



UNEP Finance Initiative
Innovative financing for sustainability

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EXPERIENCES IN ENVIRONMENTAL AND SOCIAL RISK ANALYSIS AT SOCIÉTÉ GÉNÉRALE

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BUILDING TOGETHER
TEAM SPIRIT  SOCIÉTÉ
GÉNÉRALE



AGENDA

- 1. ESTABLISHING AN ENVIRONMENTAL AND SOCIAL GOVERNANCE SYSTEM**
- 2. IMPLEMENTATION: PROCEDURES AND PEOPLE**
- 3. ENVIRONMENTAL AND SOCIAL RISK ANALYSIS METHODOLOGY**
- 4. CASE STUDIES**



ESTABLISHING AN ENVIRONMENTAL AND SOCIAL GOVERNANCE SYSTEM

OBJECTIVES / PRINCIPLES

■ Refer to:

- Internationally recognized standards
- Best available techniques

■ Discussed with our clients

■ If possible and when pertinent, use of certification schemes / third party reviews

■ For developing our E&S Policies:

- Benchmark
- Mapping
- Impact

SECTORIAL AND TRANSVERSAL POLICIES OF SOCIETE GENERALE



Mining and Metals Sector Policy



Defence Sector Policy



Coal-Fired Power Sector Policy



Oil & Gas Sector Policy



Shipping Sector Policy



Nuclear Power Policy



IMPLEMENTATION: PROCEDURES AND PEOPLE

OBJECTIVES / PRINCIPLES

■ Use existing processes in particular:

- RISK
- KYC
- Reputation Risk

■ But also:

- Legal, to integrate Environmental and Social clauses
- Middle Office, to monitor Environmental and Social issues

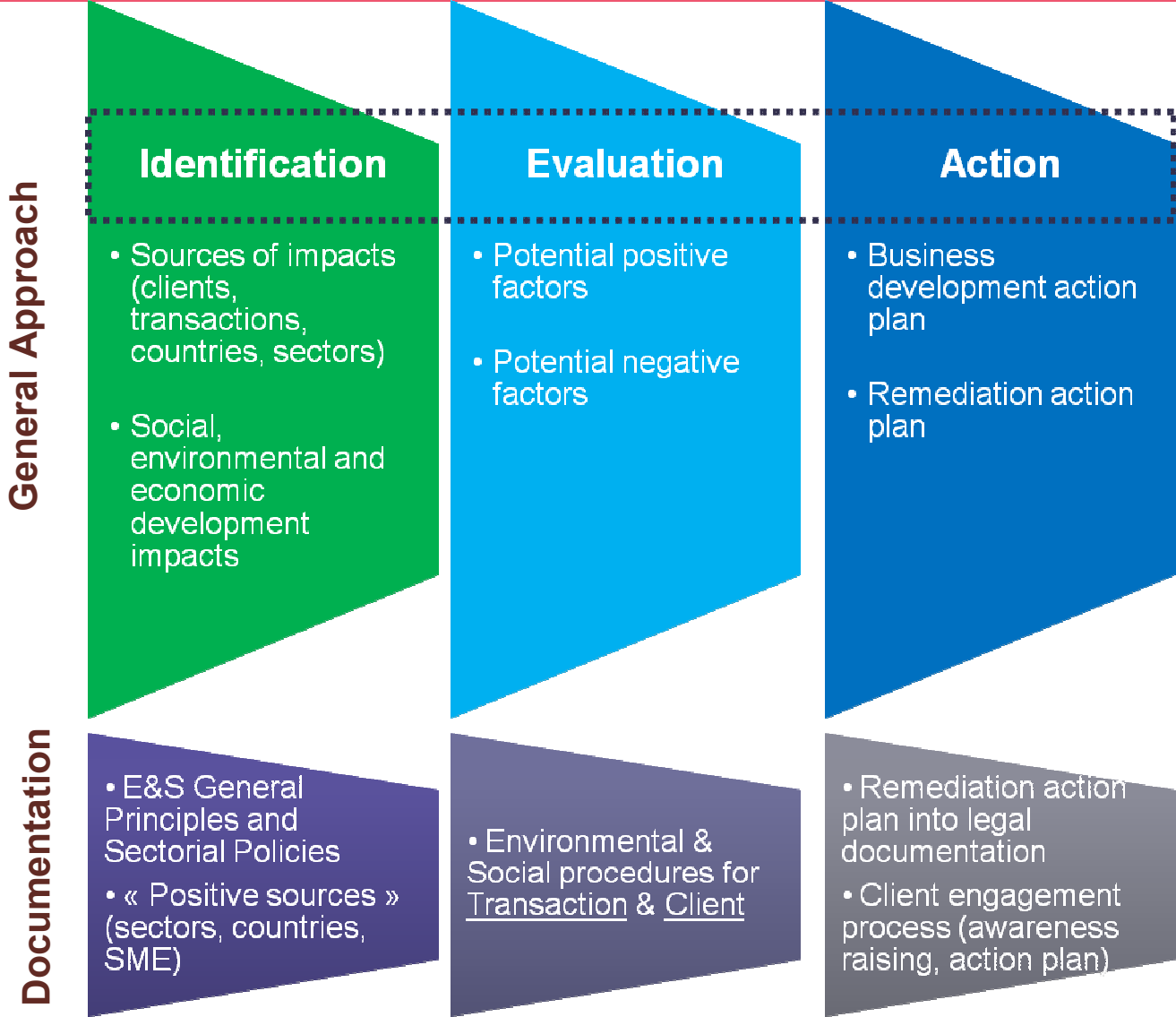
■ Challenges:

- Integrate E&S review in “standard” financing timeframe review
- Need for clear requirements/reports/documentation



ENVIRONMENTAL AND SOCIAL RISK ANALYSIS METHODOLOGY

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CASE STUDIES

EXAMPLE: RUN OF THE RIVER HYDROELECTRIC PLANT IN PERU - PROJECT FINANCE



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Identification

- Renewable energy sector
- Potential biodiversity impacts
- Potential cultural heritage impacts
- Land acquisition and other socio-economic impacts

Evaluation

- Categorisation: A
- Independent Environmental and Social Assessment
- Gap analysis with international standards

Action

- Integrated Basin Management Plan
- Compensation Plan for land acquisition
- Socio-Economic Management Plan
- Conservation Plans for biodiversity

EXAMPLE « POSITIVE IMPACT TRANSACTION »: KPDC CAMEROON



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Identification

- Energy sector: Production & distribution
- Cameroon listed low-middle-income economy
- Project developed by AES Corporation
- Potential Impacts: Air emission; Biodiversity ; Economic resettlement, Cultural Heritage

Evaluation

- Categorisation: A
- Environmental & Social Assessment satisfactory
- SG own review concluded compliance to Equator Principles provided appropriate management plan is implemented

Action

- Client commits to implement management plan which will be annually audited by qualified external consultant



**Financed with African Development Bank,
IFC and Proparco**

EXAMPLE: GOLD-SILVER MINE IN ASIA - PROJECT FINANCE



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Identification

- Protected area for biodiversity (with endangered species)
- Land acquisition and other socio-economic impacts
- Waste management issues

Evaluation

- Categorisation: A
- Independent Environmental & Social Assessment not satisfactory
- SG (and other banks) own review concluded non compliance to Equator Principles

Action

- Requirement for additional studies by competent Environmental & Social consultants
- Client refusal to perform these studies



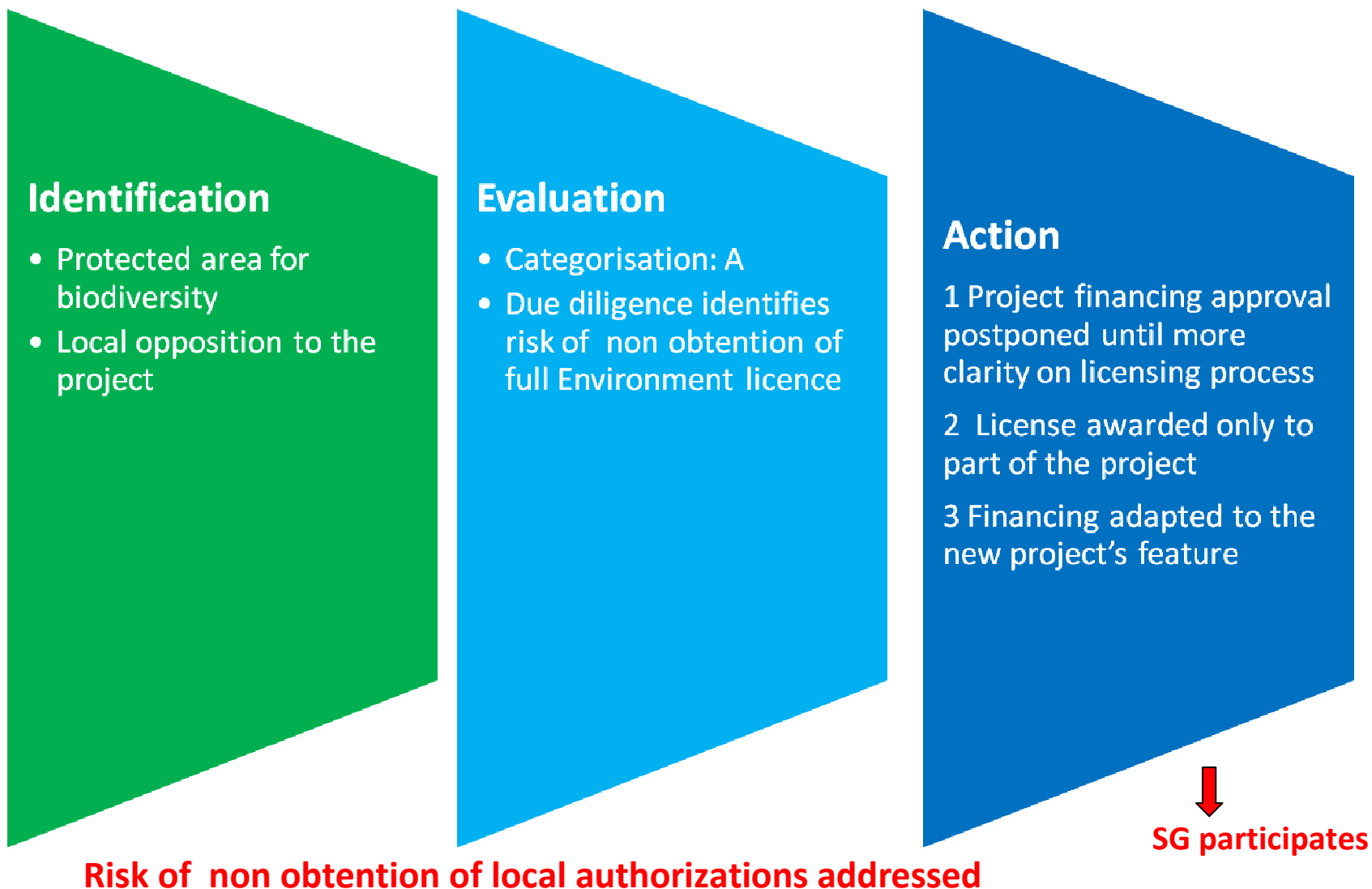
SG did not participate

Costs overrun > 30% initial project costs

EXAMPLE: SOLAR POWER PLANT IN FRANCE



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CLIENT INVOLVED IN CLUSTER BOMBS TRADING



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Identification

- Client proposing cluster bombs in its commercial offer

Evaluation

- Assessment of compliance of potential transactions with Oslo Convention and its application in France

Action

- Inform/discuss with the client



Client withdrew from cluster bombs activity

EXAMPLE: MULTINATIONAL OIL & GAS GROUP



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Identification

- E&S controversy and legal action associated with operations in Africa
- Oil spills and conflict with local population
- E&S legal cases ongoing in the US and UK
- Other risks: Involvement in non-conventional oil & gas extraction techniques

Evaluation

- E&S Memo
- Category: Medium-High E&S reputation risk due to E&S controversies
- Generally good E&S performance but some doubts on compliance with standards listed in the OECD Guidelines for MNEs and UK/US laws due to E&S problems in Africa
- Reputation risk
- Positive factors such as transparency and progress on key sustainability indicators taken into account

Action

- Engagement with client advised and communication of SG E&S Policies
- Special E&S due diligence would be needed prior to eventual financing of the company's operations in Africa

NUCLEAR POWER PLANT, EXPORT FINANCE



NUCLEAR POWER PLANT, EXPORT FINANCE

Identification

- Nuclear Power Sector
- Potential biodiversity impacts
- Safety/effluents to be managed properly
- Some resettlement and land acquisition

Evaluation

- Categorisation: A
- Independent Environmental and Social Assessment
- Gap analysis with international standards

Action

- Set up a team of Environmental and Social Inspectors
- Major contracts to include environmental requirements
- Consultation with local population and complements to local government actions
- High level review of nuclear safety authority approvals
- Conservation Plans for biodiversity

**OECD Common Approaches
compliant**



THANK YOU

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