a precise definition of the impact categories and of the different steps, rules and methodology of evaluation (scoring and consolidation) of project impacts in order to conclude on the positive benefits, except for the KPIs used to assess.

- The impact evaluation is based on ex-ante estimates, assessed and where feasible quantified. In the case that positive impacts are measured (CO₂ emissions), such measurement is reported with, as the case may be, the KPI and method used along with the second opinion/audit performed.
- The Positive Impact Qualification is monitored along the maturity of the transactions, based on the ex-ante estimates of impacts (no ex-post impacts, due to limited access to this information by the bank related to the type of financial instrument, i.e. project finance), regular environmental and social risk monitoring and annual check of controversies. We have recommended to foster data collection from clients, in order to evaluate the actual impacts throughout the life-time of the transaction.
- The use of funds and their intended impacts have been detailed internally and provided to Vigeo Eiris, but are partially disclosed in the public documentation, due to confidentiality agreements with clients. We have recommended to promote the client disclosure on the impacts achieved by each asset and the KPI used.
- The impact evaluation for each category may be justified and documented. The PIF memo and the registration of the PIF assessment conclusion in the process ensure the traceability of the evaluation.
- The PIF evaluation of the transaction is processed and systematically verified internally. The PIF framework and asset portfolio are regularly reviewed by qualified third parties, not including the review of the impacts achieved by the PIF asset portfolio (ex-ante estimates).

Part III. Review of Positive Impact Finance asset portfolio

The PIF asset portfolio is made of 11 assets, splitted in 4 business sector, contributing to the following environmental and social positive impacts.



VIGEO EIRIS' ASSESSMENT SCALES

Level of evaluation	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.

Level of assurance	
Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework

Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporate. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making

Vigeo Eiris offers two types of services through separate business units

- ▶ **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening, to serve all ethical and responsible investment strategies.
- ▶ **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private in order to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Milan, Montreal, Santiago, Stockholm and Tokyo and has a team of 200. The agency works with partners through its Vigeo Eiris Global Network.

For more information: www.vigeo-eiris.com

Disclaimer

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This opinion aims to explain for investors why these PIF assets portfolio related to a series of structured bond are considered as sustainable and how they integrate environmental and social risks factors and sustainability issues, based on the information which has been made available to and has been analysed by Vigeo Eiris. The opinion only reflects the integration of sustainability factors in the designated assets portfolio. Vigeo Eiris endeavours to collect and to use the most reliable information accessible, but cannot guarantee its accuracy, completeness and up-to-datedness. Vigeo Eiris provides its services with the utmost professional care and quality assurance of its production processes. The user and its stakeholders may not – under any circumstances – require changes or alterations or distortions in the methodology or opinions of Vigeo Eiris. Neither Vigeo Eiris shall be liable for the message if altered, changed or falsified. The opinion delivered by Vigeo Eiris does not cover the financial criteria of the instrument. Société Générale CIB is fully responsible for attesting its compliance with the commitments defined in its documentation, for implementing appropriate measures to reach them and for monitoring its performance. Société Générale CIB remains solely responsible for the assessment of the ESG risks and impacts associated with the selected assets.

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