

IJGlobal ESG Infrastructure & Energy Bank – Societe Generale

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19/10/2022

Societe Generale won over the independent panel of judges to take the IJGlobal ESG Infrastructure & Energy Bank Award for 2022, cementing its position as a key player in the responsible lending space.

One of the judges said of the French bank that it is “a leader on ESG, driving forward financing solutions and internal commitments” while another adds that “SG tells a good story of proactive engagement on a broad range of ESG matters, backed up by some very significant numbers”.

Over the course of the judging period – start April 2021 to end March 2022 – Societe Generale made a good number of strategic decisions that sets it on an ever-improving ESG trajectory, which played no small part in winning over the judging panel.

Key among these was the French bank strengthening its commitments in several segments related to unconventional hydrocarbons and the protection of biodiversity in protected areas.

It has committed to further reducing its exposure to shale oil and gas, oil sands, extra heavy crude oil, Arctic oil, and Ecuadorian Amazon oil, through the exclusion of: new transactions dedicated to E&P of these categories of hydrocarbons; pure upstream players for which the above resources represent more than 30% of their overall production; diversified players (upstream, midstream, downstream) for which E&P of the above resources represent more than 30% of their revenues.

Societe Generale has also committed not to take on fresh mandates for new production projects in North American LNG to extend efforts down the value chain.

As to protected areas, the bank has increased protection of biodiversity by expanding the categories of protected areas in which no new hydrocarbon exploration and production projects will be financed.

Portfolio alignment

The judges were very much of the mind that it is not simply commitments around new business that matters when it comes to cleaning up shop, and that lenders need to be able to demonstrate they are taking decisive actions on portfolio alignment.

In this case, Societe Generale scored high as the group has made good progress towards the goal of a complete phase-out of coal by 2030 for companies based in EU and OECD countries, and by 2040 for the rest of the world. From the end of 2021, all clients with mining and power assets were to have defined and communicated a transition plan aligned with Societe Generale’s 2030/2040 thermal phase-out objective.

On oil and gas extraction, Societe Generale was among the first banks to have announced a reduction in its exposure by 10% in absolute terms by 2025 by supporting the energy transition of its clients, through a priority of financing renewable energy and gas in the transition phase and by stopping new financing of onshore O&G extraction in the US.

As to maritime transport – a massive source of global pollution creation – Societe Generale supports the application of the Poseidon Principles, which plans a decarbonisation of the shipping sector in conjunction with the International Maritime Organisation.

When it comes to steel, the bank is an active contributor to the definition of common standards on associated greenhouse gas emissions through the Steel Climate-Aligned Finance Working Group. In May 2021, Societe Generale joined 5 other leading lenders of the steel industry who will work at defining standards to advance decarbonisation of the sector.

In 2021, Societe Generale was awarded a financial advisory mandate to raise a green project financing package for H2 Green Steel (H2GS) in Sweden. This will be the first large-scale steel producer based on a fossil-free manufacturing process targeting large European OEMs. The project includes a giga-scale hydrogen plant as an integrated part of the steel production facility.

Energy transition

While the judging team is always keen to point out that environment as impacted by the energy sector is but one component of the equation to win an ESG award... at IJGlobal it remains a fairly strong pillar.

Societe Generale’s financing energy transition has seen the bank deploy more than €150 billion to support energy transition, exceeding the €120 billion target (2019-2023), 2 years ahead of schedule through a dedicated range of sustainable financing solutions (loans, bonds, advisory).

To support the transition of the energy sector, Societe Generale has been supporting the development of renewable energies for more than 20 years.

In its retail and global banking activities, as well as in its specialised financial services – such as insurance and fleet management – the group is developing a positive impact in supporting clients’ sustainable development through solutions in the areas of consulting, financing and investment.

Meanwhile, looking to the future, Societe Generale is part of various coalitions to find innovative solutions with its clients in their sectors. In particular, the group was the first European bank to join the Hydrogen Council.

Picture added after IJGlobal ESG Awards 2022 (left-to-right): IJGlobal head of content Ila Patel; Kevin Price from SocGen; IJGlobal content director Angus Leslie Melville.





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