



PRINCIPLES FOR
RESPONSIBLE
BANKING

Banque SOCREDO

UNEP-FI Principles for Responsible Banking

Septembre 2021



BANQUE SOCREDO

Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Banque SOCREDO is the development bank of French Polynesia and a wholesale banking corporation which holds a 40% to 50% market share in this French overseas territory. Our shareholders are 50% French Polynesia, 35% Agence Française de Développement (AFD), the French international development bank and 15% BRED, a private French banking corporation. Banque SOCREDO is operating predominantly in French Polynesia. We provide products and services in the retail banking business areas, and to local businesses (SME) and government. This includes loans to individuals (housing, vehicles, consumer loans) (56% of outstanding loans), to Polynesian companies and to local government (44% of outstanding loans). A small part of our activity (1%) concerns loans for activities in New Caledonia.</p>	<p>See our 2020 activity report</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>As the development bank of French Polynesia, our strategy, organized in 3 axes, places sustainable development at the heart of our approach.</p> <ul style="list-style-type: none"> - Axis 1: be a committed player in sustainable development - Axis 2: place innovation and digital at the heart of improvement of customer relationship - Axis 3: develop operational efficiency to accompany the Bank transformation <p>We strive to align our operations and actions with locals needs, the sectoral policies of French Polynesia (Climate Plan of French Polynesia, sectoral support...) and SDGs.</p> <p>The integration of sustainable development in our activities is currently gaining momentum with for instance the establishment, since the end of 2019, of a Sustainable Development Analysis & Assessment -SDAA ("Analyse et Avis Développement Durable – AADD") on the most important loan requests on business banking (loans over 420k€). We aim at analysing 100% of loans on all business lines through a sustainable development prism by 2023.</p> <p>In 2021, the bank validated its sustainable development policy and its exclusion list. We are currently developing an internal tool for characterizing ESG risks on loans.</p> <p>The objective is to have the necessary tools adapted to our structure, to assess our exposure to ESG risks, to adapt our product and to be able to provide relevant advise to our customers.</p>	<p>See our 2020 activity report</p> <p>See our sustainable development policy and our exclusion list.</p>

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a) <u>Scope</u>: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) <u>Context & Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>As a wholesale bank in a small country, the impact of Banque SOCREDO activities can be deemed low. However, the bank is deploying tools to characterize its loan portfolio and measure its impact in terms of sustainable development. These tools enable the bank to characterize the environmental and societal risks of the projects financed (by crossing the nature of the project and the amount of credit requested). Projects with moderate or high environmental and social risks are subject to a more in-depth sustainable development analysis and opinion via our Sustainable Development Analysis & Assessment system.</p> <p>Ultimately, the objective is to provide adequate support and accompany virtuous projects and, on the contrary, refuse to fund projects with an impact deemed too negative.</p> <p>The sustainable development analysis on funding requests evaluates job creation, the creation of activity in isolated rural areas, the project's contribution to strengthening the territory's own resources, improvement of access to essential services (water, food, sanitation, waste management, etc.), improvement of working conditions, gender equality, social inclusion, the fight against climate change and the preservation of biodiversity.</p> <p>By the end of 2023, with the deployment of these tools, we will be able to precisely assess every new funding in terms of sustainable development impact.</p> <p>Beyond this characterization, our objective is to provide advice to our clients and to support the Polynesian economy towards a sustainable trajectory.</p> <p>Thanks to the sustainable development analysis and a constructive dialogue with our client, we sometimes include specific contractual commitments to our funding thus ensuring the sustainability of the client's project and a smooth monitoring of its implementation. For the biggest project, for example, we may require our customers to provide us on an annual basis with their CSR report and organize specific appointments to follow up on the impacts of the project funded.</p> <p>On a more global scale, as the development bank of French Polynesia, Banque SOCREDO works in collaboration with the government of French Polynesia, a shareholder of Banque SOCREDO up to 50%, to support priority sectoral public policies and the sustainable development of the territory.</p>	<p>See our 2020 activity report</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>Banque SOCREDO is gradually putting in place the tools allowing us to carry out a precise analysis of financing requests through the prism of sustainable development. Ultimately, we will be able to assess the impact of new funding commitments in accordance with the Principles for Responsible Banking.</p>		

<p>2.2 Target Setting</p> <p><i>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</i></p> <p><i>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</i></p> <p><i>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</i></p>	<p>Our sustainable development analysis tool (“Sustainable Development Analysis & Assessment”-SDAA) on loan applications allows us to measure the economic, social and environmental impacts of the projects submitted to bank for funding.</p> <p>With our SDAA tool we evaluate the impacts the projects to be financed may have on the economic development of the country, on the reduction of social imbalances, on the fight against climate change and on the preservation of biodiversity.</p> <p>This allows us to gradually characterize our portfolio regarding the challenges of sustainable development in Polynesia.</p> <p>Ultimately our ambition is to provide better support to the most virtuous projects and to refuse projects whose impacts will be too negative.</p> <p>As part of our 2019-2023 strategy, we have set the objective of characterizing 100% of our credit production from a sustainable development perspective by 2023.</p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>We have defined our objective of characterizing, by 2023, 100% of our credit production in terms of evaluation of impacts on the sustainable development of French Polynesia.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>The implementation and monitoring of targets is currently carried out by manual archiving of credit requests that have been analysed.</p> <p>As part of the ramp-up of the system, and with the objective of reaching 100% of credit files analysed from a sustainable development perspective by 2023, we are working on the implementation of an automated reporting tool.</p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>We meet the requirements of implementing and monitoring our activities within our bank with the sustainable development targets that we have set for ourselves.</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p>	<p>In 2019, 13% of annual credit production were analysed with our Sustainable Development Analysis & Assessment system.</p> <p>In 2020, 23% of annual credit production were analysed with our SDAA system.</p> <p>In 2021 (as of July 31), 43% of annual credit production was analysed with our SDAA system.</p>	

<p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>The ramp-up of our system and our tools allows us to gradually get closer to our 100% target set for 2023. The progression so far is fully satisfactory.</p>		

<p>Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>		
<p>Reporting and Self-Assessment Requirements</p>	<p>High-level summary of bank's response</p>	<p>Reference(s)/ Link(s) to bank's full response/ relevant information</p>
<p>3.1 <i>Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</i></p>	<p>In February 2020, Banque SOCREDO signed the banking inclusion and over-indebtedness prevention charter, in coordination with the French Banking Federation and the High Commission of the French Republic in Polynesia. Through this charter, the Bank and the other signatories (three other local banks) undertake to strengthen the system of account entitlement, strengthen access to banking services and payment services to facilitate their use, prevent and support situations of over-indebtedness. Moreover, Banque SOCREDO includes customer-protection issues in its training to its sales force.</p> <p>Banque SOCREDO, as a member of CESEC (Economic, Social, Environmental and Cultural Council of French Polynesia) also contributed to setting-up local regulations on over-indebtedness.</p> <p>During the Covid crisis, the Bank put in place accelerated account opening procedures to allow unbanked customers to receive aid from the country: more than 200 accounts were opened.</p>	
<p>3.2 <i>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</i></p>	<p>The Sustainable Development Analysis & Assessment system (see 1.2 above) allows us to engage in discussions with our customers on the environmental and societal aspects of their projects. Our objective is to provide advice to our Clients to encourage the best possible practices in terms of sustainable development. Ultimately, we are contemplating reducing the interest rate of the most virtuous projects, and we refuse the financing of projects with major negative impacts on biodiversity, climate, economic development, or social ties.</p> <p>In 2021 we notably implemented:</p> <ul style="list-style-type: none"> - Our exclusion policy - A subsidized loan dedicated to farmers engaged in organic agriculture <p>In addition, Banque SOCREDO has initiated in 2020 actions to develop a global approach towards specific sectors of the economy which are key to Polynesia's sustainable development. The objectives are as follow:</p> <p>1- develop specific banking offers to each sector including products dedicated to sustainable development (eg: loan for</p>	<p>Subsidized loan dedicated to farmers engaged in bi-logical agriculture : https://www.presidence.pf/un-partenariat-pour-soutenir-le-financement-des-projets-en-agriculture-biologique-au-fenua/</p>

	<p>organic farming, etc.) ;</p> <p>2- set up a sector watch through analysis and monitoring of public policies;</p> <p>3- promote local actions with actors in the field (eg: regular meetings with the country's services, on-site meetings with business leaders, etc.).</p> <p>4- set up sectoral commercial objectives in support of the country's priorities: definition of production objectives adapted to the sectoral policies (eg. tourism, blue economy, green economy...)</p>	
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Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>4.1 <i>Describe</i> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>As part of its sustainable development strategy, Banque SOCREDO interacts actively with the following stakeholders:</p> <ul style="list-style-type: none"> - shareholders: French Polynesia, Agence Francaise de Développement and BRED. Each is committed to sustainable development issues and promote a proactive approach towards sustainable development. Sustainable Development issues are regularly discussed during board meetings, whether when reviewing credit applications or following up on the banks's global strategy. - employees: consultation on the bank's strategy through formal workshops, awareness raising on sustainable development issues, involvement in the implementation of the internal sustainable development program via a network of Sustainable Development Ambassadors (around twenty employees involved with a particular interest in the issue) - clients: on the occasion of dedicated meetings on the subject of Sustainable Development, or through the Sustainable Development Analysis & Assessment system on credit applications from companies. The banks ESG officer may participate in client meetings for projects with the biggest issues. 	

Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Sustainable development is a pillar of the bank's strategy. As such, governance linked to sustainable development is first managed at the highest level of the bank with its board of directors. Regular progress updates on the deployment of projects and tools are carried out with the Board of Directors.</p> <p>The tools, actions and methodology are presented, validated and followed-up by a Sustainable Development Committee which meets quarterly. The chief executive officer of the bank chairs the sustainable development committee in which the deputy general managers and all the executive directors participate, as well as the market directors, the general resources department, and the communications department.</p> <p>Finally, from an operational point of view, the implementation of the sustainable development strategy is entrusted to a dedicated agent, with direct contact to general management.</p> <p>The sustainable development policy, which reflects the way in</p>	

	<p>which Banque SOCREDO is committed to sustainable development, was enacted in 2021.</p> <p>In application of this, tools are being deployed to characterize the impacts of funded projects in terms of sustainable development (SDAA system, characterization of environmental and social risks, sustainable analysis on home loans, etc.).</p>	
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>The acculturation of Banque SOCREDO employees to the sustainable development strategy and policy requires first and foremost regular communication. This is ensured through a monthly internal newsletter dedicated to the subject. The issues dealt with can be climate issues, the preservation of biodiversity, the reduction of plastic use, the encouragement to participate in social actions outside the bank ... In total, 21 newsletters were sent to all employees of the bank since 2020.</p> <p>An internal network of Sustainable Development Ambassadors was set up in 2020. It brings together around twenty agents who are particularly sensitive to the issue of sustainable development. Their role is to disseminate the bank's sustainable development strategy within the teams, promote our internal action plan.</p> <p>In addition, the Sustainable Development Ambassadors are called upon to implement actions within the framework of emblematic events such as the European Week for Waste Reduction, the European Week for Sustainable Mobility, or the recent participation in a local competition for the reduction of energy consumption in buildings.</p> <p>Banque SOCREDO also obtained in 2020 the Gold level of the "Challenges Fenue Durable". This local label highlights companies working for sustainable development. It is based on a repository covering 7 themes: Waste, Water, Energy, Sustainable development products and services, Transport-mobility, Local and societal development, Awareness of sustainable development. Obtaining this label contributes to the acculturation of employees to the commitment of the Banque SOCREDO in sustainable development.</p> <p>Finally, with the deployment of sustainable development analysis tools on loan applications, client managers are made aware of the challenges of sustainable development through dedicated sessions led by the sustainable development manager of the SOCREDO Bank. They are also supported on request in the analysis of files and for customer discussions on this subject.</p>	<p>https://www.ccism.pf/actualites/5-entreprises-locales-relevant-les-challenges-pour-un-fenua-durable-et-se-voient</p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>Our sustainable development committee is the governance structure of within the bank. It was set up to facilitate the appropriation, at all levels of the bank and in our activities, of the principles of sustainable development.</p> <p>The general management, the executive committee, the general resources department and the communications department sit on the sustainable development committee, which meets every three months. They follow-up on the bank sustainable action plan, whether regarding our internal actions as a company or our funding operations.</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		

Our sustainable development committee allows us to meet the requirements regarding Governance Structure for Implementation of the Principles.

Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.		
Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>1.1 Progress on Implementing the Principles for Responsible Banking</p> <p><i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i></p> <p><i>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</i></p> <p><i>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</i></p>	<p>Principle 1: Alignment Sustainable development is at the heart of our strategy. Since the end of 2019, the theme has been gaining momentum both internally and in our core business with the implementation of practices, procedures and tools (see above) allowing us to integrate environmental and social issues into our activities.</p> <p>As the development bank of French Polynesia, we are working in collaboration with the government of French Polynesia, a shareholder of Banque SOCREDO up to 50%, to support priority sectoral public policies in a logic of sustainable development of the country.</p> <p>Principle 2: Impact and Target Setting We are gradually putting in place the tools which will allow us, by 2023, to characterize the environmental and social risks on 100% of funding requests, and to analyze these through the prism of sustainable development. This approach will allow us in the long term to measure our impact in terms of sustainable development in French Polynesia, to better support virtuous projects and to refuse the funding of projects whose impact would be too negative.</p> <p>Principle 3: Clients and Customers Our Sustainable Development Analysis & Assessment system deployed since the end of 2019 on the most important loan requests on business banking (loans over 420k€) allows us to engage in discussions with our customers on the environmental and social aspects of their projects.</p> <p>We are in the process of deploying a sustainable development analysis tool on real estate loan applications, with the aim of characterizing the projects and providing advice to our clients to enable them to invest in sustainable housing (tool test phase in progress).</p> <p>In February 2020, Banque SOCREDO signed the banking inclusion and over-indebtedness prevention charter, in coordination with the French Banking Federation and the High Commission of the French Republic in Polynesia.</p> <p>Principle 4: Stakeholders As part of the deployment of its sustainable development strategy, we discuss with our main stakeholders:</p> <ul style="list-style-type: none"> - our board of directors (of which the territory of French Polynesia is a member): an annual update on the deployment of the sustainable development strategy is carried out in June but the issue is regularly discussed during board meetings. - our employees: since 2020, through sessions to raise awareness of sustainable development and via the network of Sustainable Development Ambassadors responsible for making the link between the strategic 	<p>See our 2020 activity report</p>

	<p>orientations and the teams</p> <ul style="list-style-type: none"> - our customers: since the end of 2019, our Sustainable Development Analysis & Assessment system leads us to work with our clients on sustainable development issues related to projects for which a request for funding is made <p>Principle 5: Governance & Culture Governance relating to the integration of sustainable development into our activities is organized at the highest level of the bank with the board of directors which sets the bank's policy in this area. A Sustainable Development Committee was set up in 2021. It brings together the Managing Director, Deputy Managing Directors, Executive Directors, Market Directors, General Resources Department and the Communication Department. The committee meets quarterly to record the main operational guidelines relating to the sustainable development policy. Finally, a sustainable development officer attached to the General Management is in charge of operational deployment.</p> <p>Acculturation to sustainable development of teams involves regular communication (monthly newsletters), team awareness sessions as well as an internal network of Sustainable Development Ambassadors. All of these acculturation systems were put in place in 2020.</p> <p>Principle 6: Transparency & Accountability For the sake of transparency, we publicly publish the progress of our work on greater integration of sustainable development into our banking activity.</p>	
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking		
With a progressive approach adapted to our establishment, we continue to meet the requirements regarding Progress on Implementing the Principles for Responsible Banking		