



# Principles for Responsible Banking

2024 self-assessment





# 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.

## Business Model

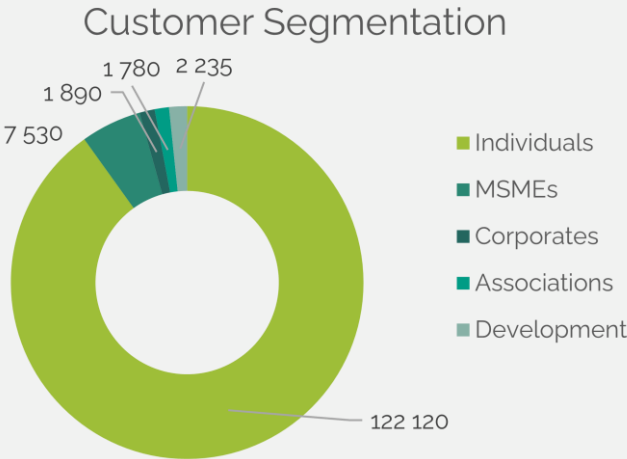
Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

**Response**

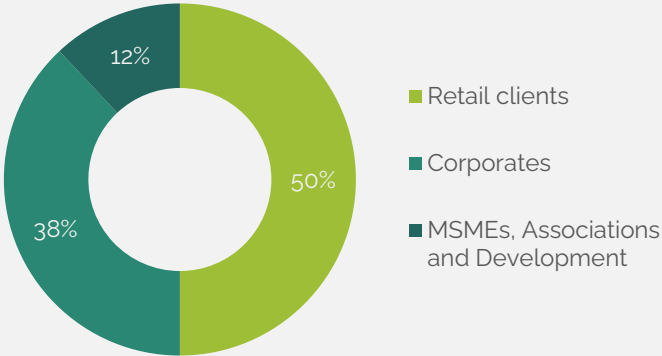
Alongside Polynesians for 65 years, Socredo provides financial services and products to more than 135 500 retail privates, affluent individuals, MSME, corporate, association and institutional customers (see breakdown in Figure 1 below). Leader on its market, Socredo is a commercial bank with a development mandate financed at 50% by French Polynesian government, 35% by AFD (Agence Française de Développement, a financial public institution, and 15% by COFIBRED, member of BPCE banking group. The repartition of its outstanding loans is represented as below (Figure 2).

**Links and references**

[Socredo Activity Report, 2023](#)



### Ousting loans (in %)



At the heart of its creation lies a strong ambition of serving at best every Polynesians. Present across all 5 archipelagos with a network of 24 agencies, we are committed to empowering our customers by providing access to essential banking services. To integrate and engage them in the digital transition, we continuously enhance our offerings with digital solutions like our mobile app, online banking or our Soc'pay tool for contactless payments. These innovations aim to always provide convenient and efficient access to financial information and services from anywhere and at all times.

Reflecting our development mandate, Socredo serves among its private retail customers approximately 60% that earn at or below the minimum wage. We firmly believe that financial and banking inclusion is a crucial step towards achieving economic empowerment and social equity. Our offerings include essential banking services as well as tailored solutions for vulnerable customers. The new URU package or the Fa'atupu card are just two examples of solutions developed by Socredo to assist underserved individuals in accessing banking services and work toward better social integration.

In recent years, Socredo has collaborated with other banks in the Pacific, such as the Fiji Development Bank and the Caledonian Investment Bank. These relationships help foster change in the region, compare experiences and find impactful solutions together. However, given that this part of our commercial activity remains marginal, we made the choice to exclude them from the scope of this report.

**Strategy Alignment**

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

- Yes
- No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
- None of the above

**Response**

**Links and references**

Socredo committed to sustainability in 2019 with its first 5-year plan. This conviction has been strengthened in its new 2024-2028 strategy, *Te 'Avei'a 2028* (the cap), adopted by the Board in December 2023. From collaborators to shareholders, sustainability is positioned at the core of the bank's strategy and ambitions. An ambition that can now be found in our enhanced logo and our new slogan "*Te mahiera'a o te Fenua*", *The Country's Sustainable Development Bank*, a public mark of our engagement and what we aspire to represent as an institution. Believing the Paris Agreement goals can only be achieved collectively, we actively engage our clients and customers in our mission and values, promoting more sustainable practices. This is achieved by continuously enhancing the expertise of our front desk staff to raise awareness and consult effectively. Our internal sustainability scoring tool, the *MATIE* sheet (the *green* sheet in Tahitian), leads this way as an integrated part of our credit approval process and client investment evaluations. This engagement is supported by our active partnerships with committed professionals and associations, and through internal

[Socredo Activity Report, 2023](#)

actions.

The 2024-2028 strategy revolves around four main markers: Environment, Climate and Biodiversity; Economic Development; Banking Inclusion and Regional Development. We prioritized 6 SDGs, with a strong focus on SDG 13<sup>th</sup> (climate action), reinforced by SDG 7<sup>th</sup> (energy efficiency) due to French Polynesia's energy dependency issues. These SDGs underpin our Sustainable Energy Development pillar. We also put focus on the 8<sup>th</sup> and 10<sup>th</sup> related to Economic Development and Solidarity as well as the 14<sup>th</sup> and 15<sup>th</sup> related to the Preservation of the Environment. Together, these SDGs encompass our broad ambition while focusing on six key ones to enhance impact and maintain strategic focus.

Our strategy is driven by a strong voluntary commitment, going beyond legislative compliance. As an autonomous overseas collectivity, French and European legislations are not automatically transposed. While we proactively try to integrate frameworks such as CSRD and the European Taxonomy into our approach, we acknowledge the commercial challenge of implementing binding environmental conditions and green rate policies due to the lack of local comprehensive regulations for all banks. This is why we engage with public stakeholders and other private financial institutions to participate in the transformation and the construction of resilient public policies. Despite these constraints, our voluntary alignment highlights our commitment to meet and go beyond high standards in our strategy. We aim to show that transitioning to a low-carbon society presents opportunities, not constraints. By promoting innovative investment and consumption methods on the territory through our initiatives, and involving customers and employees as active participants, we believe society as a whole will achieve a greater and more effective impact.

This voluntary approach is also reflected in our inclusion strategy, where we go beyond legislative requirements to address the specific needs of French Polynesia. Given the specific inequalities, exacerbated by the high cost of living (Polynesian prices reflecting a 31% than mainland France), our commitment is to ensure that those most in need can still access banking services and be part of the economic activity. While other local actors primary focus on commercial bank clients, we put our emphasis on serving clients from the



development segment.

Today, our internal Transition Plan follows international prerogatives as well as local framework requirements. Among them are:

- The Paris Agreement based on the IPCC recommendations
- The PCPF 2030 (The French Polynesian Climate Action Plan 2030), which is a Nationally Determined Contribution
- Our Sustainable Development policy and our Exclusion list
- The 2013's French Law governing Specific Offers For Vulnerable Customers (OCF) (Article L312-1, II of the Monetary and Financial Code)
- Moderation Agreement on Banking Tariffs and on the Commitments of Banks and Payment Institutions in FP in favor of Financially Fragile Clients 2023-2025

To achieve the goal of keeping global temperature rise below 1.5°C, we need to further integrate climate change and environmental adaptation and mitigation to our activity. To do so, we put a strong focus on increasing our portfolio green share to reduce our overall emissions and carbon intensity. In this perspective, we have made the completion of our *MATIE* sheet mandatory to all loan requests. By doing so, Socredo integrates these considerations as a full part of the decision-making process, with the perspective of integrating it to the Risk Management framework within the 2024-2028 timeline.

# 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.

## 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>2</sup> and fulfil the following requirements/elements (a-d)<sup>3</sup>:

**A) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response	Links and references
<p><b>Climate Change</b></p> <p>During H1 2024, Socredo collaborated with an external expert (Carbone 4) to conduct the carbon footprint of the bank. This analysis was carried out from two angles: the office operations emissions and the financed emissions, including individual and professional loans, sovereign securities and participations as well as the shares in related companies. This segmentation enabled us to get a picture of the bank's current impact and develop targeted action plans.</p> <p>The analysis, carried out on Scopes 1, 2 and 3, also included our agency network.</p> <p>The methodology used follows the accounting methodology of the GHG Protocol, the internationally recognized standard. To assess office operations emissions, we proceeded as followed:</p> <ul style="list-style-type: none"><li>- Defined the perimeter by studying the main emission posts on upstream and downstream activities (Scope 3) and the organization activities (Scopes 1, 2 and 3).</li><li>- Collected activity data for over a month regarding</li></ul>	

<sup>2</sup>That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>3</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).



employees day travels (in km), the types of transport used and their consumption (in L/km), the building electricity consumption (in kWh) and other relevant parameters.

- Used the ADEME's (French Environment and Energy Management Agency) emission factors specifically adapted to French Polynesia<sup>1</sup>.

To assess financing activities, we proceeded as followed:

- Relied on the assets of the balance sheet to focus the analysis of carbon emissions.
- Included amortizing and non-amortizing loans to individuals (housing, automobile, consumption, etc.) and SMEs & Corporates (real estate, transport, commerce, agriculture, industry, etc.)
- Used the ADEME's emission factors specifically adapted to French Polynesia.

By carrying out our carbon footprint, we were able to identify our most significant impact areas:

- 99,7% of our emissions come from our financing activities, most specifically from loans and investments.
  - o 67% of these emissions come from individual loans while 32% are from professionals.
- The most significant impact areas we identified are housings and real estate, car loans and transports, due to high carbon intensity.
- 0,3% of our emissions come from our office operations and will be the subject of an ambitious Action Plan rolled out internally and running until 2028.

We acknowledge a lack of precision in the data collections, especially when it comes to our commercial activities. This is partially due to the absence of extra financial reporting requirements of companies in French Polynesia, resulting in a lack of accurate information concerning our clients' emissions. We recognize the importance of encouraging companies in advancing in their sustainability efforts. By 2028, we will strive to encourage our most impactful clients and stakeholders to undertake carbon footprint assessments. This will not only help us enhance our understanding of our indirect impacts, but also contribute to raise awareness and foster a deeper commitment of sustainability within their organizations.

**Financial Inclusion**

Our last inclusion impact analysis dates back to 2019 and is

planned to be renewed within the 2024-2028 timeline. This analysis has been designed to redefine the mission of the Development Bank toward a Inclusive Bank, evaluate the proportion of vulnerable clients within our portfolio and identify those who are most at risk, in order to guide them towards tailored offers that meet their needs.

We followed the following methodology and obtained the following results :

- Redefine the concept of Development Bank by integrating compliance with regulatory requirements in a dynamic risk approach and tend towards a new definition: Inclusive Bank. We relied on the World Bank and the Banking Inclusion Observatory inclusion definitions to ensure alignment with inclusive banking standards.
- Settled a new perimeter to assess this inclusive share of our portfolio (we redefined the notion of revenue to integrate all credit flows consolidated across the entire household):
  - o Retail clients whose monthly income is less than or equal to 150,000 XPF and those who are above but subscribed or eligible to the Fragile Customer Offer (according to the law)
  - o SMEs whose annual revenue in lower than or equal to 10 MXPf
  - o All associations
    - 57% of clients are part of the Inclusive Bank
- Segmented the Inclusive Bank between the retail and SMEs markets
  - o Share of inclusive clients within the retail market: 57%
  - o Share of inclusive clients within the SMEs & corporates market: 49%
- Sub segmented the retail market in two categories:
  - o Revenue under 80 K XPF: 82% of the Inclusive Bank (46% of the bank's total individual customers)
  - o Revenue between 80 K and 150 K XPF: 18% of the Inclusive bank
- Categorized clients into segments ranging from 0 to 4 to have a better understanding of our inclusive banking clients, with categories 0 to 1 representing our most vulnerable clients. This last subsegment constitute for 82% of our inclusive banking activities on the individual

market.

Categories have been mostly categorized by the monthly household income following our redefinition of this notion, as well as on broader regional macroeconomic factors.

The insights gotten from this analysis provided us with a clearer and deeper understanding of financially vulnerable clients' needs. It helped us develop adequate and specific offers to address their difficulties. The continuity and improvement of our actions are ensured through close partnerships with frontline associations that pride us comprehensive feedback as well as helping us in raising awareness and educating populations about financial inclusion.

Other internal indicators such as the distribution of men and women within the company or the number of interns can be found in our 2023 activity report.

**B) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries<sup>4</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

**Response**

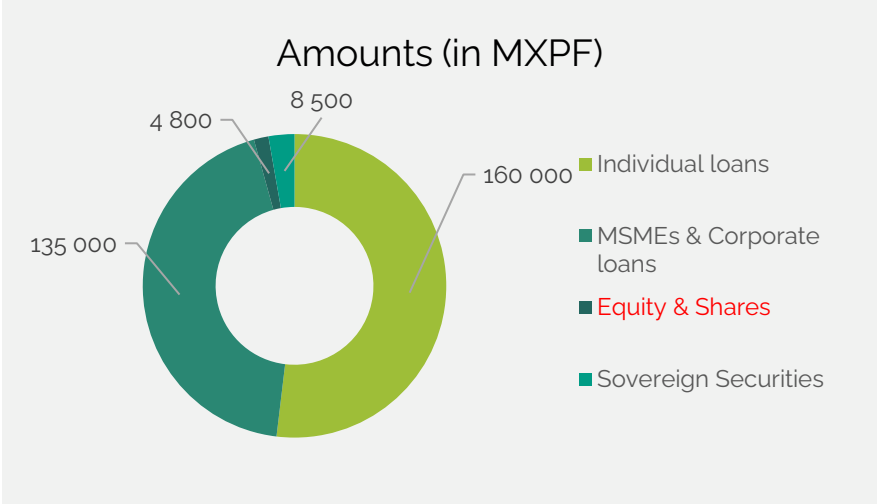
To carry out its carbon footprint, Socredo has considered the composition of its portfolio both on its individual and professional markets. This segmentation was a key step in assessing our most impactful areas and help us subsequently elaborate our action plans.

The repartition of our investments' activities, all business lines included, are as followed:

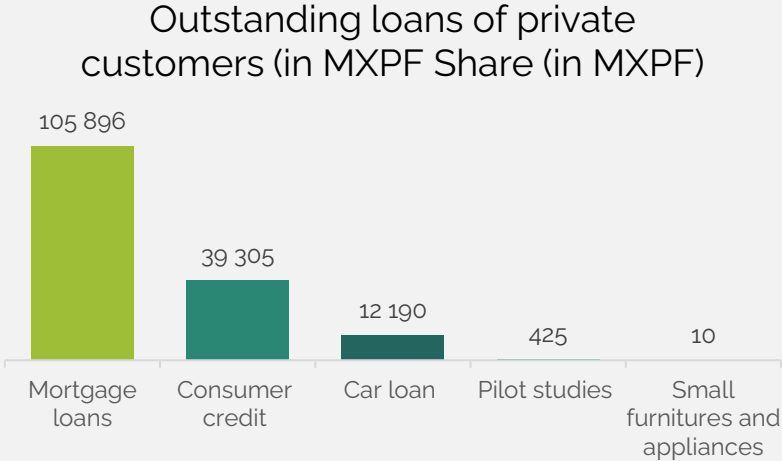
**Links and references**

[Socredo Activity Report, 2023](#)

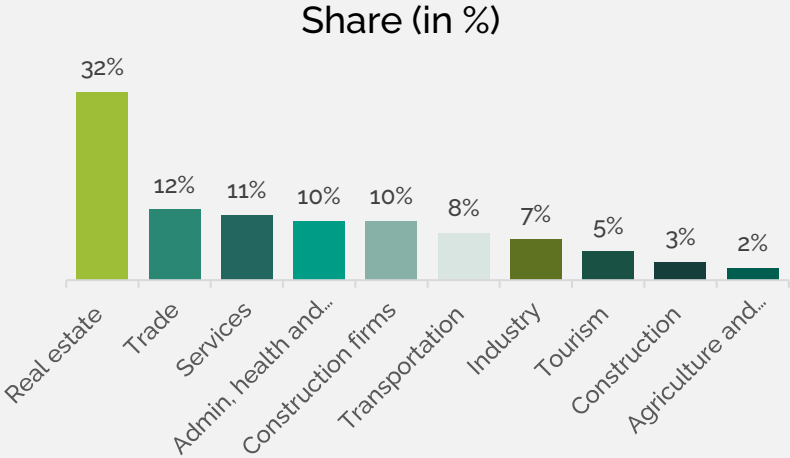
<sup>4</sup>Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.



The distribution of individual loans is as followed:



The distribution of professional and corporate outstanding loans is as followed:



**Financial Inclusion**

We considered various client segments, based on revenue, to assess inclusion in our first analysis. In the next one, we may refine our segmentation by integrating other variables such as the gender and age group distributions to deepen our understanding and to better address other underlying issues that may exist, such as challenges specific to certain age groups or women's financial independence for example.

**C) Context:**

What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>5</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

**Response**

**Links and references**

Socredo operates in a region highly vulnerable to the impacts of climate change and environmental shifts. Key challenges in French Polynesia include preserving biodiversity, protecting ecosystems, and addressing climate-related issues. To date, the region still faces a significant energy dependency on fossil fuels, with a +90% rate, and a heavy reliance on imported goods, accounting for 61% of the carbon footprint of a Polynesian.

[Energy Balance Sheet of French Polynesia – 2022 Ed.](#)

The quest for a more resilient and sustainable economy is further complicated by a fragile socio-economic landscape, marked by a 55,8% employment rate (68,4% in mainland France) and 23% of the population lacking access to current bank account. These factors underscore the substantial challenges in moving towards a more sustainable and equitable economy.

[PCPF 2030 Synthesis](#)

In the light of this context, we can identify the following priority focus areas in French Polynesia:

- Preservation of marine ecosystems and biodiversity
- Energy (dependency, decarbonization of our energy mix and increase of our renewables share)
- Food (dependency and resource efficiency, healthy nutrition and local production and consumption)

<sup>5</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

- Mobility (decarbonation of our transports, development of public transport, soft mobility)
- Waste Management (recycling, reduction, revaluation)
- Inclusive and healthy economies (financial inclusion, reduction of inequalities, accessibility in the remoted islands)
- Health (obesity, climate related diseases)

These priorities are integrated in the development of our action plans, through which Socredo aims to focus its activities on those that have positive impact on climate change and biodiversity preservation and regeneration, while enhancing financial inclusion to support a just and resilient transition.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>6</sup>? Please disclose.

**Response**

**Links and references**

Through our carbon footprint assessment and our customer base analysis, we have been able to identify the following positive impact areas:

- Financial inclusion, by offering and constantly improving our products and services for fragile retail clients and MSMEs; raising awareness on financial inclusion through our partnerships; being the most widely represented bank across the islands.
- Participating in building an adapted financial environmental policy on the territory through our close discussions and active participation with different private and public actors.

And the following negative impact areas:

- Financing carbon-intensive and carbon-emissive activities, leading to more emissions on the territory.

Therefore, we chose to prioritize the two following impact areas in our target strategy:

- Climate change
- Financial Inclusion

<sup>6</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation



***D) For these (min. two prioritized impact areas) :***

Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e., qualitative and/or quantitative indicators and/or proxies of the social, economic, and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/ or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for

**Response**

**Links and references**

Through our carbon footprint assessment, the *MATIE* sheet, and our customer base analysis, we have identified key areas of positive and negative impacts. Sector-specific performance measurements are being developed and will be implemented within our 2024-2028 strategy. To set realistic targets, we are prioritizing our most significant impact areas, focusing initially on those with the greatest positive and negative impacts.

[\*Socredo Activity Report, 2023\*](#)

**Climate change**

Regarding our office operations, we will base our performance measurements on the goals settled in the PCPF as well as SBTi's projections. We will measure our performance by tracking our percentage progress, meaning our emissions reduction across the different areas in %.

Concerning financing activities, our carbon footprint assessment has allowed us to pinpoint the most emission-emissive and emission-intensive sectors within our portfolio. To quantify these emissions, we applied the GHG protocol and used monetary data expressed in tCO<sub>2</sub>e/MXPF. Each sector's emissions were calculated using the region-specific carbon intensity factors provided by ADEME. This analysis revealed the following key findings:

- Mortgage, car and consumer loans are the highest emission-generating activities within our retail banking

portfolio (accounting together for almost 100% of the carbon footprint of individual loans).

- Real estate, transportation and trade sectors are responsible for most emissions in our financed activities for SMEs & Corporate (accounting together for 89% of the carbon footprint of SMEs & Corporate loans).

While precise data limitations due to the lack of regulations on extra financial reporting currently prevent us from fully assessing the share of our portfolio invested either in high or low-carbon intensity activities, the insights given by the *MATIE* sheet will establish our baseline and performance measurement indicators for future assessments.

Thus, we can evaluate the current grading distribution for car and mortgage loans, which principally falls between the two lowest grades (-1 and 0). Our goals toward the improvement of our *MATIE* sheet will be to both:

- Provide a more detailed and refined sectoral analysis to obtain more reliable ratings. We will set quantitative thresholds for sectors where our data and knowledge permit, such as cars or housing (e.g., kWh/m<sub>2</sub>/year for housing green tagging if possible, gCO<sub>2</sub>/km for cars), while other sectors will be subjected to qualitative improvements.
- Improve the actual distribution by shifting to higher grades, despite deeper and sharper conditions.

To reduce negative impacts in real estate, transportation and energy, we are adopting a two-pronged strategy: mitigation through a sectoral approach to assess and increase our green share (therefore lower its carbon intensity), and adaptation by including climate risk in our Risk Management Framework. We are currently setting further criteria for projects to be classified as "green" – either contributing to adaptation or mitigation -, which will be integrated into our upgraded *MATIE* sheet. This will allow us to track progress over time and set quantified goals. Experts will assist us in successfully executing this project over the 2024-2026 period. We will also work on identifying our current green share to increase the accuracy of this assessment. However, the lack of data or their inaccuracy may affect this work.

Performance indicators we are thinking of putting in place:

- The share in of green activities within our portfolio (in %) with a sectoral approach, and starting with the most emitting sectors (cars, housing, real estate).

- An indicator that will qualify the influence of SOCREDO on credit files / projects in the areas of environment (climate and biodiversity), with the aim of measuring our ability to guide projects in a trajectory compatible with environmental issues.

These are the key indicators we will continuously monitor and improve to respond as effectively as possible to the needs of the transition.

### **Financial inclusion**

It is in Socredo's DNA to address all population segments and contribute to the overall resilient and sustainable development of French Polynesia, maintaining a genuine duality between commercial and inclusive banking. To keep improving our positive impact on financial inclusion and ensure broader access to banking services for all, we have to keep defining ambitious goals. To measure this impact, we rely on some economic valuation metrics and data from partnerships with associations and organizations. These efforts have led to positive impacts in several areas that will constitute a baseline for our continuous work. Key indicators that we will continue to monitor and improve upon as part of our inclusion performance measurement include:

- Job retention and creation:
  - o +7500<sup>1</sup> through our credit granting, based on declarative information collected through the *MATIE* sheet statistics.
  - o +2 000 through our partnership and financial involvement with ADIE\*.
- Loans granting:
  - o +65 MXPf granted to Initiative French Polynesia\* to help in the creation, development and recovery of SMEs
- The share of identified vulnerable clients that have subscribed to our Fragile Clientele Offer
  - o 39%<sup>1</sup> in December 2023
- The equipment rate of the FARE ORA initiative, which aims to increase our presence in islands we are not yet present (in numbers of equipment installed)
- The equipment rate of the URU package, our inclusive customers offer (in %)

**Self-assessment summary:**

**Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>7</sup>**

- |                          |   |   |                             |
|--------------------------|---|---|-----------------------------|
| Scope:                   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Portfolio composition:   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Context:                 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Performance measurement: | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

*Climate change mitigation, climate change adaptation, biodiversity, financial health & inclusion.*

**How recent is the data used for and disclosed in the impact analysis?**

- Up to 6 months prior to publication (Climate change)
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication (Financial inclusion)

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

<sup>7</sup> You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

**2.2 Target Setting (Key Step 2)**

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>8</sup> must be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**A) Alignment**

Which international, regional, or national policy frameworks to align your bank’s portfolio with<sup>9</sup> have you identified as relevant? Show that the selected indicators and 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.

You can build upon the context items under 2.1.

Response	Links and references
<p>The Bank aims to align with the following policy frameworks:</p> <p><b>Climate Change</b></p> <ul style="list-style-type: none"> <li>- The Paris Agreement goals</li> <li>- The French Polynesian Climate Action Plan 2030 (PCPF)</li> </ul> <p><b>Financial Inclusion</b></p> <ul style="list-style-type: none"> <li>- The 2013’s French Law governing Specific Offers For Vulnerable Customers (OCF) (Article L312-1, II of the Monetary and Financial Code)</li> <li>- Moderation Agreement on Banking Tariffs and on the Commitments of Banks and Payment Institutions in FP in favor of Financially Fragile Clients 2023-2025</li> </ul> <p>Our strategy relies on 6 SDGs. However, our strategic approach emphasizes two key ones from which the others derive naturally:</p> <ul style="list-style-type: none"> <li>- SDG 13: Climate action – Take urgent action to combat climate change and its impact</li> <li>- SDG 10: Reduced inequalities - within and among countries</li> </ul> <p><b>Climate Change</b></p> <p>Socredo settled its goals around the Paris Agreement targets to not exceed the 1.5°C and reduce significantly the emissions</p>	<p><u><a href="#">Socredo Activity Report, 2023</a></u></p>

<sup>8</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>9</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

and intensity factor of its portfolio and relies on the PCPF to settle its different sectoral targets. To achieve this, we are settling and already settled different intermediate goals.

Concerning our office operations impact, we measure it in greenhouse gas emissions. An intermediate ambitious reduction target of 31% by 2030 (based on our 2023 baseline) has been settled to align with SBTi projections and the PCPF. To reach this target however, exogenous factors must be part of the solution, without which we won't be able to meet this objective, showing the primary importance of participating in discussions with other private and public actors. Without the intervention of exogenous factors (such as improving Polynesia's energy mix, the establishment of efficient public transport, land use planning to limit travel, etc.), SOCREDO will only be able to reach 17 % reduction in its emissions by 2030.

Impact on our financing activities will be scaling down by increasing the green share of our portfolio, which will be achieved by gradually withdrawing from operating in high intensive-carbon activities and engaged in resilient and low impact business models. This target will be carried out with a progressive and sectoral approach and will consist of 1-building criteria to qualify "green" projects (i.e. aligned with the PCPF), 2-identifying the green share in our portfolio, 3-to increase this green share (for example with the strengthening of advice to our customers, the implementation of adapted and incentive financing products, etc.). Given the realities of French Polynesia that can't be ignored, Socredo has a crucial role to play in supporting our clients to transition without compromising their social and economic landscape.

### **Financial Inclusion**

Through the projects undertaken and supported both internally and externally, Socredo contribute actively to Sustainable Development Goals 8 and 10.

In the retail market, Socredo supports underserved individuals and families, ensuring they remain active participants of the societal and economic scenes. The URU offering not only provides access to a current account, but also equips them with free online banking access, a credit card, and a high-quality customer service. We constantly strive to equip our front office employees with focus trainings and tools to serve and advice this clientele adequately. These improvements were further strengthened by the development of three mobile applications, in collaboration with a local association, designed to help employees learn the banking vocabulary in Reo Tahiti (Tahitian language). This aims at improving and promote a more effective communication with Reo-Tahiti-speaking clients.

Increasing our positive impact will be reached and assessed by equipping our clients with tailored and needs-adjusted solutions (such as URU package) : we are targeting a 2028 objective of 70% equipment rate.



An important part of French Polynesian local economy relies on SMEs. Our goal is to keep helping these small businesses in their operations. We are currently adapting our URU offer to turn it into a URU PRO version, which will provide favorable credit offer at advantageous rates for the primary sector. This will boost local job creation and economy, reduce dependency on imports, and foster development of activities and business models tailored to the territory's needs.

In our efforts to ensure the inclusive integration of all Polynesians and support professionals on remote islands, we will enhance our outreach by increasing visits to these areas. This will help us better assist local professionals with their business needs and improve their access to banking products and services. Through our e-Agency, we also aim to equip them with full online access, giving them the ability to complete all transactions online thanks to document digitization and electronic signatures, all within a secure platform.

Finally, we aim to develop remote banking terminals to provide access to people on isolated islands. We have set ourselves a goal of deploying 10 terminals of this type by 2028.

## B) Baseline

Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.*

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	A.2.1	Setting it up for our top emitter's clients
	A.3.1	% of portfolio of green/low-carbon activities (definition to be settled)
	A.1.3	In progress
	A.1.5	In progress

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health &amp; inclusion</i>	B.2.2	% of clients using Websoc and the e-Agency
	B.1.3	# of new partnerships contributing to financial inclusion
	C.1.1	# of products and services (URU, URU PRO)
	C.2.1	# of individuals eligible to the OCF
	C.2.2	% of customers with effective access to a basic banking product (aim for 100% of our clients)

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose ..

### Response

### Links and references

#### Climate Change

To set our climate stability related targets, we chose to base ourselves on our 2023 carbon footprint assessment as it represents the most qualitative base we have.

To oversee our office operations progress, we will track our emissions as best as possible. To allow a better data quality, we are developing internal comprehensive tracking systems. Our main focus remains on implementing our action plan to quickly and effectively adopt more sustainable practices and achieve our 2030 target.

For or financing activities, we are prioritizing our most carbon-emissive and carbon intensive sectors. To both improve our data and engage our clients toward sustainability, we encourage them to proceed to their own carbon footprint to raise awareness on their activity impact. We aim at making this exercise mandatory for our top emitters to influence their own strategy. To identify these specific top emitters, we will engage with stakeholders in real estate, car dealers or energy sectors to seek high impact activities. That said, in a very competitive context with no regulatory obligation to carry out carbon assessments, this objective may have limits.

To improve the monitoring over time, Socredo is working with experts to develop a relevant sector-specific approach and define criteria for eligible mitigation and adaptation projects within the Polynesian context. This will include creating detailed action plans with precise quantitative targets to achieve our goal. We will overlook our progress over time by assessing the relative evolution of our green share in % within our portfolio.

### **Financial Inclusion**

The baseline on inclusion will be our 2019 customer base analysis. We plan to conduct a new one by 2026, which will be a first marker of progress. We will keep strengthening our work with associations to get more accurate insights on what are the main challenges and needs of fragile populations.

**C) SMART targets (incl. key performance indicators (KPIs)<sup>10</sup> )**

Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<b>Response</b>	<b>Links and references</b>
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Further quantitative targets are suggested to be set by 2028.

Here are the targets we have already implemented:

**Office operations:**

- -17% GHG emissions by 2030, and -31% with the integration of exogenous factors over which SOCREDO has no control.

**Financed activities:**

- Increase our portfolio green share with a sectoral approach to be built (in progress).
- Engage our top emitters clients to realize a carbon footprint and a transition plan by 2028.
- Set up new green financial product by 2028 (green loan, green leasing, eco-friendly mortgages.).
- Integrate ESG risks as part of the Risk Management Framework.
- Measurement of SOCREDO's influence on its clients to transform their projects towards a trajectory compatible with environmental issues

**Financial Inclusion**

- 70% of equipment rate of inclusive customers in our adapted products and services packages (URU) for the two identified profiles (i.e < 80 000 XPF of monthly income and between 80 000 and 160 000 XPF).
- Equipment rate of the deployment of terminals where the bank is not represented: 10 bank terminals SOCREDO deployed by 2028.
- 1000 hours per year spent by employees on Sustainable Development actions or projects externally during working hours
- Increase and expand our number of eligible client and our client adoption rate of our eAgency (1,492 retained clients in 2024 axed on two segments)<sup>1</sup>.

<sup>10</sup>Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

**D) Action Plan**

Which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analyzed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

**Response**

**Links and references**

**Climate Change**

Following our carbon footprint assessment, our next step was to develop concrete, pragmatic and comprehensive action plans. We are still working on a final version which we plan to finalize by the start of 2025 and implement directly. To ensure a better efficiency and accuracy of its implementation, Socredo will rely on external experts.

To achieve the 17% reduction of our office operations by 2030 , several milestones have been implemented:

- The energy optimization of our buildings with a reduction in consumption
- A greater penetration of renewables in our energy mix where we do not meet yet the maximum capacity.
- Greening our car fleet
- Reduce the carbon footprint of our travel by including it (teleworking, remote services, decentralized sites) or by improving it (incentivizing carpooling for home-work travel)
- Reduction of paper consumption
- Reduction of our waste
- Strong commitments with our suppliers to increase our impact on Scope 3.
- Optimize our travel and implement alternatives to reduce both professional and individual transportation emissions.

To achieve a greater green share of our portfolio:

- Build criteria to qualify "green" projects (i.e. aligned with the PCPF), identify the green share in our portfolio.
- Develop a green financing engineering to introduce comprehensive sustainable financial products
- Strengthen existing tools (MATIE sheet)
- Continue to provide effective front office training

To navigate potential negative effects coming from the urgent need to transition, we acknowledge the need to consult and support our clients as best as possible, as well as focusing on local and resilient solutions to ensure a just transition for every Polynesians.

### Financial Inclusion

As the bank for all Polynesians, inclusion challenges will be fully intertwined to our overall actions. To integrate it to all our activities and customer segments, we will keep improving our inclusive offers as well as developing new ones. This work will be supported by expanding internal resources through job openings, which will strengthen the teams to better manage and follow up on these topics.

Socredo will continue to be a financial support to key partnerships such as ADIE or FACE. Through these collaborations, we aim to expand access to credit solutions for all, as well as providing educational resources to vulnerable populations to enhance financial inclusion.

### Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... <i>Climate stability</i>	... second area of most significant impact: ... <i>Financial Health and Inclusion</i>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i>
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No



**2.3 Target implementation and monitoring (Key Step 2)**

**For each target separately:**

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

**Response**

**Links and references**

Since 2019, understanding our impact and taking actions to reduce it has been a primary focus. This commitment is reflected in the recent expansion of our Sustainable Development Team with the addition of a new member. As a result of this engagement, 2023 saw the different progresses towards achieving our office operations goals:

- Energy efficiency improvements: - 1,4% of consumed energy and 173 tCO<sub>2</sub>e/year avoided thanks to our use of solar energy
- Improved waste management, including reduced paper use that has saved 42 trees, and 100% of our electronic waste (DEE) collected from the agencies and returned to the headquarters
- Promotion of circular and solidarity economy through the donation of IT equipment to associations, with 190 devices donated

We have also increased our focus on sustainable impacts in our loan approval process thanks to the expansion of the *MATIE* sheet, raising awareness and encouraging clients to adopt more sustainable alternatives.

To implement even more solutions and monitor them accordingly, we are undergoing a mission with external experts to help us implement our action plan and more specifically on the following points:

- Build criteria to qualify "green" projects (i.e. aligned with the PCPF), identify the green share in our portfolio.
- Develop a green financing engineering to introduce comprehensive sustainable financial products.
- Strengthening the *MATIE* sheet to improve the sectoral approach and refine its criteria.
- Integrate the notion of climate and environmental risks in our Risk Management Framework and be trained on this.

[Socredo Activity Report, 2023](#)

To effectively monitor the targets set, it is essential to develop tools that will enable us to track our progress. This requires to:


- Establish policies to define green products
- Develop a sector-specific analysis
- Enhanced office life monitoring
- Ensuring our sustainability efforts are inclusive and benefit all stakeholders
- Tracking continuously our share of fragile clients to see if improvements are being made

### **Financial Inclusion**

As part of our 2024-2028 strategy, we are currently implementing many of our new inclusive initiatives and new tools. Our URU offer, the Fa'atupu card or the first food bank of French Polynesia, launched in collaboration with our partner FACE, have just been deployed, and we developed adequate monitoring tools to closely track their impacts and efficiency. This monitoring work will also be ensured by engaging with our front office employees to regularly gather their comprehensive feedback on how well clients are responding to the new offers and the effectiveness of our applications. This step is very important to us to proactively adapt and continuously enhance our tools to effectively meet client needs. Internal training sessions and ongoing awareness and education work will also be displayed throughout the years for our employees.

Within this timeline, our actualized customer base analysis as well as the finalization of our accessibility assessments across our entire branch network, will give us a first accurate insights on the progress made since 2019, as well as identifying new relevant challenges related to inclusion.

# 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

## 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>11</sup> in place to encourage sustainable practices?

- Yes
- In progress
- No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

- Yes
- In progress
- No

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<sup>12</sup>. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

### Response

### Links and references

In 2019, our Sustainable team developed the *MATIE* sheet which aims to rate projects from a sustainable point of view. This tool includes four sections to which we assign a grade ranging from -1 to 2: *Fight against climate change; Preservation of biodiversity; Economic development and reduction of social inequalities*. Since current local regulations do not require MSMEs nor Corporates to provide carbon emissions footprints or environmental impact studies (unless specific thresholds are met for this latter), and do not include a climate component, the *MATIE* sheet constitutes an initial approach to measuring the impact of our portfolio activities.

At first dedicated to MSME & Corporate loans exceeding a certain amount, it has been extended to every amortizing loans across all client and customer segments in 2023. This allows us both to collect data and include an environmental consulting component at all levels.

<sup>11</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>12</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

This process introduces a due diligence requirement that varies in intensity based on the scale and impact of the investment. It involves consulting with clients to encourage the adoption of more environmentally friendly solutions for their projects. To ensure compliance with regulations such as the REBPF (Energy Regulations for Buildings in French Polynesia), the Eco Fenua construction guide, and other relevant measures we believe are fundamental, we incorporate these requirements into credit contracts. If projects do not align with our requirements, we engage and demonstrate the importance and benefits of adopting more sustainable solutions with the client.

During our 2024-2028 plan, we aim at developing green financial and banking products, with an initial focus on our most carbon-intensive sectors: Mortgage loans, Real Estate, Mobility (transportation, car loans...) and Energy. While this policy must be developed internally, close discussions with other banking actors and state level stakeholders have to be held to reach a sector-wide agreement that allows us to preserve our commercial activities.

We value our most committed clients and believe in promoting local solutions. That is why we develop a virtuous circle by showcasing these actors of change through our networks, social media platforms and our events. Through these various channels, we aim to provide a space where they can present their projects, engage with other key actors, and discover targeted sector solutions they might not have known existed, all while fostering valuable synergies. By doing so, we both raise awareness and guide our customers towards more resilient lifestyles, while fostering trust and strengthening our commercial relationships with these clients.

By 2028, we aim to develop new tools and integrated solutions to enhance our front desk staff's advisory skills and improve the client follow-up process. This will help us better support clients by tracking project outcomes, ensuring compliance with environmental standards, and providing timely assistance, ultimately having a lasting impact both at the outset and throughout the long term. We will encourage key professional clients to report their carbon footprints and hold regular meetings to track project progress and monitor implementation of sustainable practices.

**3.2 Business opportunities**

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

**Response**

**Links and references**

The impact analysis conducted for our carbon footprint identified the most impactful sectors. Mortgage, real estate, and transportation loans are key contributors, driven by the high carbon intensity of energy in French Polynesia and reliance on imported materials.

These challenges present a significant opportunity for local stakeholders. With the aim to bring Polynesians target footprint to 5,5 tCO<sub>2</sub>e/hab/year by 2030, Socredo must embark its clients by demonstrating that the transition is an opportunity rather than a constraint. We have a responsibility to provide support, both through advisory and/or financial incentives. It is Socredo's role to promote and support their development as key players in the decarbonization efforts of French Polynesia. However, refinancing is also a crucial point in preserving the economic performance of our establishment. We are currently carrying out work on this subject to identify which funds could support our strategy.

Reducing the negative impacts of our financings goes through helping our clients reducing their own impacts. Since implementing our *MATIE* sheet in 2019, our "reserved" reviews went down to 0% of files studied in 2023. Discussions during the review process and with clients have proven effective in addressing and mitigating negative effects. It will be a goal of ours that, despite the strengthening of conditions and the increase in the number of files studied, to keep this share as low as possible.

We are also developing a strategy to identify projects earlier in their development, allowing us to support them from the outset, guide them toward appropriate sustainable development assistance and integrate environmental considerations more promptly. This proactive approach will also focus on identifying and engaging with promising and positive impactful initiatives to help bring them to life, whether through favorable financing options or by connecting them with key stakeholders.

To build a fairer society and promote greater equality among Polynesians, which will contribute to long-term sustainability, we are committed to continuing the development of our financial inclusion initiatives. This goes through some of the following levers:

- Increase our share of clients subscribing to the Fragile Customer Offer. At the end of 2023, 313 clients have subscribed to it, i.e 39% of eligible clients.
- Increase to 70% the equipment rate of inclusive customers in our adapted products and services packages.
- Installation of terminals where the bank is not represented : 10 bank terminals SOCREDO deployed by 2028.
- Expand our digital services to ensure equitable access for all, regardless of location. In 2024, we introduced electronic signatures to minimize travel, reduce transport related emissions, and efficiently serve our remote customers. This goal will be achieved through the continued expansion of the e-Agency, which will allow customers to handle all services online.

# Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

## 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>13</sup>) you have identified as relevant in relation to the impact analysis and target setting process?

- Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

**Response**

**Links and references**

Socredo participates in a broad range of committees, initiatives and partnerships. They include both private and public sectors, as well as civil society through our involvement with associations. Through these channels, we engage on many topics relevant to the implementation of the PRB within our work and actions. Topics such as climate change, biodiversity, inclusion or equality are frequently addressed to explore solutions, understand critical issues and enhance our knowledge.

[Socredo Activity Report, 2023](#)

[\*\*Socredo Social Media Pages\*\*](#)

At Socredo, we believe our employees and our Board team are both sustainable ambassadors and direct stakeholders. By taking part in workshops, conferences, and representing the bank on committees and external missions, they share their expertise and gain new skills. These experiences contribute to enhance our practices and improve our Sustainable strategy. Here are some examples on how their engagement supports and improves our approach:

During the *Je Marche Pour La Planète* month organized in September 2024, more than 20 Sustainable Development ambassadors took part in the establishment of activities to share their knowledge on how to adopt eco-gestures (Ex:

<sup>13</sup>Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

learning to make your own eco-friendly washing powder); participated in a walking challenge to raise awareness about health issues; engaged with local actors of the ecological transition field through themed conferences; or organized weekend initiatives such as beach clean-ups.

- During the Carbone 4 onsite mission, 70 employees participated in the workshops. Based on their ideas and reflections, they contributed to shaping the Bank's Action Plan.
- The Management and Sustainable Development Department participate in the Regional CEC (Business Convention for Climate), uniting various local stakeholders to collaboratively develop sustainable solutions for our territory. This platform fosters collaborative thinking on sustainable solutions for our *Fenua*, draw inspiration from global practices and enhance our efforts through partnerships and exchanges with other regional actors.
- An Executive director of the bank is part of the Board of the CESEC (the Economic, Social and Cultural Counsel of French Polynesia), thereby playing a direct role in shaping national policies that benefit and protect all citizens.
- A member of the Executive Committee is FACE's chairwoman (Foundation Act Against Exclusion), taking an active role in shaping inclusion solutions and promote social equity in French Polynesia.
- Executive Senior Managers also take part in the Polynesian branch of MEDEF (Movement of French Companies) to collaborate with other private sector stakeholders and influence policymakers on key industry issues.
- For the past year, the Sustainable Development team has participated in a training provided by the CCISM (Chamber of Commerce and Industry of the Overseas Society) to learn how to complete a carbon footprint assessment.
- 100% of our new staff completed a training session on Sustainable Development.

Public institutions, organizations, and associations are key stakeholders for us. Engaging with them fosters change and provides valuable frontline insights. Here are some examples on how we engage with them:

- As a founding member or major shareholder of local associations like FACE and ANAVAI (a crowdfunding platform), we benefit from these partnerships in several ways. These collaborations help us spread our message and promote financial inclusion, while getting valuable insights from their field work.



- We partner with impactful organizations such as:
  - o Aoa, which focuses on restoring and protecting French Polynesian biodiversity. Through this partnership, we are actively involved in raising awareness among real estate developers about the environmental impact of land clearing for new construction, encouraging them to consider and integrate these ecological dynamics into their projects. Through this partnership, we propose a 'compensation' action where, for every square meter built, they contribute a specific amount of money to Aoa. This contribution covers half the cost, with the remaining half provided by the Bank.
  - o Other associations, public institutions and private actors which, in exchange for our partnership, share their expertise with us through conferences, workshops, or internal training, as demonstrated by the installation of a worm composting system in one of our branches.
- At the request of the University of French Polynesia, we helped think and develop courses for a new Sustainable Development program. We contributed by incorporating local business needs and expectations to train a new generation of skilled professionals directly within the territory.
- Through the French Polynesian government's *Fare Ora* (Home for Everyone) initiative, which simplifies administrative processes in remote islands, the bank will extend its reach to a broader range of clients. By partnering with this program, the bank enhances its ability to serve underserved communities, providing access to essential banking products and services that were previously out of reach.

Finally, we position our clients as direct stakeholders. We highlight and support MSMEs with innovative or environmentally benefit initiatives to encourage sustainable alternatives and consumption. Additionally, we actively engage with our clients, providing tailored advice to guide them toward more virtuous choices, a work reinforced by the implementation of the *MATIE* sheet.

Through these various engagements, Socredo aims to engage with all stakeholders, from policymakers to clients, to drive rapid change in addressing climate issues and promoting inclusion at every level. In the longer-term, the Bank wants to position itself as a central hub for the *Fenua's* activities, driving a virtuous cycle of through its positive impact financing activities and emerging as the key player of sustainable development in French Polynesia. Investing in Socredo will thus be recognized as a mark of quality and commitment to resilience.

# Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

## 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes  In progress  No

Please describe 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 the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

### Response

### Links and references

In 2019, Socredo has initiated a sharp shift on its strategy to implement Sustainable Development considerations. A policy that has been renewed and strengthened in the 2024-2028 strategy, enhancing our integration of the PRBs. This roadmap was developed through a collaborative process involving employees and was subsequently approved by the Board of Directors.

Reflecting our commitment to stand as the Polynesian Bank of Sustainable Development, ESG considerations are central to our discussions and decision-making processes at all levels. To ensure the integration of these challenges, a Sustainable Development Department has been established in 2020 and welcomed a new member this year. This team leads the implementation and monitoring of the strategy by uniting all employees around the *goal settled*. This department holds monthly meetings with managers through the Strategic

Sustainable Development Committee to track project progress.

The Sustainable Development Department is also part of Credit Committees, which brings together relevant divisions to assess and approve loans of 50 MXPF and above, setting the necessary covenants for granting these credits. Leveraging their expertise, the team plays a crucial role in ensuring that projects comply with environmental regulations and can enforce essential environmental covenants conditions into credit agreements.

To ensure a constant and focused monitoring, we have appointed a senior executive for the Climate Change component and another for the Financial Inclusion component. We plan on supporting both positions through additional staff by 2028 that will focus on developing and monitoring the implementation of our action plans and improve our initiatives in these two key areas.

Frequent meetings are also being held with our Sustainable Development ambassadors to take stock and maintain a dynamic momentum on the global scale of the bank.

As a commercial bank under development mandate, our shareholders are direct stakeholders of our strategic trajectory. They are fully committed and follow closely our work on sustainability matters. Quarterly board meetings address sustainability topics, with a particular focus during the June meeting.

**5.2 Promoting a culture of responsible banking**

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

**Response**

**Links and references**

Socredo believes in the importance of the commitment of all its employees to fully integrate our sustainable related engagements and to make them feel part of these changes. Various levers are activated to promote this culture, both internally and externally.

[Socredo Activity Report, 2023](#)

A strong internal communication enables us to effectively raise awareness, emphasize initiatives, and foster a strong ESG culture. More than 40 newsletters, "*the Sustainable Development minute*" have been released on the internal portal access in 2023, a dynamic that is relayed by our constantly growing internal network of Sustainable Development ambassadors. Their enthusiasm and commitment helped in the organization of many events and projects organized within and outside the Bank. In September 2024, the second edition of *#JeMarchePourLaPlanète* month (*#IWalkForTheEarth*) mobilized around 20 of these ambassadors in the organization of expert conferences, internal challenges and sensibilisation workshops to adopt eco-gestures. They also helped release Soc'lib, our new fleet of self-service bicycles that aims to encourage employees to adopt eco-mobility and contribute collectively to reduce our carbon footprint.

We take great care in including our branches as they are a mirror of our values and ambitions through the archipelagos. One example is the installation of a worm composter in our Moorea branch this year. Not only this kind of initiative aims to raise awareness among employees and improve our waste management by valuing our organic waste, but it also showcases a committed client of us, Nīnamu Solutions, contributing to the virtuous circle we want to implement between Socredo, clients and our community as a whole.

To help foster this culture, our employees are invited to join many events and challenges. These either go through collecting school supplies for children, win a sporting and solidarity challenge between companies, which led to 1MXPF being raised for La SAGA Tahiti, an initiative that provides activities during the school breaks to the most deprived children, or organizing clean-ups on the beach.

Promoting this responsible culture at all levels helps raise our collaborators' awareness in their professional roles, which will both improve their work and influence clients. Additionally, we aim for this to extend to their personal lives as citizens.

**5.3 Policies and due diligence processes**

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>14</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

**Response**

**Links and references**

ESG factors are now integrated into our credit granting process. The *MATIE* sheet, applied to all loan requests, is our main tool to address environmental and social risks. While small projects such as car loans are evaluated through an automated system, it requires an in-depths evaluation for more impactful projects. The Sustainable Department participates in Credit Committees, which strengthens the due diligence processes to credits exceeding 50 MXPf and ensures through it the enforcement of regulations and other essential sustainability requirements through contractual commitments. We are continuously working on our advisory skills and follow-up methods to further involve our customers in this environmental approach.

Following Carbone 4 assessment of our portfolio's carbon footprint and the identification of the most carbon-intensive sectors, our teams are being supported by experts to enhance the performance of the scoring sheet with a sector-specific focus.

To increase our impact, we are working on fully integrating Sustainability risk as a material risk in our Risk Management framework by 2028. The work that will be conducted will be to:

- Articulate and develop a sectorial and ambitious sectoral policy, with a priority on real estate/mortgage loans, transportation and energy (our most impactful activities).
- Implement a financial rate policy that supports ecological and energy transitions.
- *Scaling up our exclusion list*

<sup>14</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

- Develop tools for our front desk teams to encourage clients to invest in sustainable products by showing potential long-term benefits and the cost of inaction.
- Enhance our advisory skills to guide clients towards more sustainable practices.
- Improve our due diligence and the customer follow-up processes, include ESG covenants while addressing commercial concerns and market share preservation. Acknowledging the current regulatory gap and lack of alignment among market players, we are actively collaborating with local banks and public entities to establish shared sustainable standards.

To achieve our objectives, Socredo is allocating financial resources to support these changes and continues to engage with experts and external entities to develop and integrate these processes.

**Self-assessment summary**

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

- Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

- Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

- Yes  In progress  No

# 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.

## 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

- Yes       Partially       No

If applicable, please include the link or description of the assurance statement.

### Response

### Links and references

Following our last meeting and considering the scale of Socredo, it has been agreed that there is no requirement for assurance by an independent auditor. However, this agreement necessitated a commitment of transparency and rigorous effort on our part. To do this, we rely in our approach on the best standards (e.g. GHG Protocol for carrying out our GHG emissions assessment) and we are supported by recognized experts (Carbon 4).

## 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: ....



**Response**

**Links and references**

By being a Polynesian institution, Socredo does not fall under French or European requirements in terms of reporting. In that sense, the bank does not disclose in any of the listed standards and frameworks for now.

**6.3 Outlook**

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>15</sup>, target setting<sup>16</sup> and governance structure for implementing the PRB)? Please describe briefly.

**Response**

**Links and references**

As shown throughout this report, Socredo will focus in the following 12 months on developing and implementing targeted action plans to align with the PRB. We will set specific impact goals and integrate them into our strategic framework, ensuring full accountability through our governance structure. We will keep engaging with external experts to help and advise us toward a just and resilient transition for all Polynesians. We will regularly monitor and report on our progress to all collaborators to ensure effectiveness.

<sup>15</sup>For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>16</sup>For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- Embedding PRB oversight into governance
- Gaining or maintaining momentum in the bank
- Getting started: where to start and what to focus on in the beginning
- Conducting an impact analysis
- Assessing negative environmental and social impacts
- Choosing the right performance measurement methodology/ies
- Setting targets
- Other: ...
- Customer engagement
- Stakeholder engagement
- Data availability
- Data quality
- Access to resources
- Reporting
- Assurance
- Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these: