

POST-ISSUANCE VERIFICATION REPORT (LIMITED ASSURANCE REPORT)

By Vigeo Eiris

For Société Générale SFH's 2019 first Positive Impact Covered Bond issuance
Post-issuance verification based on Climate Bonds Standard version 2.1.

August 14th, 2019.

SCOPE

Société Générale SFH (the "Issuer"), issued its first 2019 Positive Impact Covered Bond (or "Bond") to refinance Green Loan Mortgages.

In this context, Vigeo Eiris (the "Verifier") has been commissioned by the Issuer, as stated in the engagement contract, to perform the Post-Issuance Verification of this Bond based on the Limited Assurance procedure, as an independent third party approved by the Climate Bonds Standard Board. The verification is based on the assessment of the compliance of the Issuer's 2019 first Positive Impact Covered Bond with the Climate Bonds Standard version 2.1 for post-issuance requirements and with associated sector-specific technical criteria, as defined on CBI's website.

The work undertaken by Vigeo Eiris to form this verification report included:

- Planning and management of the verification
- Desk review of the Bond and associated documentation provided by the Issuer
- Assessment of evidences provided by the Issuer against the Climate Bonds Standard 2.1. and the sector standard and technical criteria
- Internal quality control on the hereby Assurance Report and conclusions
- Provision of Vigeo Eiris' Assurance Report to the Issuer

We have conducted our post-issuance verification between August 2nd and August 14th, 2019. The methodology, criteria, findings and assurances addressed by this Assurance Report are in accordance with relevant general principles & professional standards of independent auditing, and in line with the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

RESPONSIBILITIES OF THE ISSUER AND OF VIGEO EIRIS

This statement relies on the information provided by the Issuer to the Verifier: documentation and explanations presented during the assessment, based on the understanding that this information was provided to Vigeo Eiris in good faith. Vigeo Eiris has not performed an audit nor other tests to check the accuracy of the information provided by the Issuer.

The Issuer is fully responsible for attesting the compliance with its commitments as defined in its policies, for their implementation and their monitoring, and for the information provided.

POST-ISSUANCE VERIFICATION

The verification included checking whether the provisions of the Climate Bonds Standard 2.1 were consistently and appropriately applied and the collection of evidence supporting the verification. The details and areas covered by the verification are summarized in the following pages (see Detailed results section).

Based on the supporting elements and explanations provided by the Issuer, nothing has come to our attention that causes us to believe that, in all material respects Société Générale SFH's 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bond Standard's Post-Issuance Requirements (version 2.1) and with associated relevant sector technical criteria. This level of assurance applies altogether to the Nominated Assets, the environmental benefits of the bond, the evaluation and selection process of the assets, the proposed financial accounting system, and the monitoring & reporting system associated to the bond, to be implemented over the term of the bond.

This Assurance Report is limited to Société Générale SFH's 2019 first Positive Impact Covered Bond. It is provided by Vigeo Eiris to the Issuer and the Climate Bonds Initiative.

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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has conducted the pre-issuance verification and the Second Party Opinion (SPO) of the 2019 Positive Impact Covered Bond issued by Société Générale SFH. No established relationship (financial or other) exists between Vigeo Eiris and the Issuer.

Liability: this Assurance Report is a document prepared by the Verifier that conveys the Verifier's opinion on the Bond alignment with the relevant requirements of the Climate Bonds Standard, but it does not provide Climate Bonds Certification itself. Providing this opinion does not mean that Vigeo Eiris certifies the tangibility, the excellence or the irreversibility of the projects financed by the Bond. No assurance is provided by Vigeo Eiris regarding the financial performance of the Issuer nor of the Bond, nor the value of any investment in the Bond, nor of the environmental footprint of the Bond or the compliance with the commitments taken by the Issuer.

Vigeo Eiris cannot be liable for any loss suffered as a result of information or data provided by the Issuer. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or any kind of business transaction.

Restriction on Distribution and use of this Assurance Report: at the discretion of the Issuer

DETAILED RESULTS

The evidence, information and explanations supporting the Bond issuance provided by Société Générale SFH to Vigeo Eiris were both historical (for assets evaluation and selection process, Nominated Assets), hypothetical or ex-ante estimated (for the expected environmental benefits, the time for proceeds allocation) and ex-post (for some reported indicators).

Summary criteria for assertions of compliance with the post-issuance requirements of Climate Bonds Standard version 2.1

Vigeo Eiris has assessed the Issuer's 2019 Positive Impact Covered Bond against requirements that apply to all Certified Climate Bonds after the issuance of the Bond, as set out within the Climate Bonds Standard version 2.1:

- Part A: Requirements that shall be met to be eligible for post-issuance certification.
- Part B: Requirements that shall be met based on the projects & assets associated with the Bond and the specified eligibility criteria.
 - *Climate Bonds Initiative Low Carbon Buildings Standard (Version 1.0)*
- Part C: Requirements that shall be met to be eligible for post-issuance certification and that are used selectively, depending on the type of Bond in question.
 - *Use of Proceeds Bond*

Part A: General Requirements

Clause 4. Nominated Assets

- 4.1. The Issuer shall maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets

The decision-making process used to determine the continuing eligibility of the Nominated Projects & Assets has been documented and made publicly available in Société Générale SFH's methodology for assets selection and impact measurement and in its Positive Impact Covered Bond Framework.

- 4.1.1. a statement on the environmental objectives of the bond

The Issuer's environmental objectives have been defined in the Positive Impact Covered Bond Framework, at portfolio level (Eligible Loans):

- GHG emissions avoidance (estimated at 15,926 tCO₂eq per year).
- Energy savings (estimated at 90,695 MWh per year).

- 4.1.2. a process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part B of the Climate Bonds Standard

The evaluation and selection of Eligible Loans is based on relevant internal and external expertise with well-defined roles and responsibilities. A Positive Impact Covered Bond Committee is in place, involving several departments in the process, which relies on specific eligibility and exclusionary criteria. In addition, a third-party was involved in the estimation of expected environmental benefits. Moreover, an annual verification is conducted to assess the continuing eligibility of Nominated Assets.

- 4.2. All Nominated Projects & Assets funded by the bond's proceeds shall meet the bond's documented objectives as stated under Clause 1.1, and shall be in conformance with the requirements of Part B of the Climate Bonds Standard.

All Nominated Assets funded by the Bond's proceeds meet the bond's documented objectives as stated under Clause 1.1 and are in conformance with the requirements of Part B of the Climate Bonds Standard as they fall in the 'Low Carbon Buildings' classification of the Climate Bonds Taxonomy. The Issuer reports that the general objective is to support climate change mitigation through the refinancing of green residential mortgages.

- 4.3. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds unless it is demonstrated by the Issuer that distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds or that the existing Certified Climate Bond is being refinanced via another Certified Climate Bond.

The Issuer maintains its commitment that Nominated Assets will not be nominated to other Certified Climate Bonds.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH's 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements (version 2.1) stated in section 4 "Nominated Assets".

Clause 5. Use of Proceeds

- 5.1. The Net Proceeds of the bond shall be allocated to the Nominated Projects & Assets

All the Net Proceeds have been allocated to refinance the Nominated Assets, namely Eligible green residential mortgages (single family dwelling and multifamily dwellings) located in Metropolitan France and belonging to the 15% low carbon buildings at national level.

- 5.2. The Issuer shall allocate funds to Nominated Projects & Assets within 24 months of issuance of the bond. Funds may be reallocated to other Nominated Projects & Assets at any time during the term of the bond

The Issuer allocated 100% of the Net Proceeds to the Nominated Assets at the settlement, within less than 24 months of issuance of the Bond.

- 5.3. Where a proportion of the Net Proceeds of the bond are used for refinancing, the Issuer shall provide an estimate of the share of the Net Proceeds used for financing and re-financing, and identify which Nominated Projects & Assets may be refinanced.

The Issuer states that the share of the Net Proceeds used for refinancing is 100%.

- 5.4. The Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process as disclosed to the Verifier by the Issuer under Clause 2.1.

The Issuer states that the net proceeds were managed by SFH's team within Société Générale Group's Treasury. The proceeds were flagged and tracked into the internal Group Treasury IT system dedicated to Société Générale SFH, segregating all the assets refinanced.

- 5.5. The Net Proceeds of the bond shall be no greater than the total investment in the Nominated Projects & Assets or the total Fair Market Value of the Nominated Projects & Assets at the time of issuance

The Issuer reports that the Net Proceeds of the Bond (EUR 1,000m) are not greater than the total Eligible Loans within its portfolio at the time of the issuance, which amounts to EUR 2,987m of Eligible Loans. The Issuer has maintained an up-to-date internal monitoring mechanism to ensure that the net proceeds match the amount of Eligible Loans within its portfolio.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH's 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements (version 2.1) stated in section 5 "Use of Proceeds".

Clause 6. Non-Contamination of Proceeds

- 6.1. The Net Proceeds of the bond shall be credited to a sub-account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.

The issuer reports that the Net Proceeds are tracked via Société Générale Group's internal Treasury IT system, dedicated to SG SFH segregating all the assets refinanced by SG SFH. The specific eligibility criteria are added to the existing SFH legal criteria in order to track the Eligible Loans to which the bond's proceeds have been allocated.

- 6.2. While the bond remains outstanding, the balance of the tracked proceeds shall be reduced by amounts matching eligible investments or loan disbursements made. Pending such investments or disbursements to Nominated Projects & Assets, the balance of unallocated proceeds shall be held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.

As 100% of the Net Proceeds were allocated to refinancing purposes, there are no remaining unallocated proceeds outstanding. The issuer states that in case of divestment from a loan or removal of a loan from

the pool of Eligible Loans, the equivalent amount of proceeds will be immediately reallocated to other Eligible Loans. Therefore, there are no temporary investments given the absence of unallocated proceeds.

- 6.3. In the case of a Force Majeure, the Issuer may apply to the Climate Bonds Standard Board for an extension to the asset allocation period. During the extension period the balance of unallocated proceeds shall be deemed to be conforming to Clause 5.2.

As full allocation was met at issuance, the Issuer does not require to apply for an extension of the asset allocation period.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH's 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements (version 2.1) stated in section 6 "Non-Contamination of Proceeds".

Clause 7. Confidentiality

- 7.1. Information about the Nominated Projects & Assets shall be provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard.

Information about the Nominated Assets has been provided to Vigeo Eiris, as a verifier, and includes the entire Eligible Loans portfolio. This document has only been provided to Vigeo Eiris and is not public due to confidentiality reasons. However, a report summarizing the allocation of proceeds, at portfolio level, is available online.

- 7.2. The Issuer should disclose information about the bond and the Nominated Projects & Assets to the market.

The Issuer has publicly disclosed information about the bond and the Nominated Assets, aggregated by type of dwellings on a portfolio basis, through Société Générale SFH's Positive Impact Covered Bond Reporting.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH's 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements (version 2.1) stated in section 7 "Confidentiality".

Clause 8. Reporting

- 8.1. The Issuer shall provide to bond holders and to the Climate Bonds Standard Secretariat at least annually a report containing the list of Nominated Projects & Assets to which proceeds of the bond have been allocated (or reallocated). The report shall include a brief description of the projects and the amounts disbursed, as well as the expected impact of the Nominated Projects & Assets.

The Issuer published on its website a dedicated report on the Eligible Loans, including:

- The share of co-financing of the Bond regarding the whole portfolio (33.5% of total amount of Eligible Loans).
- The total amount of allocated proceeds (EUR 1,000m).
- The total share of allocated proceeds (100%).
- A brief description of Eligible Loans, at portfolio level, including the types of dwellings (single family and multi-family) and Estimated floor area (m2).
- The breakdown of Eligible Loans by regions in France.
- Environmental impacts of the Eligible Loans, at portfolio level, in particular:
 - GHG emissions avoidance
 - Energy savings
- Calculation methods and key underlying assumptions used for the calculation of avoided CO2 emissions and energy savings.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH's 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements (version 2.1) stated in section 8 "Reporting".

Part B. Eligible Projects & Assets

Clause 9. Climate Bonds Taxonomy

- 9.1. Nominated Projects & Assets, as identified by the Issuer under Clauses 1.3 and 4.2, shall fall into one or more of the investment areas contained in the latest version of the Climate Bonds Taxonomy (see Annex A).

Nominated Assets, as identified by the Issuer under Clauses 1.3 and 4.2, fall into one investment area contained in version 1.0. of the Climate Bonds Taxonomy, namely “Low Carbon Buildings”.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH’s 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard’s Post-Issuance Requirements (version 2.1) stated in section 9 “Climate Bonds Taxonomy”.

Clause 10. Technical Criteria (Low Carbon Buildings)

- 10.1. Nominated Projects & Assets shall meet the specific eligibility criteria provided in the latest version of the relevant Sector Specific Criteria document.

The Nominated Assets meet the specific eligibility criteria provided in the relevant Sector-Specific Criteria document, namely “Low Carbon Buildings” Sector Eligibility Criteria of the Climate Bonds Standard Version 1.0.

- 10.2. Where the proceeds of a bond are allocated to Nominated Projects & Assets that are covered by more than one Sector-Specific Criteria, then each of the Nominated Projects & Assets shall meet the specific eligibility criteria provided in the Sector-Specific Criteria relevant to that Nominated Project & Asset.

The proceeds of the Bond were allocated to Nominated Assets covered only by one Sector-Specific Criteria (Low Carbon Buildings).

Investment area	Sector-Specific Criteria	Comments
Low Carbon Buildings	Climate Bonds Initiative Low Carbon Buildings Standard (Version 1.0) 1. Eligible activities: 1.1. Low carbon buildings shall be assets that operate or will operate in one or more of the following activities: 1.1.1. Commercial buildings (including offices, hotels, retail buildings, public buildings, educational buildings, healthcare buildings etc.) 1.1.2. Residential buildings (private dwellings, multifamily residential buildings) 1.1.3 Other types of buildings (data centres, stations and related buildings for eligible transport).	Based on the supporting elements and explanations provided by the Issuer, Nominated Assets operate in the following activity: <ul style="list-style-type: none"> Refinancing of eligible green residential mortgages: residential buildings (private dwellings and multifamily residential buildings), part of the Eligible activities under Clause 1.1.2 of the Low Carbon Buildings Standard (Version 1.0)

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH’s 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard’s Post-Issuance Requirements (version 2.1) stated in section 10 “Technical Criteria”.

Part C: Requirements for Specific Bond Types

Bond Type is a “Use of Proceeds Bond”.

Clause 11. Project Holding

- 11.1. The Issuer of the bond shall continue to hold Nominated Projects & Assets which have Fair Market Value at least equal to the original principal amount of the bond at the time of issuance.

The Net Proceeds of the Bond (EUR 1,000m) are not greater than the total Issuer’s portfolio (EUR 2,987m).

- 11.1.1. Additional Nominated Project & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part B of the Climate Bonds Standard and the bond’s environmental objective as set out in Clause 1.1.

No additional Nominated Assets have been added to the portfolio since the Pre-issuance verification by Vigeo Eiris. The issuer commits to select sufficient Eligible Loans to ensure that the Net Proceeds are greater than the total investment of the Issuer.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH’s 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard’s Post-Issuance Requirements (version 2.1) stated in section 11 “Project Holding”.

Clause 12. Settlement Period

- 12.1. Issuers shall demonstrate that the Net Proceeds of the bond have been distributed to the Nominated Projects & Assets within 24 months of the issuance of the bond

The Issuer allocated 100% of the Net Proceeds to the Nominated Assets, within less than 24 months of issuance of the Bond.

- 12.2. Where full distribution of the Net Proceeds is not achieved within 24 months of the issuance of the bond, the Issuer shall demonstrate that: The surplus or undistributed funds have been invested in Eligible Projects & Assets not otherwise nominated for a specific Climate Bond or the Issuer has made temporary investments of surplus or undistributed funds in conformance with the provisions of Clause 6.

As 100% of the Net Proceeds of the Bond were allocated to refinancing purposes, there are no remaining unallocated proceeds.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH’s 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard’s Post-Issuance Requirements (version 2.1) stated in section 12 “Settlement Period”.

Clause 13. Earmarking

- 13.1. The Issuer of the bond shall maintain the earmarking process to manage and account for funding to the Nominated Projects & Assets as disclosed under Clauses 2.1 and 2.1.3.

The Issuer reports that the Positive Impact Covered Bond Committee is in charge of the monitoring and earmarking of eligible mortgages. The monitoring and earmarking process will be performed on a bi-annual basis based on the outstanding amount of eligible mortgages.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, Société Générale SFH’s 2019 first Positive Impact Covered Bond is not in conformance with the Climate Bonds Standard’s Post-Issuance Requirements (version 2.1) stated in section 13 “Earmarking”.

List of supporting elements provided by the Issuer:

- Supporting
 - Société Générale SFH's Positive Impact Covered Bond Framework, June 2019
 - Société Générale SFH's Positive Impact Covered Bond Reporting, May 2019
 - Internal methodology for assets selection and impact measurement, June 2019
 - Second Party Opinion provided by Vigeo Eiris, June 2019.



Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organisations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organisations.

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