

2012

ACTIVITY AND SUSTAINABLE DEVELOPMENT REPORT

BUILDING THE BANK OF TOMORROW

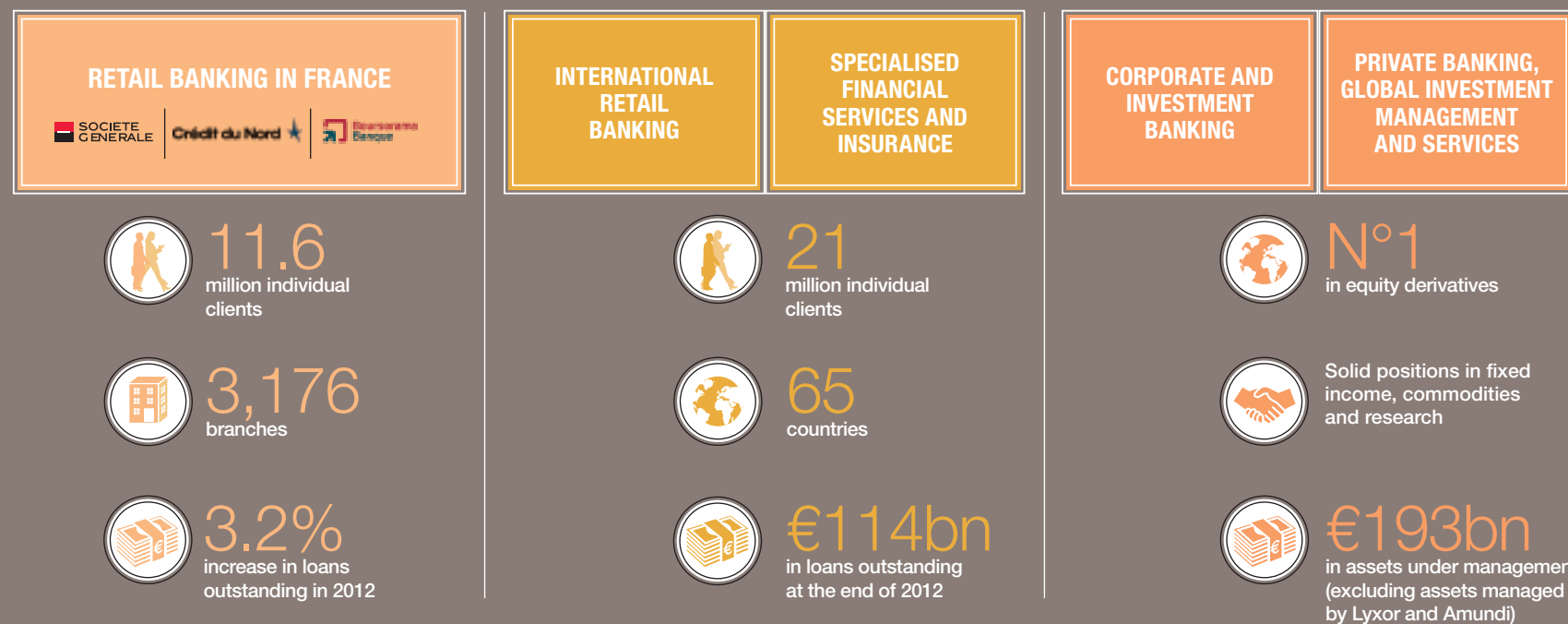


BUILDING TOGETHER
TEAM SPIRIT  SOCIETE GENERALE

2013

Our universal banking model

AN ORGANISATION BASED ON THREE PILLARS,
WITH TWO BUSINESS LINES WORKING HAND IN HAND

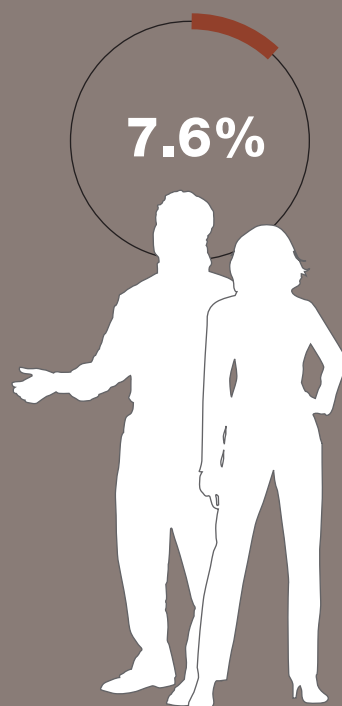
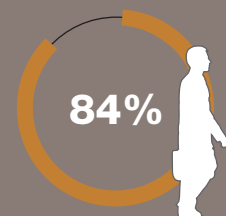


EMPLOYEES AT THE HEART
OF OUR BUSINESSES
AND OUR STRATEGY



12,323

people recruited on permanent contracts in 2012



of Group equity is held by 101,000 active and retired employee shareholders

PROACTIVE SOCIAL
AND ENVIRONMENTAL
COMMITMENT

€9

million dedicated to solidarity-based initiatives in 2012

2012

was the year that Societe Generale achieved carbon neutrality (excluding Rosbank)

25 years

of commitment alongside rugby fans, both in major tournaments and at local level

SOCIETE GENERALE

in numbers

32
million customers around the world

154,000
employees

76 countries

€23.1
billion in net banking income

€49.8
billion in Group shareholders' equity



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This icon means that you can find more detailed information on our website (interviews, photos and videos)

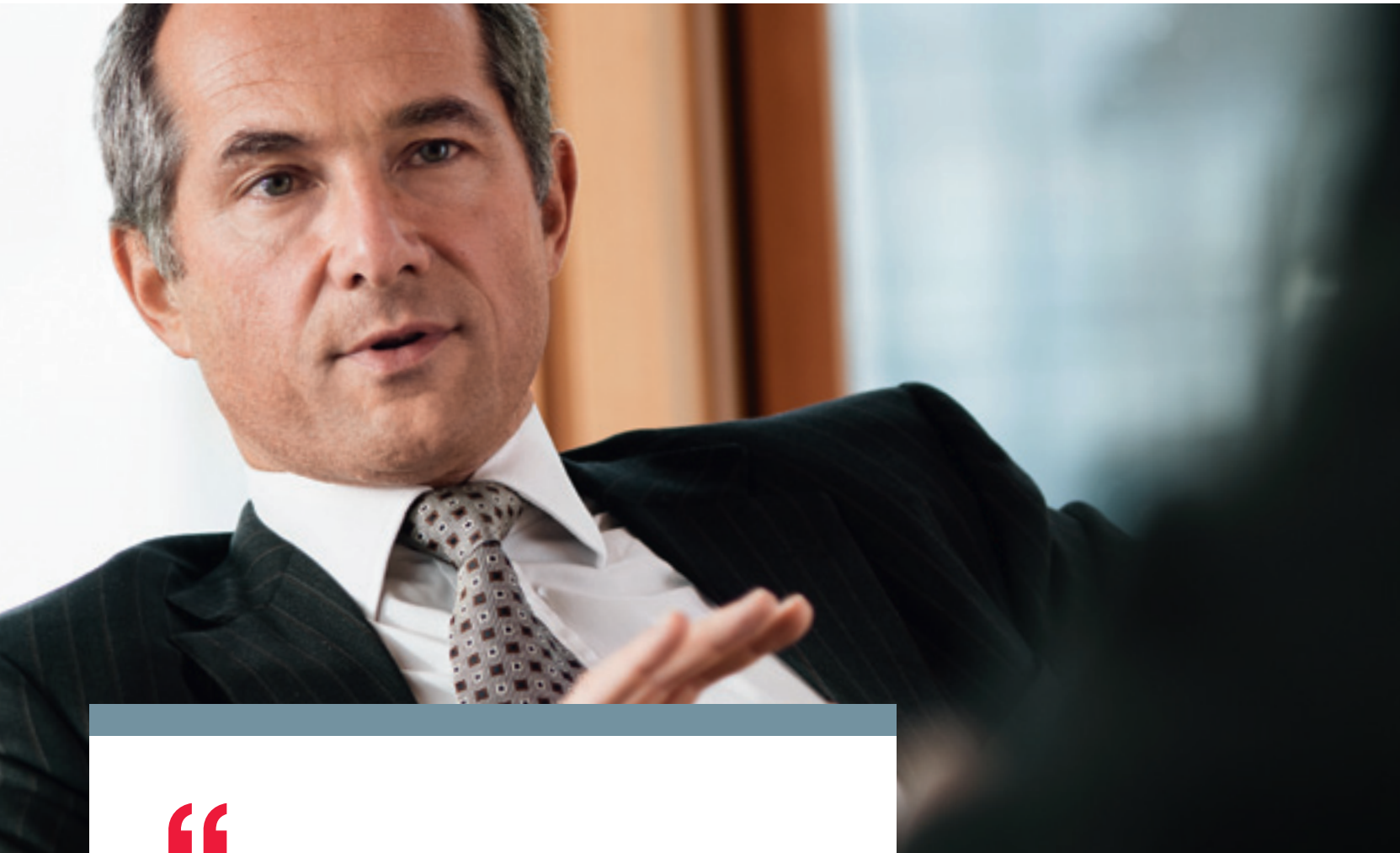


Building team spirit together

Societe Generale is one of the leading financial services groups in Europe. Based on a diversified universal banking model, the Group combines financial strength with a strategy of sustainable growth, putting its resources to work to finance the economy and its customers' plans.

Societe Generale's ambition is to be **THE relationship-focused bank, a reference on its markets**, a bank with close relationships with its customers, chosen for the quality and commitment of its teams. In order to make this a reality, the Group has made customer satisfaction its top priority and is transforming its businesses and structures to improve operational efficiency.

Our signature – “Building team spirit together” – is more than a promise: it is a commitment to use the expertise and energy of all our staff to make sure we fully deserve our customers' trust.



“Our drive for transformation continues”

FRÉDÉRIC OUDÉA

Chairman and Chief Executive Officer of Societe Generale Group

How did Societe Generale Group fare in 2012?

The Group proved its ability to transform in order to adapt to a new environment. After the turmoil of 2011, we announced a series of objectives. We have achieved all of them. We successfully implemented a balance sheet reduction programme and an asset disposal plan that bolstered the Group's financial strength. We complied with the growing number of requirements issued by regulators with regard to capital and liquidity, and we are confident that at the end of 2013 we will be in line with Basel 3 rules – without resorting to a capital increase, as we said.

In retrospect, what is clear is that amid the crisis that has racked our sector since 2007, we have shown exceptional

resilience. The Societe Generale Group that is emerging from this period is a strong Group that inspires renewed trust. We are now building the new foundations on which our business lines can continue to develop in the future. 2012 was therefore a year of stabilisation after the turmoil of the crisis, and of transformation in order to strengthen our robust model.

What is your analysis of prospects in Europe and the role of banks in this economic environment?

Europe has overcome the eurozone crisis. The most pessimistic scenarios are probably behind us. Today, for all economic players, the big question is growth. We already know that it will be low in 2013. The challenge now is to sow the seeds for growth in 2014 and 2015. To do this, we need to continue building Europe. In addition to the reforms each country is carrying out, Europe must move towards closer integration, more coordinated policies to stimulate shared growth and take on global competition.

Europe cannot be strong without a strong financial system, a banking system tailored to its financing needs that channels Europeans' savings in the best possible way and gives economic actors access to international financial markets under the best possible conditions. Europe clearly faces a challenge in terms of economic sovereignty and competitiveness. I firmly believe that the answer to this challenge involves strong universal banks with both a solid retail banking base that works closely with people and local economic players, and a strong presence in the corporate and investment banking businesses to help companies develop and support growth. We believe in this model, which has enabled the major French banks, including Societe Generale, to weather the crisis better than others. We believe it is a robust and useful model for both our clients and the economy.

Are the banking system regulations that are being established in Europe and France heading in the right direction?

At the European level, first of all, we should welcome the decision made at the end of

2012 to create a eurozone-wide banking supervisor, whose activities will be coordinated with national supervisors. This is a step in the right direction in terms of the integration I just mentioned. It makes sense that Europe, which first had a common market and then a common currency, should now also align its financial markets. This can only strengthen the European banking system and enhance its competitiveness on the global stage. With regard to the bill currently before the



French Parliament, we obviously agree with its goal, which is to protect the banking system. However, we wonder whether this is the right time to legislate given that France, like other eurozone countries, will be required to comply with the European supervision system currently being developed, which will be implemented in 2014.

My intention is mainly to emphasise that a massive amount of work is already being done, and that we should not underestimate the profound changes made by banks to comply with new regulatory requirements since the onset of the crisis. We therefore need to beware of the counter-productive impact that could result from piling on additional constraints, and be wary of the effects of distorting competition. European banks – and French banks in particular – are setting the example in terms of applying the reforms

...

... decided by the G20 and the European Union, whereas the United States, which triggered the crisis, announced in 2012 that it would postpone Basel 3 implementation indefinitely. How ironic!

In the current debate, there are also many preconceived notions of the risk posed by market activities and the need to separate them out. We must not forget that investment banking activities have a fundamental role in supporting companies and governments on financial markets, helping them issue bonds and equities to investors and hedging their financial risks, such as foreign exchange risk. We should also remember that French banks are among the few that play a key role on eurozone capital markets. What we are saying is: let's not lose sight of the main issue, namely our shared challenge of financing the economy and increasing competitiveness, growth and employment. To achieve this, we should maintain the universal banking model, which has proved its worth.

How do we improve the effectiveness of this model in an increasingly restrictive environment?

This is exactly what our second transformation phase is meant to address in 2013. We launched the first phase in 2010 with the Ambition SG 2015 plan: our entire Group set out to improve its performance in order to better serve our customers. We are now reaping the rewards of these efforts. Our operating efficiency has improved, and we are managing our risks better, pooling more infrastructure and streamlining our processes.

This progress can be seen in our customer satisfaction indicators. On a more fundamental level, we see it in the robust



“Europe cannot be strong without a strong financial system”

results of our business lines, which held up well in a difficult economic environment in 2012. Nonetheless, if we wish to maintain our agility and competitiveness even as our activities become subject to an increasing number of constraints, if we want to deliver the best service to our customers and keep our promise of being THE relationship-focused bank, chosen for the quality and commitment of its teams, we need to continue our drive for transformation.

In this spirit, I have proposed – along with the General Management – the goal of simplifying our organisation by refocusing on our key businesses and centring it on three pillars of excellence. This reorganisation project, which is currently being developed, will enable us to carry out our projects more quickly, to develop commercial synergies and pool resources between our business lines. In other words, to offer better service at a lower cost.

What is your understanding of a bank’s responsibility, and how does this apply to Societe Generale Group?

Our first responsibility is to fulfil our role of serving the economy. That is to say, to effectively carry out our jobs as bankers by supporting our customers and contributing to the development of the countries in which we operate. Societe Generale is deeply committed to this mission. This commitment is demonstrated by our efforts to cultivate a responsible risk culture in all of our teams. Risk is inherent in our businesses. What is important – especially in difficult economic times such as the current ones – is to take the “right risk”, both for the customer and for the bank.

In my view, the other priority of our responsible banking strategy is our employees. In an environment where everything is in flux – customer expectations, business lines, our organisation – our responsibility is to ensure that all employees can acquire the skills they need to adapt to these changes and participate in the renewal of our businesses. We are also responsible for offering internal mobility that values initiative, so that all employees can achieve their professional goals while enriching the company’s collective know-how. This issue is especially crucial given that we are in a service-based industry and that the quality of human relationships is at the heart of these businesses. As such, one of the keys to our success is helping our employees develop to their fullest potential within a supportive managerial framework.

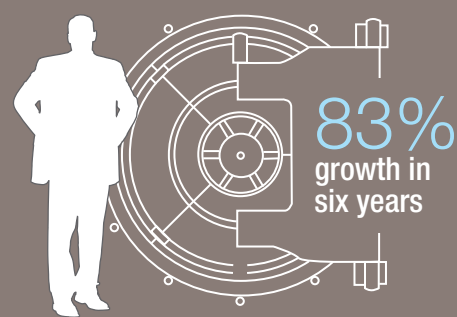
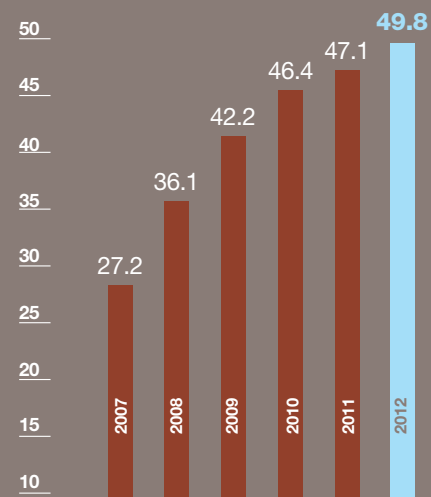
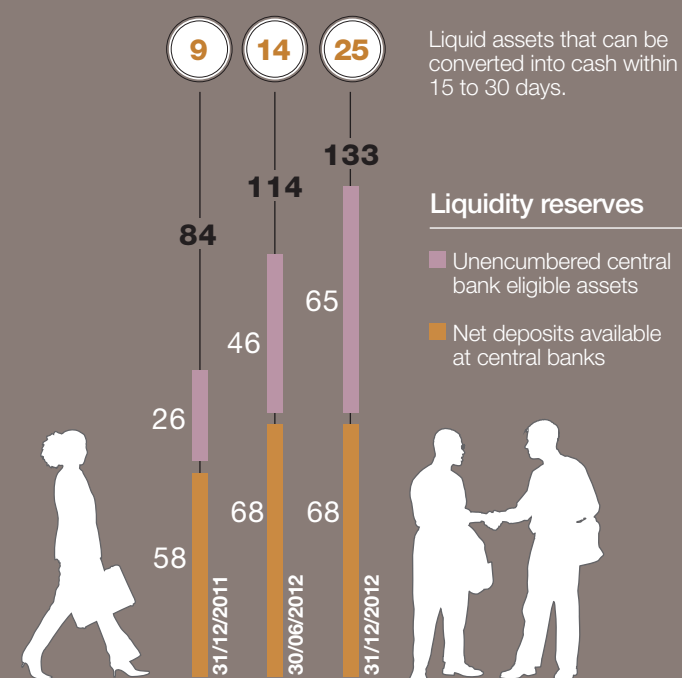
We are also doing business responsibly in terms of the environment – in 2012, we achieved carbon neutrality thanks to an ambitious internal tax and offsetting mechanism – as well as with regard to the companies in which we are stakeholders. Throughout the crisis – this is a point of pride for me – we maintained our sponsorship and community-focused initiatives, particularly through the Societe Generale Foundation, and the Group’s commitment has been accompanied by that of our employees in an ever-growing list of grassroots initiatives.

That is one example of the value we hold above all others: team spirit. It incites us to earn our customers’ trust to the extent that they consider us part of their teams. It also gives us the energy to continue our transformation and build the bank of tomorrow. ■



KEY FACTS & FIGURES

Increased financial strength

SHAREHOLDERS' EQUITY
(Group share, in billions of euros)LIQUIDITY RESERVE
(in billions of euros)

Liquidity reserves increased by €49 billion in 2012, reflecting abundant liquidity. At the end of the year, they covered 101% of short-term financing needs, which remained stable in 2012.

GROUP NET INCOME
(in millions of euros)

Group net income amounted to €774 million. This includes the €2,594 million negative impact of non-economic and non-recurring items (disposal of Corporate and Investment Banking assets and activities, debt valuation, provisions for litigation costs etc.). After correcting for these items, the underlying Group net income is €3.368 trillion.

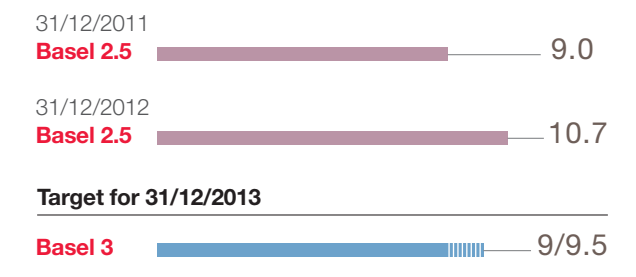
* Excluding legacy assets, non-economic and non-recurring items.

MEETING REGULATORY TARGETS

To strengthen the solidity of the banking system, the Basel rules require banks to increase their capital. New solvency ratios have been introduced since 2008 and the beginning of the financial crisis, including the Core Tier 1 ratio. This is based on the most restrictive definition of capital, the "core" consisting of capital from shareholders and retained earnings. With the Basel 2.5 framework implemented following the eurozone crisis in 2011, and then Basel 3, which comes into effect in 2013, the European Banking Authority tightened requirements further by raising the minimum Core Tier 1 level.

Societe Generale's Core Tier 1 ratio, which was 9.0% at 31 December 2011 under the Basel 2.5 framework, reached 10.7% at the end of December 2012, a 165bp increase over one year. This increase is due to both the solid results of our business lines during the year and to the structural changes undertaken by the Group as part of its transformation programme - the reduction of the Corporate and Investment Banking balance sheet and the disposal of certain activities.

Thanks to its profit-making capacity and activity disposals carried out in 2013 (including the sale of its stake in NGSB in Egypt, finalised in Q1), the Group has confirmed that it will meet its Basel 3 Core Tier 1 target ratio of between 9% and 9.5% at the end of 2013.

CORE TIER 1 SOLVENCY RATIO
(as a percentage)

 **Read more**
societegenerale.com/ra07/EN

STRONGER BALANCE SHEET STRUCTURE

The balance sheet structure was strengthened significantly in 2012, with a significant increase in surplus stable resources compared to long-term uses. Customer deposits increased by €16 billion, up 8% (excluding Geniki and NSGB deposits). Medium and long-term financing increased by €19 billion, due in part to the issuance of €27 billion in medium and long-term debt. Shareholders' equity rose by €3 billion (up 5%). At the same time, the balance sheet reduction strategy led to a 18 billion reduction in loans outstanding. Finally, the Group's loan-to-deposit ratio improved significantly, falling by 13 points over the year.

UNIVERSAL BANK

Three pillars, two business lines working together

STRUCTURAL CHANGES AND ENHANCED SOLIDITY

In 2012, Societe Generale took several key steps in the transformation that started in 2010 with the Ambition SG 2015 plan. The main steps consisted of:

- completing the deleveraging plan for Corporate and Investment Banking by disposing of €16 billion of credit portfolio assets since the end of June 2011 and continuing the disposal programme for legacy assets (€19 billion in 18 months);
- realigning business lines and optimising the asset portfolio, particularly by selling the Geniki and NSGB subsidiaries in International Retail Banking and TCW in Global Investment Management;
- strengthening the financial structure by improving the loan-to-deposit ratio, issuing large amounts of medium and long-term debt and extending financial resources;
- taking measures to improve efficiency, which resulted in a decline in operating expenses compared to 2011. These initiatives, paired with a solid performance from the core businesses, significantly strengthened the Group's balance sheet, in line with Basel 3 requirements (see page 7).

A NEW STAGE IN OUR TRANSFORMATION

In 2013, Societe Generale embarks on a new stage in its transformation. To strengthen its universal banking model and continue to adapt to the new economic and regulatory environment, the Group intends to simplify and refocus its structure around its key business lines via further cost and revenue synergies. The reorganisation project is based on three pillars:

- French retail banking, which will retain its current scope;
- a second pillar bringing together International Retail Banking and Specialised Financial Services and Insurance;
- a third pillar uniting Corporate and Investment Banking, Private Banking and Global Investment Management and Services.

The Group draws on rigorous steering and control functions that must adapt to meet the challenges of greater efficiency, simplification and agility.

*Disposal effective in 2013.

1

French Retail Banking

The French Networks consist of three complementary brands:

- the multi-channel relationship bank Societe Generale, a leading national bank;
 - the Crédit du Nord network, a group of regional banks characterised by their local roots and close relationships with their clients;
 - the leading French online bank Boursorama, which is based on an innovative model and attractive price positioning.
- With their effective multi-channel platform, the French Networks offer a wide range of products and services adapted to the diverse needs of their clientele, which comprises 11 million individual customers and nearly 615,000 self-employed professionals and businesses.

...

11
million individual
customers

615,000
self-employed
professionals &
businesses

3,176
branches



ANALYSIS

“Our clients are seeing our service quality improving, and they’re telling us so”

JEAN-FRANÇOIS SAMMARCELLI
Deputy Chief Executive Officer

The major projects we have initiated in the last few years are beginning to show results. What they have in common is that they have focused all our teams on customer satisfaction, simplifying our procedures, pooling our applications, rethinking reception in our branches, working on the various aspects of customer relations and so on. All this has resulted in higher satisfaction ratings. This is really motivating for our teams, as is the high level of customer loyalty.

We will earn more of customers’ trust by extending our services to protecting their home and professional environments. The success of our new health insurance products has moved us further along this path. Over the longer term, we have begun to think about what the bank will be like in the 2020s. It should combine the convenience of our branches, which will offer more sources of expertise, with completely seamless service for our customers, who may begin a transaction online and then complete it at their branch with their advisor. By thinking about quality of service and customer support in this way, we give meaning to our business.



...

2012 ACTIVITY

Despite the gloomy economic climate, the year was marked by a satisfactory sales trend paired with tight control of operating expenses. The increased cost of risk inherent to a tough operating environment weighed down the earnings of the French Networks, which nevertheless remain the major contributor to Group earnings.

Against a backdrop of heavy competition for savings inflows, deposits rose by 5.4%. This growth improved the loan-to-deposit ratio, in line with regulatory constraints. At the same time, the French Networks continued to provide support for the economy by funding clients’ projects, as shown by the 3.2% increase in loans outstanding.

OUTLOOK

The Group’s goal for French retail banking is to be the leading bank in terms of customer satisfaction and insurance. In this way, the Group aims to improve customer retention, increase the number of its individual customers and consolidate its status as a leading player in the business market. To do so, it will draw on strategies that are increasingly differentiated according to customer segment (developing our regional presence and expanding the range of products offering core professional banking expertise), on useful innovations (new payment methods and new digital technologies) and on adapting its organisation (strengthening its network, multi-channel services). Simultaneously, the Group will continue to optimise its operating model and to develop the synergies between its brands, particularly through the Convergence shared information architecture project.

+3.2%
increase
in loans outstanding

+6.0%
increase in deposits
from individual customers

2

International Retail Banking

The development of International Retail Banking is based on the implementation of a universal banking model tailored to local conditions. With a presence in 36 countries, International Retail Banking is a leading force in Russia, Central and Eastern Europe, the Mediterranean basin and Sub-Saharan Africa.



14
million customers

3,750
branches

36
countries

2012 ACTIVITY

International Retail Banking underwent several major changes. In Greece, after supporting its Geniki subsidiary for many years, the Group sold it to Piraeus Bank at the end of the year amidst severely deteriorated economic conditions. In Egypt, the Group accepted an offer from Qatar National Bank to purchase its majority interest in the National Societe Generale Bank (NSGB) subsidiary. Finally, as part of streamlining its activities in Russia, the Group sold its subsidiary in Belarus, along with its collections business.

In terms of activity, 2012 indicators confirm the wisdom of the strategic decisions carried out. Excluding Greece and Egypt, outstanding loans rose by 3.2%*, boosted by strong gains in the individual customer market (up 8.7%*).

Over the same period, deposits increased by 2.1%*, particularly due to large inflows in Central and Eastern Europe (up 7.5%*). In total, the loan-to-deposit ratio is close to the equilibrium level. Revenue trends varied according to region, with growth in Russia, the Czech Republic, the Mediterranean basin and Sub-Saharan Africa, and declines in Romania and other countries of Central and Eastern Europe due to the negative impact of the economic slowdown.

Russia
SG Russia, the largest private bank in terms of loans outstanding and third in number of branches

Czech Republic
KB, third-largest bank in terms of balance sheet size

Romania
BRD, the leading private network in terms of number of branches

Morocco
Société Générale Maroc, fourth-largest bank in terms of balance sheet

Cameroon
SGBC, biggest bank in terms of assets

Côte d'Ivoire
SGBCI, leading bank in terms of balance sheet total

OUTLOOK

Changes in scope do not reflect a change in the Group's strategy, which remains focused on three areas: targeted expansion in countries with high growth potential, the creation of a market leader in Russia and accelerated growth in areas where banking services are beginning to penetrate. These developments will be boosted by a dynamic management of local subsidiaries that leverages several factors: marketing expertise and innovation to strengthen our customer relations, the development of synergies, especially with Corporate and Investment Banking and Private Banking, and the pooling of resources and standardising of procedures to improve the operating model and steering of subsidiaries.

*At constant scope and exchange rates.

€61.9

billion in deposits,
up 2.1%* in 2012

(excluding Greece and Egypt)

€2.8

billion in outstanding
loans, up 3.2%*
in 2012

(excluding Greece and Egypt)

SPECIALISED FINANCIAL SERVICES AND INSURANCE

Through these business lines, which complement those of universal banking, the Group offers life, personal protection and general insurance products (Societe Generale Insurance), financing and management solutions for vehicle fleets (ALD Automotive), financing solutions for business sales and capital goods (Societe Generale Equipment Finance) and a broad range of consumer credit products (Societe Generale Consumer Finance). These business lines leverage a variety of synergies with French and International Retail Banking while diversifying their distribution networks, particularly through partnerships and agreements with financial advisors.

In 2012, the Specialised Financial Services and Insurance business lines increased revenues and visibly improved profitability, while continuing to adapt to a restrictive environment in terms of capital and liquidity. Insurance activities in particular demonstrated their strength, with assets at a historic high.

Initiatives aimed at optimising scarce resources, diversifying methods of refinancing, cutting costs and managing risks will continue in 2013. By 2015, the Group intends to focus on selectively developing its most profitable franchises in synergy with French and International Retail Banking. In particular, in line with the reasoning behind its bank and insurance model, it will intensify its policy of supplying retail banking customers with an expanded range of insurance products.

▶ 955,000
vehicles in operational
leasing and fleet
management

▶ No. 1 in Europe
and No. 3 worldwide
in terms of vendor and
equipment finance

▶ No. 2 in
consumer credit
in France and
Germany, No. 3
in Russia

ANALYSIS

“Our vision
of shared
development”

BERNARDO SANCHEZ INCERA
Deputy Chief Executive Officer



Over the past 10 years or so, International Retail Banking has undergone a period of accelerated development and fast-moving changes, with reorganisation carried out in banks that have joined our network, political and macroeconomic upheaval and recent changes in scope. We have now strengthened our foundations and are positioned to project ourselves into the future by building what will be tomorrow's International Retail Banking.

In Russia, after an in-depth analysis of our networks and product lines, we are currently rolling out our universal banking model by expanding the range of services offered to our clients. In Africa, including North Africa, we both contribute to and benefit from growing economies by promoting the increased use of banking services with solutions tailored to the needs of local populations, such as mobile banking. There is no single model. Wherever we operate in the world, we are fully integrated into the culture of the country while offering the expertise and resources of an international banking group. This is our vision of shared development.

3

Corporate and Investment Banking

Societe Generale Corporate & Investment Banking (SG CIB) has a presence on the major financial markets in the Group's scope of operations, with broad coverage in Europe and representation in Central and Eastern Europe, the Middle East, Africa, the Americas and Asia Pacific. SG CIB offers its customers tailor-made financial solutions that combine innovation, advisory services and high-quality execution in three specialties: investment banking, financing and market activities.

No. 2 in international euro bond issues

Most innovative investment bank for equity derivatives
(*The Banker*)

Best Export Finance Arranger
(*Trade Finance*)

Best Commodity Finance Bank
(*Trade Finance*)

2012 ACTIVITY

SG CIB continued its transformation process. Significant efforts were made to refocus activities, reduce the balance sheet and liquidity requirements and adapt the cost base. Despite a difficult environment, SG CIB performed exceedingly well. Of particular note are its strong market activities, for which revenues increased by 18% while maintaining a low level of exposure to market risk.

...

ANALYSIS

“Transformation means developing all aspects of our business”

SÉVERIN CABANNES
Deputy Chief Executive Officer

The transformation we have embarked on involves much more than simply reducing our costs and the size of our balance sheet. It is a mindset that drives us to delve deeper into all aspects of our business: listening to and thoroughly understanding our customers in order to build long-lasting relationships; supporting, respecting and being open to others, namely the managerial values that are the source of our teams' strength, both at company level and in customer service; and risk culture, because in addition to multiple risk management procedures, all employees must behave like responsible bankers, measuring and managing the risks they take for their customers and the bank. As we develop these values and this culture, we are moving further ahead with the major initiative in this transformation, which is the simplification of our processes and the improvement of operational efficiency. This is also much more than a matter of simply minimising costs: as we continually ask ourselves how to speed up our procedures, how to make our structure more fluid and our decisions more agile, in the end it is the customer who benefits from the improvement in the company's performance.



No. 3
in the European ETF market
(*Exchange Traded Funds*)

No. 1
global player on the warrants market

PRIVATE BANKING, GLOBAL INVESTMENT MANAGEMENT AND SERVICES

This core business unites private banking business lines with Société Générale Private Banking, asset management with Amundi, securities with Societe Generale Securities Services and derivatives brokering with Newedge. This business helped the Group refocus on core activities by selling TCW in the United States – a transaction begun in 2012 and completed in February 2013.

At end-2012, assets under management stood at €86 billion for Private Banking and €107 billion for asset management. Assets in custody have continued to rise, strengthening the Group's position as the second-ranked European custodian. Overall, the business improved its market position and maintained its revenues in an unpromising environment, while reducing operating expenses.

In 2013, Private Banking will continue to develop by capitalising on the quality of its offering, developing synergies with other Group business lines and optimising operational efficiency. Global Investment Management and Services will continue its efforts to consolidate its competitive standing, support the increase in its revenue and maximise its profits.

► €193
billion in
assets under
management*

► €3.449
trillion in assets
under custody

2012 Awards for Societe General Private Banking

Best Private Bank in France
(*Euromoney*)

Best Private Bank in Luxembourg
(*PWM/The Banker*)

Best Private Bank in the Middle East
(*The Banker Middle East*)

...

Fixed income, foreign exchange and commodities activities benefited from more favourable market conditions and generated significantly higher revenues (58%). In the financing and advisory business lines, financing activities for natural resources, exports and infrastructure held up well.

Overall, Corporate and Investment Banking activities remained stable, despite the disposal of the credit and legacy asset portfolios. In a highly competitive environment, SG CIB gained market share across the sector, attaining 3.7% versus 2.8% in 2007 out of a sample of 15 banks.

OUTLOOK

The Group's ambition is to establish itself among the leading corporate and investment banks in the eurozone. SG CIB will continue to adapt its model in order to provide optimal support to financial institutions and businesses. It will expand by leveraging its international franchises (including equity derivatives, natural resources financing and structured products) with an integrated product offering in Europe. The strengthening of synergies between different areas of expertise will provide a more integrated model against a backdrop of increasing disintermediation of financial transactions. Synergies with Private Banking will also be developed. Optimisation of the use of scarce resources (capital and liquidity) will remain a priority, as will cost control and rigorous risk management, via the leveraging all of the measures taken by the Group in recent years.

*Excluding assets managed by Lyxor and Amundi.

GOVERNANCE

EXECUTIVE COMMITTEE*



*At 31 March 2013

- **Frédéric Oudéa**
Chairman and Chief Executive Officer
- **Séverin Cabannes**
Deputy Chief Executive Officer
- **Jean-François Sammarcelli**
Deputy Chief Executive Officer
- **Bernardo Sanchez Incera**
Deputy Chief Executive Officer

- **Caroline Guillaumin**
Head of Group Communication
- **Didier Hauguel**
Head of Specialised Financial Services and Insurance and Group Chief Country Officer for Russia
- **Philippe Heim**
Group Chief Financial Officer

- **Édouard-Malo Henry**
Head of Group Human Resources
- **Françoise Mercadal-Delasalles**
Head of Group Corporate Resources and Innovation
- **Benoît Ottenwaelter**
Group Chief Risk Officer
- **Jean-Luc Parer**
Head of International Retail Banking

- **Patrick Suet**
Corporate Secretary and Group Chief Compliance Officer
- **Didier Valet**
Head of Corporate and Investment Banking, Private Banking and Global Investment Management and Services

Also in the photo:
William Kadouch-Chassaing
Deputy Chief Financial Officer
and Head of Strategy

BOARD OF DIRECTORS*

Frédéric Oudéa

- Chairman and Chief Executive Officer

Anthony Wyand

- Vice-Chairman of the Board of Directors since 6 May 2009
- Company Director
- Chairman of the Audit, Internal Control and Risk Committee
- Member of the Nomination and Corporate Governance Committee and the Compensation Committee

Robert Castaigne

- Independent Director
- Company Director
- Member of the Audit, Internal Control and Risk Committee

Michel Cicurel

- Independent Director
- Chairman of Michel Cicurel Conseil
- Member of the Nomination and Corporate Governance Committee and the Compensation Committee

Yann Delabrière

- Independent Director
- Chairman and Chief Executive Officer of Faurecia

Jean-Martin Folz

- Independent Director
- Company Director
- Chairman of the Nomination and Corporate Governance Committee and the Compensation Committee

Kyra Hazou

- Independent Director

Jean-Bernard Lévy

- Independent Director
- Chairman and Chief Executive Officer of Thalès
- Member of the Nomination and Corporate Governance Committee and the Compensation Committee

Ana Maria Llopis Rivas

- Independent Director
- Founder, Chairwoman and Chief Executive Officer of ideas4all.sl

Elisabeth Lulin

- Independent Director
- Founder and Chief Executive Officer of Paradigmes et Caetera
- Member of the Audit, Internal Control and Risk Committee

Thierry Martel

- Chief Executive Officer of Groupama

Gianemilio Osculati

- Independent Director
- Company Director
- Member of the Audit, Internal Control and Risk Committee

Nathalie Rachou

- Independent Director
- Founder and Chief Executive Officer of Topiary Finance Ltd.
- Member of the Audit, Internal Control and Risk Committee

France Houssaye

- Director elected by employees
- Mass Affluent Market Manager

Béatrice Lepagnol

- Director elected by employees
- Private customer advisor at the Eauze branch

Kenji Matsuo

- Non-voting Director
- President of Meiji Yasuda Life Insurance

*At 31 March 2013

ONLINE BANKING



CRISTINA HERFORT

“Agence Directe really understands that online clients are more demanding”

CRISTINA HERFORT,
AGENCE DIRECTE CUSTOMER

As a busy young executive, Cristina Herfort demands flawless service and unfailing responsiveness from her bank, at the times that suit her best and for the lowest possible price. At Agence Directe, our teams are structured to meet these expectations.

“When I arrived in France to study, I set out to find a bank that would let me access all my accounts over the internet. I chose Societe Generale because it was the only bank that could offer me what I was looking for without me having to pay any extra, as if it were normal. I thought it was normal, too.”

Cristina Herfort seemed destined to become an Agence Directe customer. Agence Directe, launched in 2011, offers all of Societe Generale’s “traditional” products and services on a remote basis and provides every client with a dedicated advisor. As Head of Public Financing for the Louis Bachelier Institute – a centre for research on finance, economics and financial mathematics – Cristina serves the scientific community. Together with her co-workers, she steers an R&D project management platform in cooperation with government organisations that fund research. *“I work in project mode: I don’t have a traditional 9-to-5 job,”* says Cristina. Her hours are flexible, so it is important to her to be able to count on a bank that is available between 8:00 a.m. and 8:00 p.m., 6 days a week.

FLORIMOND CERIEZ,
AGENCE DIRECT CUSTOMER SERVICE ADVISOR

“We can’t simply suggest to clients that we meet later in the week. It has to be today or tomorrow”

“I don’t use my bank often, but when I do, I use it intensively.” Cristina likes to be kept informed and appreciates the convenience of the Societe Generale app, which notifies her by text message whenever her advisor, Florimond Ceriez, has news for her.

“It was really useful when I needed homeowners’ insurance to lease an apartment I had just bought. I had to secure a policy right away. It was Saturday. After just two or three conversations with the branch, the problem



was solved the same day.” Florimond was on vacation that Saturday, so another advisor stepped in to solve Cristina’s insurance problem. She appreciated the smooth handover of the case: *“Nobody ever told me: ‘I don’t know about this, I wasn’t there’, etc.”* “At Agence Directe,” explains manager Carmela Pizzanelli-Faro, *“not only do you have a dedicated advisor, you can also count on a whole team whose top priority is to meet your needs whenever they arise.”*



FLORIMOND CERIEZ,
Agence Direct customer service advisor

NEW 2.0 SERVICES

- **Budget management** using your Societe Generale app.
- **Demat’+**, the first fully digital consumer credit service.

NEW FROM BOURSORAMA

- **Easy Chèque**: a cheque you don’t have to write, for online fund transfers.
- **An intelligent online questionnaire** developed with Yseop, a start-up, that allows advisors to call back their clients with personalised offerings.

It’s a matter of organisation, says Florimond. *“We keep records of absolutely everything we do. We write detailed reports and handover sheets. Our remote clients expect speed and responsiveness. “We cannot simply suggest to clients that we meet later in the week. It has to be today or tomorrow.”*

“They really understand that remote clients are more demanding,” says Cristina. *“We expect flawless service: customers are not physically present to explain what they require, so the bank needs to anticipate their needs. I think their service is very good, and I appreciate the fact that I don’t have to pay extra for it.”* Societe Generale Agence Directe has just been awarded the “Open to Dialog” label, which recognises quality of service. It was ranked the leader in its category, Online Banking. ■

INDIVIDUAL AND PROFESSIONAL CLIENTS

“They had faith in me, despite my slightly unusual project”

RAPHAËL LORIN,
SOCIETE GENERALE FRENCH RETAIL BANKING CUSTOMER



CLAIRE GUILLOT AND RAPHAËL LORIN

Raphaël Lorin had a carefully developed plan: to launch his own ornamental plant business. Societe Generale was there to help him. The story of a local business.

Raphaël Lorin is an interior landscaper: his shop Herb in Nantes, has plants, containers and a variety of plant displays for sale or loan. He uses them to decorate offices, patios and terraces, indoor pools and lofts. One of his clients is Nantes' trendy new arts centre, Stereolux. This urban photography buff loves “urban wastelands, asphalt and tarmac - especially when nature comes back to claim its rightful place there”. He regularly organises photo exhibits at Herb, to which he invites Claire Guillot, manager of Societe Generale's Nantes Viarme branch. The story of his project began in 2011. He was working in the same line of business as

manager of a prestigious shop in the centre of Nantes when the owner died suddenly. The shop closed a few months later when a Parisian group purchased the building, and Raphaël lost his job. “But I decided to consider this an opportunity, as I had no intention of letting my know-how go to waste,” he recounts. “I knew Thierry Malovec, who manages the ten Societe Generale branches in central Nantes. He was a customer of mine. I had already mentioned my dream of creating my own business to him. He had left me his business card.” Raphaël decided to go into business and lost no time finding a location and skilfully negotiating a lease. “I only had €5,000 or €6,000 to contribute myself. The right to the lease cost €40,000, but I managed to convince the sellers to stagger the payment over 24 months. However, I still needed a lot of money for renovations, decoration, inventory and working capital.” With a detailed business

plan in hand, he contacted a few banks to finance his project. “Societe Generale was the most straightforward, the most reassuring; they were attentive and responsive. As Thierry Malovec was already familiar with my line of business, I did not have to explain what I did all over again. I could sense that they wanted to help me; they were proactive and dynamic. They had faith in my slightly unusual project and my specialised business, despite the small amount of capital I had available.”

Moments of Truth

So Raphaël chose Societe Generale for his business and personal accounts, which would be looked after by the same advisor, Claire Guillot. “When we get visits from businesspeople, we talk with them to determine whether their profile is appropriate for what they are trying to achieve. We found Raphaël Lorin's project convincing. Moreover, he had the management skills and technical ability



needed for this kind of business. Most business clients who come to see us are in need of help and support.” The bank was also able to take over the consumer loan that Raphaël Lorin had from a different bank and give him a lower rate.

CLAIRE GUILLOT, BRANCH MANAGER
SOCIETE GENERALE NANTES VIARME

“We do everything we can to develop a special relationship with our clients”

Like all the other Societe Generale branches in France, Nantes Viarme prepared a written “service plan” in 2012. Together, the entire team, from reception to management, considered the key moments – the “moments of truth” – in their customer relationships. They reviewed their processes, focusing on customer satisfaction. “We are a very busy branch that deals with many businesspeople and so we put the emphasis on being courteous and friendly, both to clients with a scheduled appointment and to walk-ins. We do everything possible to develop a special relationship so that our clients feel welcome, such as greeting everyone by name.” ■



@SG_ETVOUS

In just two years, Societe Generale's Twitter account has become the leader in banking relationships in France. Simplicity, responsiveness and availability ... but our clients say it better than we can.

Tatiana de Rosnay (@tatianaderosnay)
Impressed by the responsiveness of @SG_etvous. I thought I was tweeting into the void and bam! I got a reply just 3 minutes later.

Sebastien Defrance (@Velvetshadow)
Are you following @SG_etvous? Try it from home and activate Budget Manager. So practical!

Oriane (@oriane)
A BIG-UP to the @SG_etvous team: friendly, responsive and considerate.

Dominique L.
Thank you and good job on the advice. It's the first time a bank has ever called me after a conversation on Twitter!

INSIGHT

“A long-term endeavour that requires humility”

CHRISTINE CLOSTRE
Head of Customer Satisfaction
and Network Quality for Societe Generale



Our goal is to make the bank simpler and more efficient for our clients, and to have closer customer relationships. This starts with having clear, transparent and easily accessible information. We are optimising our processes to make them simpler and more efficient. We are also continuing to develop our culture of service. In 2012, every branch in the network drafted a “service plan”. Now it's the support functions' turn to think about how to boost customer satisfaction. Minimising irritants is just as important as aiming for excellent service. We reviewed how customer complaints are handled so that they would be addressed as speedily and as consistently as possible, no matter where they came from. To gauge our progress and to work on areas in need of improvement, we rolled out a mystery shopper programme across our entire network in 2012. We also survey 150,000 individual clients, 15,000 business customers and 5,000 SMEs every year to assess any gaps between the quality they expect and the quality they receive. The results of this survey are very encouraging across all three client categories: we are making progress in customer satisfaction faster than the industry average. Of course, it's a long-term endeavour that requires humility. By rethinking how we operate and how we bring value to our clients, we can win back their trust and restore our pride as bankers.

Watch the video of Raphaël Lorin
societegenerale.com/ra19/EN



PAVEL ZIT, CUSTOMER ADVISOR AT KOMERČNÍ BANKA

"I really appreciate working with Videobankers. Customers are very happy with this innovation"

VIDEOBANKERS

"I can reach my advisor via video, audio or chat"

MICHALA KUNÁŠKOVÁ,

KOMERČNÍ BANKA CUSTOMER AND VIDEOBANKERS USER

Komerční Banka, Societe Generale's bank in the Czech Republic, has launched a series of innovations to help it stand out in a highly competitive market. A good example of this creativity is Videobankers, a new videoconferencing channel that is receiving accolades from clients.

Michala Kunášková is 20 years old and a student at the University of Economics, Prague,

the largest business school in the Czech Republic and a top scorer in the international rankings. Although she continues to live in the Bohemian town of Jablonec nad Nisou, 100km from the capital, she opened a bank account in Prague with Komerční Banka (KB). A "videobanker" advisor helped her through the process by videoconference. "That was really useful. It saved me a trip to the bank," explains the new customer. Komerční Banka (KB) launched its "Videobankers" service in 2012, in order to offer customers a number of services remotely while maintaining their personal link

BANK 2.0

To differentiate itself in an intensely competitive market and keep up with changing customer expectations, KB is clearly playing the "Bank 2.0" card. In 2012, it completely redesigned its online banking service, Moje Banka, in order to make it one of the best on the market in terms of features and user-friendliness. KB also has a smartphone app, Mobilní Banka, that allows users to send payments by smartphone to any previously registered account.

It has also rolled out a mobile payment solution that acts as a practical alternative to contactless cards by using QR codes: an app scans the code on a bill and generates a payment order on the smartphone screen. All the user needs to do is approve it.

In its annual rankings, *Hospodářské noviny*, the country's leading financial magazine, named KB "Best Bank 2012".

It also came second in the "Banking Innovator" class and was rated the third "Most Welcoming Bank".



PAVEL ZIT AND MICHALA KUNÁŠKOVÁ

with the bank. "I can reach my advisor by video, audio or chat at any time via the KB website."

Videobankers can help customers using online banking for the first time. They also field questions about loans or even pension reform in the Czech Republic, helping customers understand the finer points and new opportunities for their savings. This new breed of advisors forms part of KB's telephone service and they are all specialists in remote support. "This method of communication, accompanied by support tools to run a presentation, was new to them, but they picked it up quickly," says Pavel Filipi, Head of Products and Services at KB. "The person I was put in touch with was very pleasant and patient. She helped me complete all the paperwork," says Michala Kunášková.

The student later went to her Prague branch to meet Pavel Zit, her designated advisor. Videobankers had already sent Pavel all the information on his new client. "Organising our processes like this gives us more time to prepare for meetings with customers and avoids our having to ask basic questions that they have already answered," confirms Pavel. "This leaves us more time to develop the relationship and better meet their needs." Customer satisfaction is gauged through a questionnaire sent straight after the connection. Eighty percent of users have given the service top marks and stressed the professionalism of the Videobankers in their comments. Michala concurs: "I chose Komerční Banka on the recommendation of some good friends, and I have been able to see for myself the excellent service it provides." ■

► RUSSIA THE RESTRUCTURING CONTINUES

In 2012 Rosbank completed its "Retail Sales Organisation" programme launched in 2010. All branch customers now have a dedicated advisor who can meet all their needs (savings, project finance, methods of payment etc.). The advisor is supported by a customer relationship management tool developed locally. As part of this programme, Societe Generale's Russian subsidiary has completed renovations in more than 500 branches to make its retail space more welcoming to clients. The Group's businesses in Russia are cooperating ever more closely to bring their customers a range of services that is both richer and easier to understand. Rusfinance and Rosbank, for instance, have developed synergies between their car financing products. A single Rusfinance advisor at the dealership can steer customers toward the offer that best suits them, from either Rusfinance or Rosbank.

► SENEGAL PAYMENT SERVICES FOR MOBILE PHONES ARE EVOLVING

In 2010, SGBS, the Group's Senegalese subsidiary, launched Yoban'tel, a mobile phone payment service, to offer its clients a solution for transferring money to anyone with a mobile phone, including individuals without a bank account (80% of the population). Through Yoban'tel, which works with a variety of carriers, customers can pay bills or receive money by text message. In 2012, an additional service was developed which makes it possible to transfer money by mobile phone from foreign countries. Customers can then withdraw the cash using their mobile accounts at a Societe Generale ATM without holding an account or a bank card. In 2012, SGBS Cameroon followed in the footsteps of Yoban'tel by launching a similar service called Monifone.

PRIVATE BANKING

“A long-term relationship based on trust”

HELEN GREEN,

DIRECTOR AT SOCIETE GENERALE PRIVATE BANKING HAMBROS



HELEN GREEN

“Our customers appreciate having a whole team look after them”

How has the crisis affected your customers' risk appetite and how have you adapted?

Our customers are now more risk-aware and go to great lengths to diversify their portfolios and advisors. Although they continue to have a main bank, “mono-banking” is increasingly a thing of the past. Customers who choose to work primarily with us ask that we take this choice or their family's diversification policy into account.

Finding the best solution to remodel a portfolio through diversification can be a complex task. The answers are not always intuitive. We can use analysis tools like Dialogue & Asset Allocation, which enable us to simulate new asset allocations and see how they would impact risk and performance. Initially designed for institutional investors, this is a particularly useful solution for entrepreneur customers with complex portfolios containing businesses, personal and professional real estate investments, cash assets, etc.

How do you help entrepreneurs pass their fortunes from one generation to the next?

Today, entrepreneurs who have done well in life want to preserve their wealth for future generations. Typically, however, the children of an entrepreneur in his or her fifties are still students and are not necessarily interested in taking over the family business, or they want to see it take on a more social or

us are all unique, but they also share certain character traits, particularly their energy and drive. With them, the important thing is to keep an open mind and to avoid suggesting ready-made solutions. When we meet these customers for the first time, our priority is to listen in order to find out who they are and what they want to achieve. Do they have families? Are they still working? As for our customers with inherited wealth, our goal is to grow with them in a rapidly changing world with constantly shifting regulations. Twenty years or so ago, customers wanted a solid investment for their money, one that would generate regular returns. Today, because they know that type of investment will never earn them as much as investing in the business world, they are more interested in private equity and venture capital. Their needs are increasingly sophisticated.

Helen Green is a Director at Societe Generale Hambros, the Group's Private Banking arm in London. Her customers are essentially ultra-high net worth entrepreneurs whom she helps with setting up Family Offices and the global management of their portfolios. Helen has worked in the Private Banking industry for 34 years.

What are your clients' profiles?

My customers are families from all across Europe and beyond. Some are entrepreneurs while others inherited their wealth. Many have been with us for three, even four generations. The entrepreneurs that come to

environmental aspect. We can help a family restructure its portfolio, for example, through our Private Investment Banking services (see box below). For instance, we were able to help one of our customers in Asia, a local hotel owner, raise capital to expand the business. At a later stage, we can act as advisor to the family should an opportunity arise for a merger and acquisition with a major hotel chain.

What qualities do your customers look for in a Private Bank?

Performance will always be important when choosing a Private Bank, but it is not at the

top of the list. More than ever, our customers are looking for a bank they can trust. They want a bank that they can rely on, that they are comfortable partnering with and that, within this reassuring framework, can demonstrate flexibility and innovation. In this respect, long-term relationships are more important than ever. Two out of three of our new customers say, “We are tired of having to change advisors every two years. Of course we understand that bankers must think about their own careers, too, but we don't want to have to keep telling our family story over and over again to a new advisor.”

However, they appreciate having a whole team look after them. We encourage our colleagues to get involved, and drive them to develop their own relationships with the customer. The fact that team spirit is one of Societe Generale's core values is one of the things I like best about the Group. Making it possible for our employees to build a career as part of a team is one of our greatest strengths. It is fundamental in our business, which is based on our customers' trust and gains strength from a shared past. ■

Read more
societegenerale.com/ra23/EN

PRIVATE INVESTMENT BANKING

Private Investment Banking comprises services designed by Societe Generale to manage the wealth of ultra-high net worth entrepreneurs who have a holding company or a Family Office. It draws on the joint expertise of Societe Generale Private Banking and Societe Generale Corporate & Investment Banking (SG CIB). It enables private banking advisors to give their customers privileged, personalised access to SG CIB services: comprehensive, customised wealth engineering, investment and financing solutions, merger & acquisitions consulting, capital increases, initial public offerings and direct access to all capital markets etc.

With a Private Investment Banking team member assigned to each private banking desk, private advisors are able to find the best SG CIB contacts for their customers while remaining their main representative.



HELEN GREEN



MEHDI NAJID AND AMAL MZALI MAAZI

“They found the right solutions at key moments in our company’s history”

MEHDI NAJID,
CEO OF SEDRIC

From its beginnings as a trading company, Sedric has evolved into an innovative industrial SME that specialises in refractory material and now plans to export its products. Société Générale Maroc supported Sedric in its long-term investment process.

“Today, we have an integrated, flexible production facility that is controlled throughout the entire chain, from design to manufacturing,” says Lahoucine Najid, Chairman and founder of Sedric. “With 3.5 hectares of industrial facilities, we are ready to enter the export market.” It has been a long road for this Moroccan company, which, when it was established in 1985, was mainly dedicated to trading and distributing refractory and insulating materials. In the course of successive periods of growth, it acquired a production facility on the cutting edge of its sector. Its latest project, a 26 million dirham (approximately €2.3 million) investment, was co-financed in 2012 by Société Générale Maroc, which provided 60% of the funds (16 million dirhams). At the same time, Sedric was selected as part of the “Imtiaz” competition held by Morocco’s National Agency for the Promotion of SMEs (ANPME), which supports high-potential

PARTNERING WITH THE EBRD

Société Générale Maroc reached an agreement with the European Bank for Reconstruction and Development (EBRD) to support small and medium-sized businesses (SMEs) and micro-businesses in Morocco. This partnership, the EBRD’s first in Morocco, includes a financing budget of €20 million. As well as approving new loans to these companies, knowledge transfer is an important aspect of the partnership.

companies by providing additional subsidies for projects that have already received bank approval. “The winning companies receive assistance, but it’s also an award, a sign of excellence,” explains Amal Mzali Maazi, Sedric’s advisor at Société Générale Maroc. Her branch, one of the bank’s five main branches in Casablanca, is located in Aïn Sebaâ, the largest industrial zone in the kingdom, not far from Sedric’s offices. The SME has been a customer of Société Générale Maroc since 1987, and has gradually made it its primary bank. Over the past five years, the bank has approved



LAHOUCINE NAJID, CHAIRMAN AND FOUNDER OF SEDRIC

“Today, we have an integrated, flexible production facility that is controlled throughout the entire chain”

In 1985, Lahoucine was an engineer and technical director working in the design, setting up and starting up of a glassworks. Given that molten glass must be kept at a very high temperature, refractory materials resistant to thermal extremes were required to build the furnace. The surfaces were even more technically complex given the need to avoid subjecting the glass to wide variations in temperature – which could completely halt production. Lahoucine saw first-hand how difficult it can be to find suitable materials. Glass-making is not the only sector facing this challenge.



The right idea at the right time

“Refractory materials are everywhere in industry: in the manufacture of steel, bricks and cement, anywhere that furnaces and boilers operate at very high temperatures and need to be insulated. There is no absolutely perfect refractory material. Each has its own properties and constraints, which are more or less suitable for the needs of different applications. Despite this, in the 1980s no one had thought of offering a full range of products!” Lahoucine decided to fill that gap by putting together a comprehensive line of products. He started to bring in supplies from Europe and around the world, especially China. At the time, Morocco’s rigorous exchange controls and



AMAL MZALI MAAZI, CUSTOMER ADVISOR AT SOCIÉTÉ GÉNÉRALE MAROC

“We are proud to have supported Sedric in its continuous growth, despite an economic environment that has not always been easy”

... supply chain delays presented obstacles for imports. To avoid disruptions, Sedric set up an inventory of supplies. This gave the company a competitive advantage but was also a major burden on its balance sheet. “Everything bankers hate,” he smiles. This did not prevent Société Générale Maroc from starting to support Sedric in 1987. In the 1990s, in order to benefit from guarantees, customers began requesting installation services for the products they were purchasing. Sedric therefore built up its capacity in site management, a challenging business line with particularly tight deadlines. The SME built a network of partner service providers, expanded its area of expertise and eventually began to manage entire projects. One of its proudest achievements is the recent revamping of a thermal power plant for the National Electricity Office (ONE). Thanks to its innovative approach, Sedric found itself on the front line, working directly with the client with no international engineering group as middleman. “The power plant could shut

down only partially and for brief periods, because of increasing electricity demand in Morocco: a complete shutdown was out of the question. We rose to the challenge of this three-year project, without so much as a minor workplace accident,” underscores Mehdi Najid, son of the founder.

Anticipate, adapt, develop
Globalisation involves upheaval: some suppliers have merged while others have disappeared, along with their know-how. The landscape of the sector has evolved dramatically. With his considerable experience, Lahoucine decided to acquire his own production facility in order to anticipate market changes, which increasingly require tailored solutions. “With the crisis,” he says, “our customers are demanding high-performance products at the best prices and shortest deadlines.” In the early 2000s, Sedric began building a manufacturing plant. Subsequently, the company established a laboratory for conducting internal quality control,



approving raw materials and developing new products. Société Générale Maroc provided project financing at each stage. “Our considerable research and development efforts enabled us to launch 30 or so products in two and a half years: concrete, bricks, etc.,” says Lahoucine. The next stage: processing raw materials. That is the purpose of the 2012 investment recognised by Imtiaz. This will allow Sedric to rely more on local suppliers, thus reducing inventories while improving production deadlines and margins. “The company has never paid a dividend since it was established. Over 10 years, we have invested a total of 10 to 15 million euros and throughout this time, the bank has played a key role: it had faith in us. There have been critical

moments in Sedric’s history. Each time, the bank was at our side with the tools and solutions we needed,” Lahoucine asserts. “In 2012, when we had to cope with an 18-month delay in payments from a major customer, the bank’s steadfast support was crucial. Imagine, with our 6 to 10 million euros of revenues, we had inventories to finance, 1.5 million euros held up in this unpaid bill and 5 to 6 million euros in ongoing investments! In a difficult environment, our bankers really did everything they could. If we’ve made it this far, it is largely thanks to Société Générale Maroc.”

Today, other upstream projects are ready and are only waiting for an upturn in the economic environment. With its production now under control, Sedric is considering export. “We are in the early stages of our internationalisation plan, but we already know that we can count on Société Générale Maroc’s support,” Mehdi Najid concludes. “We have appreciated its expertise and its capacity to advise us, its ability to address the constraints of international trade and risk of non-payment. Who knows, in a few years, maybe our activity will make a positive contribution to Morocco’s balance of trade.” ■



100 YEARS OF ON-THE-GROUND EXPERTISE IN MOROCCO
Société Générale Maroc first opened its doors in the Kingdom of Morocco 100 years ago and has been a major presence for businesses ever since. With the support of the Group’s business lines, it provides SMEs and major groups from Morocco and elsewhere with recognised expertise in structured financing, leasing, cash management, international transactions and assistance in equity financing.

Watch the video of Medhi Najid
[societegenerale.com/ra27/EN](https://www.societegenerale.com/ra27/EN)

FRENCH NETWORKS

“Putting trust in people rather than numbers”

FRÉDÉRIC ERISAY,
PRESIDENT AND CEO OF ERISAY



FRÉDÉRIC ERISAY AND GUY GRAUX

The first was the 2002 purchase of Manoir de la Chapelle, a residence that Frédéric renovated and transformed into a banquet hall. He had just taken the helm of the family business and made this significant wager on its development in order to break existing banquet halls' stranglehold on the market. Societe Generale contributed two thirds of the project's bank loan of €1.2 million, with the rest coming from Crédit du Nord – another Group bank. “Some time later, we went through a difficult time,” Frédéric recalls. “Manoir renovations went over budget and there was a substantial missed payment. When we needed to restructure our loan, Societe Generale and Crédit du Nord were the only banks that would back us. Since then, we have been loyal, too.”

By 2008, Erisay's sales had nearly doubled compared to 2001 and the company's Vézillon site was becoming rather cramped. Truck logistics were getting hard to manage. The company was also anxious to comply with new hygiene standards. So Frédéric himself set out to design the ideal premises for his business. Everything was optimised: the flow of materials, services, the layout of the rooms, environmental performance and costs. Rainwater would be collected for the bathrooms, and energy from the cold storage rooms would be used to heat tap water. By consolidating the two Erisay sites – food preparation and dinnerware storage – the new building would increase productivity and reduce both transportation costs and greenhouse gas emissions. This new, fully customised facility was designed to handle twice as much production – another bet on the future. Erisay needed €5 million to finance this project. Even amid the crisis, Societe Generale provided 60% of the funds (€2.9 million) in the form of a lease-purchase contract. OSEO co-financed the project, providing the balance of the financing. “Societe Generale has always put its trust in people rather than numbers. They have always been there and offered good advice, both through hard times and in periods of strong growth, which aren't easy to manage either!” The company's sales growth has proved them right: from €7 million in 2008 to €11 million in 2012. “We believed in the originality of Frédéric Erisay's project. In the region, he was the only one in the market who could take on a project of this magnitude,” says Guy Graux, head of business sales in the Eure département.

“We already recognised the quality of this very active and highly professional entrepreneur, who had proved he could take his company wherever he wanted it to go,” says Julien Bazin, a Societe Generale customer advisor, “To achieve such a high business volume in the catering business – which has no automation – you need extensive purchasing and organisational experience. You also need the logistics that make it possible to manage significant flows, not to mention people capable of producing two thousand petits fours in a single day!”

GUY GRAUX,
HEAD OF BUSINESS SALES IN EURE

“He was the only one in the market who could take on a project of this magnitude”

Julien could talk at length about his client's business. He is now considering the next steps and already plans to introduce Frédéric to his colleagues at Societe Generale Mid Cap Investment Banking (MCIB), the Group's Corporate and Investment Banking business dedicated to SMEs. “The company might need advice about potential equity financing in the years to come. It's better to start thinking about it ahead of time,” the customer advisor says. “When you're passionate about something, you can only work with people who feel the same way,” concludes Frédéric. ■

As a company undergoing rapid growth in a skilled trade, Erisay needed a bank that saw its potential and could support it through hard times – and growth.

On 22 March 2013, the 122nd Ecole Polytechnique Ball was held at the Opéra Garnier in Paris. Who catered for the alumni of this prestigious French higher education establishment and their 1,300 guests after the traditional Lancers quadrille at the foot of the grand staircase? The answer can be found in Saint-Aubin-sur-Gaillon, in Eure, Upper Normandy, where upmarket caterer Erisay moved to new premises with Societe

Generale's financial support. These facilities allow Erisay to be “ready to prepare two to three dishes to go or cater a major event for over 1,000 people,” boasts Frédéric Erisay, the company's CEO. Erisay is renowned for major events such as the *Armada de Rouen*, where each year it provides sumptuous food for the thousands of visitors to this prestigious celebration aboard the tall ships on the quays and in nearby halls. The real challenge, explains the company's head, is to manage more than 20 operations at once, with the complex logistical dance choreographed through GPS and text-messaging so that each reception has its petits fours, its hors d'oeuvres and its head waiter. “Our model is based on craftsmanship combined with industrial discipline,” he emphasises.

“We don't outsource anything, we make our own veal stock and we smoke the salmon ourselves.” From its new HQ, Erisay has set out to take the west of Paris, within easy reach of its delivery trucks, by opening sales offices in Paris, Chartres and soon in Orgeval, in partnership with the Paris Country Club. What about the crisis? Frédéric Erisay worries about it, but also sees it as an opportunity to become better-known to a clientele looking for upmarket services at a reasonable price.

Hard times and strong growth

It has been quite a journey since Jacques Erisay, Frédéric's father and the company's founder, opened his bakery in the 1970s. From these beginnings, the company has continuously evolved and scaled up, with two major milestones.

FRENCH NETWORKS

“Maintaining the debt/equity ratio, profitability and jobs”

GUY CHIFFLOT,
CHAIRMAN AND CEO OF ORAPI

Orapi is a company that continues to grow rapidly in the still-fragmented market for professional hygiene products. Banque Rhône-Alpes, a subsidiary of Crédit du Nord, has provided the company with responsiveness and equity financing expertise.

“Last year, we were about to respond to an auction by one of our competitors, with a view to buying machines or materials. We had prepared these acquisitions very quickly – in a company, 200 or 300 problems land on your desk every day! – and we forgot to request a certified cheque from our bank. So, at six o’clock in the evening, I called the Banque Rhône-Alpes management to tell them I needed a payment guarantee by six o’clock the next morning. We got the green light two hours later. We wouldn’t find this kind of service anywhere else. It is very important for us to get quick answers from our banker.” When it comes to speedy execution, Orapi CEO Guy Chiffлот knows what he is talking about. Based in Saint-Vulbas, near Lyon, his professional hygiene products group has acquired about 30 competitors in 15 years, including 20 with the help of Banque Rhône-Alpes. The company has been a customer of the bank since 2001. It completely reinvented itself at the end of the 1990s: originally specialising in the manufacturing and sale of industrial maintenance products (solvents, lubricants, corrosion inhibitors, etc.), 80% of its sales now come from professional hygiene

products for industrial cleaning companies, catering, hospitality and food processing businesses, hospitals, etc.

An independent European player

“At the end of the 1990s, Orapi experienced some growing pains and we had a think about our strategy. It seemed clear to me that we needed to grow internationally like our American and German competitors, which have a global presence, and for that reason we went public. But there was also a question mark over our core business: with factories closing, our market for industrial maintenance products was shrinking.”



GUY CHIFFLOT AND NELLY FABRE



“This is a customer that is always ahead of the game and is very responsive to its market, which is heavily concentrated between very small companies and very large multi-nationals. Orapi saw extraordinary sales growth, becoming a top European player while remaining independent,” notes Nelly Fabre, assistant manager of the Banque Rhône-Alpes’ Lyon business centre, one of the largest in the Crédit du Nord network.

After a tenfold increase in activity between 2001 and 2011, with sales reaching €122 million at the end of 2011, Orapi hit another milestone in 2012 when it acquired Argos Hygiene, France’s third-largest professional hygiene distributor. With €86 million in sales, the target firm was almost as large as its buyer. This external growth positioned Orapi as a leader in the French market. By beefing itself up in downstream activities, Orapi gained direct access to Argos’ customers. *“Through this transaction, we were able to stabilise our customer base and shore up the entire Group,”* boasts Guy Chiffлот, who is now in charge of more than 1,200 employees.

NELLY FABRE, ASSISTANT MANAGER OF THE BANQUE RHÔNE-ALPES’ LYON BUSINESS CENTRE

“This is a customer that is always ahead of the game and is very responsive to its market”

Banque Rhône-Alpes supported Orapi in this latest acquisition, co-arranging financing with another bank. Through its finance department, it took the lead in setting up the transaction and coordinating

SOCIETE GENERALE, WORKING WITH FRENCH COMPANIES AROUND THE WORLD

- **SEPA** (Single Euro Payments Area in 32 EU member states and adjacent countries) and cash management solutions, to facilitate and secure multi-country transactions.
- **Business services** in more than 100 “exotic” currencies including the renminbi
- **Foreign exchange hedging products**
- **Import-Export Solutions site:** launched in 2012, this site is a gold mine of free information for international-minded businesses.

www.importexport-solutions.fr

with other lending banks, taking on 24% of the total financing package. As these types of loans are financed at variable rates, Orapi also needed to hedge interest rate risk. The Lyon business centre therefore suggested hedging via an interest rate swap*, using Crédit du Nord’s trading room services in Paris, where there is an expert dedicated to Banque Rhône-Alpes customers. *“Every step of the way, Banque Rhône-Alpes rose to the occasion in an intelligent way and found solutions to help us continue to grow while maintaining our debt/equity ratio, profitability and jobs. Their managers always made sure they were accessible,”* Guy concludes. Since 2004, Orapi has also been supported in its market transactions by Gilbert Dupont, Crédit du Nord’s stockbroker subsidiary, including for a number of capital increases. *“For small caps like us, which tend to be neglected in favour of large companies, Gilbert Dupont is really the expert. With each transaction, they have been very responsive. As for us, we are very loyal when things go well!”* ■

* Learn more about swaps and hedging transactions on pages 38-39.

MAJOR TRANSACTIONS



CARLO MALACARNE AND LORENZO COSTANZO

“This was exactly the type of long-term commitment we were looking for from a financial partner”

CARLO MALACARNE,
CHIEF EXECUTIVE OFFICER OF SNAM

Despite an adverse market climate, the successful refinancing of Snam's debt has enabled the Italian gas grid operator to achieve financial independence, opening the way for the group's European development plans.

This €11bn operation, which was completed in record time despite the prevailing economic and financial crisis in southern Europe, was named “2012 EMEA Loan of the Year” by the *International Financing Review* for its “astute market read and flawless execution”. Snam, Italy's largest gas transporter and distributor, had been seeking a loan to finance its demerger from its parent company, oil and gas group Eni. Societe Generale Corporate & Investment Banking (SG CIB) helped it complete this major transaction, which was also its first loan.

Our story begins with the publication in early 2012 of a decree by the Italian government requiring that Eni unbundle almost 25.1% of its ownership of Snam's share capital within 18 months (its initial stake was more than 50%). With nearly €23bn in regulatory assets, Snam is the largest European company in its sector.



CARLO MALACARNE, CHIEF EXECUTIVE OFFICER OF SNAM

“SG CIB's teams listened to our needs but were also able to convince us of the importance of satisfying the markets' expectations, in order to find a win-win solution”

Snam operates a national grid of 32,000km of pipelines, 50,000km of regional distribution networks and eight natural gas storage sites (old gas fields) as well as a liquefied natural gas regasification activity that allows the company to receive supplies by ship without relying on pipelines. Snam has all the ingredients to play a key role on Europe's energy market, which are currently being liberalised. Up until 2011, Snam was financed exclusively by its parent company, Eni. This left it with an intercompany debt of €11bn that it would have to repurchase very rapidly in order to obtain financial independence within the space of a few months. The Italian authorities had set a very tight timeframe for the transaction. The time factor was all the more crucial given the potential external growth opportunities for the group on European markets outside Italy. These acquisitions would enable Snam to increase its revenue and help lock in the gas supply for the Italian market. The objective was to make this market more fluid and more



competitive, with potentially lower prices for consumers. Carlo Malacarne, Chief Executive Officer of Snam, is convinced that the group can help create a gas “hub” in Italy for southern Europe, serving a gas corridor from north to south and back again. “We have major development projects for the next four or five years that will not only guarantee the security of supply and the flexibility of the market in Italy, but also ensure constant transit between the Italian and European grids, which is a key element in our strategy,” he explains. “We needed financial partners who would be able to help us meet the challenges that go with this first loan and then support us in our development.”

SOCIETE GENERALE SECURITIES SERVICES, PARTNERING INSTITUTIONAL INVESTORS
Société Générale Securities Services innovates to accompany its institutional investor and securities management company clients, anticipating major regulatory changes. In 2012, it launched a full range of offers that comply with the European Union's Solvency II Directive (equivalent of the Basel rules for insurance and reinsurance companies), which will come into effect on 1 January 2014. The quality of its services won it an award from Global Investor/ISF, which once again named SGSS “Fund Administrator of the Year” in 2012.



Rapid refinancing at lower cost

SG CIB's in-depth understanding of the energy and infrastructure sectors and its advisory expertise in financial strategy and ratings made it particularly well-placed to meet Snam's needs.

"Our experience in structured finance and bond issues was also important," says Lorenzo Costanzo, Senior Banker at SG CIB in Milan, who was involved in the Snam loan transaction. *"And Societe Generale's top management also got involved and contributed to the Group's immediate and large-scale commitment to the deal. Snam is listed on the Milan Stock Exchange and is followed closely by Societe Generale analysts who have a perfect grasp of its market value and potential opportunities."* Snam chose SG CIB to be one of the bookrunners* and arrangers for this gigantic €11bn loan. It was decided to ask the market to finance part of Snam's debt using the "originate to distribute" model (see opposite). Investors and agencies alike were convinced by the project, and Snam was awarded a solid rating – a notch above Italy's sovereign debt rating – despite an extremely fragile climate and a full-on sovereign debt crisis. Two €1bn bond issues were successfully completed prior to signing the loan during the "pre-syndication" phase, reducing the total amount to be refinanced from €11bn to €9bn.

...



The "originate to distribute" model

Today, new regulations impose minimum capital requirements and tougher liquidity rules on banks. To continue to finance their customers while reducing their balance sheets, banks "distribute" part of the loans they grant by selling them to third-party investors. Distribution can occur right from "origination" (i.e. when the loan is granted to the customer), particularly when it is to other banks. Portions of the credit can also be distributed on the debt market via bond issues. This "originate to distribute" model – as opposed to the "originate to hold" model, the "traditional" kind of loan that a bank holds to maturity – is not new to Societe Generale, which has been distributing its most liquid standard loans for a long time. What has changed is that the Group is now distributing more complex loans. It has chosen to do this in sectors where it has a high level of expertise, such as the energy sector – as in the case of Snam.

Although the model is also referred to as "disintermediation", the bank never actually disappears from the equation, far from it. A major factor in the success of the originate to distribute model is the bank's ability to structure the debt, to find the right parameters to appeal not only to borrowers, but also to investors such as pension funds, insurers, private equity funds and sovereign funds. Banks do not fully dispose of the originate to distribute loans they grant. They retain part of the debt and, therefore, part of the risk. At the end of the day, using an originate to distribute model enables a bank above all to reduce its commitments, and gives it the leeway it needs to partner with its customers when new development opportunities arise.

LORENZO COSTANZO, SENIOR BANKER AT SG CIB IN MILAN

“Societe Generale's top management also got involved and contributed to the Group's immediate and large-scale commitment alongside Snam”

...

The lenders supplied Snam with part of the funds needed (€5 billion) in three loan tranches and the remainder in a "bridge-to-bond" loan with a maturity of one year and a further one-year extension option. The gas distributor was to repay this bridge with the proceeds of its bond issues. To make sure these were a success, the banks worked with Snam to structure its debt in a way that would appeal to investors and advised on the best windows of opportunity. Against an extremely harsh market backdrop, two bonds were issued in autumn 2012, for €2.5bn and €1.5bn. In less than four months, Societe Generale was able to reduce its exposure from €1.1bn to less than €300m, outperforming the targets set by the Group's Risk Division when it had considered the project.

SOCIETE GENERALE AND AXA: CO-FINANCING FOR FRENCH COMPANIES

In 2012, Societe Generale and Axa launched a new disintermediated co-financing offering for French companies with revenues of more than €250m. The aim is twofold: to offer French companies an alternative funding solution and to enable AXA to take advantage of new investment opportunities, capitalising on its experience as a credit investor and benefiting from Societe Generale's expertise.

For Snam, the benefit was finding an extremely rapid source of financing that was cheaper than a "traditional" loan. *"We needed to find the right balance between the cost of the debt on the one hand, and the market's expectations in terms of returns and its faith in the success of the issue on the other,"* says Carlo. *"SG CIB's market knowledge and the quality of its work within the pool of banks that we selected was a decisive factor in the success of the operation. SG CIB's teams listened to our needs but were also able to convince us of the importance of satisfying the markets' expectations, in order to find a win-win solution. The bank's approach was exactly the type of long-term commitment we were looking for from a financial partner."* ■

*A bookrunner takes investors' orders during investment transactions for financial securities.



PUBLIC-PRIVATE PARTNERSHIP



Paris Regional Court (projection).



Ongoing work on Nîmes - Montpellier railway bypass.

Aligning different interests

A long-time partner of the Bouygues group, Societe Generale is supporting Bouygues Construction in its public-private partnerships, major projects that are economically important and entail setting up and negotiating complex financial arrangements.



The central government and regional authorities are increasingly turning to public-private partnerships (PPP) to carry out their largest infrastructure projects. These contractual arrangements involve entrusting a private operator with the design, financing, construction, maintenance and operation of a facility such as a stadium, hospital, highway or prison. The private company heading the project, often a consortium of industrial operators and specialised investors, receives fee payments over the term of the contract. PPPs make very long-term, economically vital investments possible – a PPP is concluded and financed over 20 or 30 years or more, and ensures the facility is available and in good condition for the duration of the contract. At the end of the contract, the infrastructure is returned to the public sector entity. Bouygues Construction is one of the industrial groups in France that is able participate in this type of large-scale venture. It is involved in two of the largest PPP construction projects in Paris: the capital's new court building,

designed by architect Renzo Piano, and the new joint command facility for the Ministry of Defence in Balard, dubbed the "French Pentagon".

Since 2005, when these partnership agreements began to be used in France, Societe Generale Corporate and Investment Banking (SG CIB) has been helping this construction group with its projects right from the bid submission stage, which is crucial. Societe Generale Group is supporting Bouygues in a project that is strategic for its subsidiaries, Bouygues Construction and Colas, as well as for the economy of the Languedoc-Roussillon region: the Nîmes-Montpellier railway bypass, most of which is a high-speed line (See inset, page 37). The new line will reduce congestion on a major rail route linking Spain, France and northern Europe. For the Bouygues group, this is a particularly timely contract in a period when public procurement is slowing down, and at a time when the critical challenge of renovating a large number of rail lines looms on the horizon.

Bouygues Construction and Colas, which is involved in railway construction via Colas Rail, both plan to be active on this market, which is rich in opportunities. For the construction of the Nîmes-Montpellier rail bypass, they formed Oc'Via, a project company in which they are shareholders alongside industrial players (Alstom and Spie Batignolles) and investors with expertise in public infrastructure (Meridiam and FIDEPPP).

HERVÉ LE CORRE, HEAD OF INFRASTRUCTURE PROJECT FINANCE FOR FRANCE AT SG CIB

"Clients need a bank that knows how to recognise what is important and to make trade-offs"

SG CIB stepped in during the bidding phase to advise Oc'Via and to help it optimise the rail project's financing structure. The objective of the pre-project phase was not only to analyse and take account of market expectations but also to optimise the project's financing costs - a crucial aspect for presenting a competitive proposal to Réseau Ferré de France (RFF), the public sector partner.

Once it won the bid, Oc'Via, as the holder of the partnership contract, became responsible for managing the project for 25 years and financing its costs through a combination of public funding, shareholder capital contributions and financing from banks, including Societe Generale. Oc'Via had to put together an investment package of €1.8 billion, including €1 billion in bank loans. Once the rail line is built, 80% of the loan will be refinanced by the European Investment Bank and the Caisse des Dépôts et Consignations.

The arranger's role

Societe Generale Group, as part of a pool of several banks, contributed €130 million to the project. It acted as arranger, structuring the financing of the project. SG CIB was a member of a committee of banks – representing all financial institutions – whose purpose was to draw up project documentation, which groups together all the technical contracts by their financial characteristics (as opposed to the credit documentation, which defines the loan). In brief, it was a question of establishing the scope of the PPP in order to define its characteristics and financial flows. "When a client works with a pool of 10 banks on a project of this scale, it certainly doesn't want to deal with all 10," explains Hervé Le Corre, Head of Infrastructure Project Finance for France at SG CIB.



Headquarters of the Ministry of Defence (projection).

NÎMES-MONTPELLIER RAIL BYPASS: ECONOMIC BENEFITS OF THE PROJECT

- Creation of approximately **6,000 jobs** (direct and indirect) annually for five years, 7% of which will be workforce integration posts for people in difficulty.
- **Allocation of 20%** of the work to SMEs and local tradesmen.
- Some **145 engineering works**, including 7 viaducts.
- **30% more regional (TER) trains** on the existing conventional line.
- **250,000 tonne** reduction in CO₂ emissions from the first year.
- **€1 billion** in economic benefits for the Languedoc- Roussillon region (source: Oc'Via).

In order to optimise the transaction, the different interests of the various stakeholders needed to be taken into account: those of the project's shareholders, who wanted to collect dividends as soon as possible, and those of the financial actors, who expected to be repaid and also required guarantees. A balance had to be found in order to determine the total amount of capital and the term of the loan. "The client needs a bank on the other side of the table that knows how recognise what is important and to make trade-offs. To use a rugby metaphor, in this type of negotiation you need someone to carry the ball and who is ready to take the hits that go along with it, because you need to align all these different interests. That is what an arranger does. SG CIB's structuring ability is one of its greatest strengths, as not only its clients but also other banks can attest. This enables us to be the driving force on the projects we take on." The documentation for the Nîmes-Montpellier rail project, several thousand pages long, was negotiated in less than six months – no small feat! ■

 **Read more**
www.sgcib.com

MARKETS AND HEDGING

“We need a hedge against oil price volatility”

DIDIER RAFFAUD,
DOMAIN PROCUREMENT OFFICER
AT AIR FRANCE-KLM

A group like Air France-KLM, which purchases large quantities of fuel, needs to hedge against sudden upswings in oil prices: to do this, it uses the services of the Societe Generale trading desk.

Didier Raffaud plans on buying nearly 9 million tonnes of fuel in 2013. The department he heads at Air France-KLM manages the procurement of kerosene-type jet fuel and the group's fuel risk. He supplies fuel to the Air France and KLM fleets at all the airports they service. *“Our fuel bill represents just under 30% of our operating costs,”* he explains. This year's overall figure, as estimated at the end of February 2013, is \$9.6 billion. This is only an estimate, because the price of oil is very volatile and fluctuates constantly. Air France and KLM sell their tickets in advance - sometimes very far in advance, for four operator clients. Prices are largely set by the market in a highly competitive environment. *“We need a minimum of visibility to guide the company and its investments. To control our production costs, we need to hedge against higher oil prices,”* Didier explains. For hedging solutions, France-KLM relies on Societe Generale Corporate & Investment Banking (SG CIB)'s Energy Derivatives Marketing Team, headed by Thierry Daubignard.

DIRECT CLIENT ACCESS TO THE LONDON METAL EXCHANGE

In 2012, Societe Generale launched Alpha Metals, an electronic trading platform for futures, on the London Metal Exchange (LME). Alpha Metals allows SG CIB clients to take advantage of its capabilities as a market maker on the LME. It also provides tracking features to meet clients' growing information needs while simultaneously reducing operational risk.

The “vanilla” solution...

Air France-KLM wants to be able to set the price it will pay for its fuel supplies at a date far into the future. The simplest solution – what professionals call the “vanilla” solution – is for Air France-KLM to conclude a swap contract on oil products with SG CIB. A swap is an agreement whereby a floating price, calculated as the average of an index for a specified future period (for instance, the average price of oil next July) is exchanged for a fixed price, which is determined when the agreement is signed. For instance, Air France-KLM wants to set the price of its jet fuel for July. The company arranges for a swap with SG CIB at a contractual reference

price based on the market price. In July, if the average price of a barrel of jet fuel is higher than this reference price, SG CIB will pay the difference to honour its contract. If it is lower, Air France-KLM will pay the price difference to SG CIB on the volume it has chosen to hedge. Overall, between the actual purchases and the results of hedging, Air France-KLM is certain that it will be buying a portion of its jet fuel at a pre-determined price. The remainder of its fuel supplies is exposed to oil price fluctuation.

...and “mirror” positions

SG CIB does not trade in jet fuel. SG CIB's market maker, who established a position on behalf of France-KLM, must therefore eliminate the risk to which Societe Generale is exposed. He does this by looking for “mirror” positions. He can help an oil producer protect itself against lower crude oil prices or a refiner hoping to avoid the effects of a sudden drop in refined product prices while it is processing the raw material it has purchased. If the market maker is unable to buy offsetting positions from its clients, it acquires them on the interbank lending market. An independent unit monitors these positions for risk in real time based

on changes in the markets. The contractual obligations entered into with clients do not change. Mirror positions are rarely perfectly symmetrical, so the responsibility for managing the spread between the maturities (eg. July/September) and the underlying commodities (price of jet fuel, price of Brent crude) for the client positions falls to the market maker. For clients who want to hedge against higher prices but also to benefit from a drop in pricing, a call option is the appropriate hedging product. This is acquired by paying the bank a premium whose value is calculated according to different factors

our partner ever since fuel hedging became widespread in the industry in 1992-1993. It was one of the first banks to offer such services.”

THIERRY DAUBIGNARD, HEAD OF ENERGY MARKETS, SOCIETE GENERALE

“Our clients benefit from our constant presence on the markets”

We have been working with the same partners for 10 years, maybe even 20. They are very responsive and maintain a constant presence on the markets. Naturally, Societe Generale's research is of interest to us because it gives us an informed opinion on current developments, and the frequent technical dialogue with our own market practitioners is of mutual benefit.”

With teams based in Paris, London, Singapore, New York and Houston, SG CIB can decipher the markets for its clients at any time. *“We can provide them with price information that can't be seen with the naked eye,”* explains Thierry. *“That is what our clients get from our constant presence on the markets and our market-making role.”* ■

(volatility of the underlying asset, maturity of the option, interest rate levels). By using combinations of options, the client can optimise the cost of the hedge. Air France-KLM's hedging strategy is determined by its risk management committee, which sets the targets for how much of the overall budget must be hedged and validates the instruments and underlying assets to be used. *“A hedging policy cannot really be assessed based on the gains it generates. If a hedge earns money, that's not a good sign: it's almost as if a disaster had occurred!”* Didier explains. *“Societe Generale has been*

INVESTING IN SOVEREIGN DEBT

Like all the other large trading floors in French banks, SG CIB's trading floor plays a key market-making role for French sovereign debt by contributing to its liquidity so that it functions properly. It provides guidance on developments in the bond market to Agence France Trésor that the agency then uses to size its sovereign debt issues on the debt market. SG CIB traders then purchase a portion of these bonds. At the same time, trading desk customer relations officers contact their investing clients and examine the advisability of buying these securities with them.

RESPONSIBLE BANKING

Spreading risk culture across all teams



Risk is at the centre of the banking profession. But organisational tools and procedures to deal with risk are not enough: all employees must be able to manage the risks inherent to their activities. Personal accountability is at the heart of the RISK Culture project.

What do an award-winning chef, a visual artist, a polar explorer and an impassioned criminal lawyer have in common? They all manage the risks associated with their demanding vocations with professionalism, day after day. And all were invited by Societe

Generale in 2012 to participate in a series of conferences for employees on the theme of risk management culture. All banks identify and manage risk by setting up processes, limits and supervisory bodies. As part of the Enterprise Risk Management (ERM) initiative launched in 2011, Societe Generale is working to reinforce and streamline its risk management systems to make them both simpler and more effective. In 2011 and 2012, the Group carried out a strategic risk review. But even the most sophisticated procedures are no substitute for individual judgement, for the discernment of the banking professional. The RISK Culture project, the third component of ERM, aims to reinforce this notion of accountability and individual risk awareness at Societe Generale.

THE THREE PILLARS OF THE ENTERPRISE RISK MANAGEMENT PROGRAMME

- Strategic management that better integrates the concept of risk. Based on a comprehensive risk map, this approach provides a framework for the Group's "risk appetite", the risk policies and operational limits to be respected.
- A more effective, simpler and more consistent risk management, with appropriate governance, organisation and resources.
- A strong culture of risk management, to provide employees with a better understanding of risk, help them manage it, and above all, to develop their sense of personal responsibility.

The goal is to develop risk management culture across all businesses and at all levels in the company in order to make it an organisation that is able to learn and move quickly in the face of constantly emerging risk.

"Being a banking professional is about knowing how to take risks to finance the economy," explains Claire Dumas, who leads the RISK Culture project. "Whenever we grant a loan to a local authority, provide a means of payment to an individual client or help a company find financing through the financial markets, we take on a whole series of risks – counterparty risk, market risk, operational risk. Our core expertise is to be aware of and understand these risks and know how to manage and steer them so that the risks taken are consistent with the bank's strategy, and also to protect our clients and provide them with the best possible service, the service they need."

CLAIRE DUMAS, RISK CULTURE PROJECT LEAD

"Being a banking professional is about knowing how to take risks to finance the economy."

"What we're doing with RISK Culture is not new. We're building on existing Group initiatives, bringing them together and reinforcing them to give the whole approach greater visibility and impact."

Awareness, assessment and mobilisation

As part of the initiative, Societe Generale has launched a RISK Culture portal on its intranet which provides information and allows users to test their knowledge with quizzes and expand it, if need be, via e-learning. Since 2012, all recruitment interviews conducted for Societe Generale in France have assessed candidates' sense of risk. Risk is also



taken into account in employee evaluations. Innovation in this domain is encouraged: since 2012, the Innov'Group Awards have included a prize in the RISK Culture category. In the most recent competition, 96 innovations were nominated.

"Our goal is to make risk management a real competitive advantage and differentiating factor for the Group. We see it as a real opportunity to create value once risk management reaches the level of excellence that we want to achieve," Séverin Cabannes, Group Deputy Chief Executive Officer and sponsor of the ERM programme in the Executive Committee, told Societe Generale's internal radio in early 2012.

The radio ran a series of interviews titled Risk Attitude, in which members of the Executive Committee were interviewed on their vision and experience of risk management culture at Societe Generale. "Mobilising managers is clearly a key factor for the success of risk culture," says Claire Dumas. "We rely on the Ambassadors – the Group's 1,000 top managers – to intensify the dissemination of this culture across the teams." After an initial

briefing held in late 2012, these top managers met again in smaller groups in 2013 for day-long forums to learn and reflect on concrete measures to put in place.

By the same token, in 2012 the Group's French Networks added risk culture to the job training agenda for operational managers. Every month at team meetings, branch managers are also encouraged to promote dialogue about a risk situation and the best practices to adopt. By raising awareness among employees to help them become aware of the impact of their actions, the RISK Culture project contributes to the spreading of a responsible approach to finance and the banking profession within the bank. ■



In 2012, Societe Generale updated its Code of Conduct, the previous version of which had been released in 2005. This document brings together the principles governing individual and collective behaviour that guide the actions of the Group's employees all over the world – integrity, thoroughness, entrepreneurial dynamism, a sense of service, openness to the world and courage. Translated into eight languages, it was distributed by Societe Generale's managers to all teams. The Code of Conduct is also available on the Group's corporate website (societegenerale.com).

RESPONSIBLE FINANCE

Positive impact finance

Societe Generale assesses the risks and opportunities associated with the environmental and social issues facing its clients, going well beyond the scope of the Equator Principles. The objective is to better manage its own risks and promote positive impact activities.

The responsible finance initiative aims to integrate sustainable development into business processes. As part of its global framework of general environmental and social principles, divided into sector-based and transversal policies, Societe Generale Group is in the process of rolling out Environmental and Social inspection (E&S) to all its entities. The goal is to assess the positive and negative effects of its activity using reviews from clients and analyses of specific projects. Responsible finance thus moves beyond the

strict scope of project financing (the current scope of the Equator Principles) and into all the kinds of transactions the bank is involved in, such as M&A advisory and retail banking loans. *"If the French network lends funds to a French company that uses them for a forestry project in Africa, we examine the project,"* explains Renaud Tahon, who is in charge of the responsible finance project reviews at SG CIB. Societe Generale is gradually putting E&S inspection procedures in place for each type of financial commitment.

E&S assessment is directly reflected in credit and reputational risk, which are used by the risk department when it examines project financing cases. This process may lead to the rejection of projects on environmental and social grounds. It also contributes to an increase in the financing of activities that have a positive impact on the populations concerned, the environment and economic development. Moreover, the level of positive impact activities is one of the two indicators selected to measure the Group's performance with respect to responsible finance as part of its CSR targets for 2015.

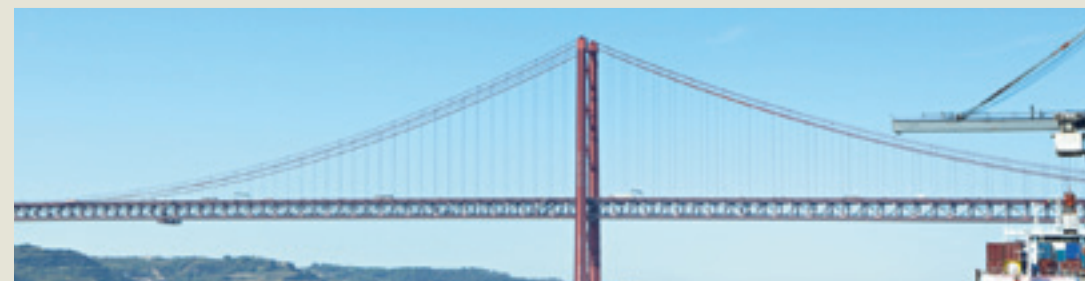
An example of an operation with a positive impact is the financing of the Cerro del Aguila dam and hydroelectricity plant in one of Peru's forested areas, led by SG

ANALYSIS

"CSR is now an integral part of the way we conduct our business."

JEAN-MICHEL MÉPUIS
Head of Sustainable Development

Since 2011, Societe Generale has been applying its CSR commitments through General Environmental and Social Principles that govern all of its activities. We established sector-specific policies for eight sectors that present the greatest environmental and social risks. In 2012, the Group produced its first transversal policy – a first in the banking sector – in the area of biodiversity. We also worked together to think about the CSR goals we would like to set for the Group for 2015. 150 employees from all businesses and hierarchical levels participated in these exchanges and drew up a roadmap with specific indicators and objectives for the major areas of improvement that we have established for ourselves. These efforts represent a continuation of the powerful impetus provided by General Management in 2011. They have created real momentum within the Group and we have reaffirmed our commitment to operating our banking and finance businesses in a responsible way. Socially responsible banking products – practically unheard of just two years ago – have become increasingly successful. Today, we aim to promote Positive Impact Finance, and we continue to roll out our responsible lending initiative throughout the Group.



better coordination among the financial stakeholders who contribute to financing sustainable development," Renaud concludes.

It is in this spirit that Societe Generale has established a working group on Positive Impact Finance at the French Corporate Social Responsibility study centre (ORSE). ■

Read more
societegenerale.com/ra43/EN

CIB's New York teams in 2012. *"This is a renewable energy financing project that helps fight the greenhouse effect. Its impact on the flora and fauna were assessed by an independent environmental agency, and are the subject of an action plan that is currently being implemented,"* explains Renaud, whose team led the project's E&S evaluation. *"Besides its positive environmental aspect, on an economic level, the project is located in a developing country. From a social perspective, we consider that the interests of local populations and the working conditions of people employed by the project are taken into account in a convincing action plan. Ultimately, we have classed this deal as positive impact finance."* What about the future? *"The next step will be to broaden this approach through discussions with entire sectors, bringing governments and development banks together to promote*

KEY FACTS

CORPORATE COMMITMENTS

The Environmental and Social Principles that Societe Generale applies to all its activities build on a number of corporate commitments made by the Group:

- Signing of the Statement by Financial Institutions on the Environment & Sustainable Development under the United Nations Environmental Programme (UNEP-FI) in 2001.
- Membership (since 2003) of the United Nations Global Compact, whose 10 principles have been integrated into the Group's strategy, corporate culture and operating procedures.
- Founding member of the Wolfsberg Group (anti-money laundering).
- Signing of the French Diversity Charter in 2004.
- Signing of the Responsible Investment Principles in 2006.
- Adoption of the Equator Principles in 2007.

SUSTAINABLE DEVELOPMENT INDICES

Societe Generale shares are included in the FTSE4Good and ASPI indices.

CARBON NEUTRALITY

When Societe Generale launched its 2008-2012 carbon neutrality programme, it committed itself to reducing its emissions by 11% per user by 2012 and to the offsetting of its emissions, placing the fight against climate change at the heart of its environmental policy. A mechanism to encourage the Group's entities to reduce their emissions was put in place with the creation of an internal carbon tax paid by business lines and operational divisions based on their carbon footprints. Four years later, emissions reductions by user were significantly higher than the initial objective, and the Group achieved carbon neutrality in 2012 (excluding Rosbank) through the purchase of carbon credits financed by revenue from the carbon tax. A new carbon reduction programme has been adopted for the 2012-2015 period, which aims to reduce emissions by 26% per user and to increase energy efficiency by 24% from 2007 levels. The internal carbon tax has been made permanent and is now used to direct funds toward the financing of internal environmental efficiency projects put forward by the Group's entities.

RESPONSIBLE PURCHASING AND LENDING

Backing SME development



Societe Generale aims to purchase responsibly and promote the development of SMEs. This approach is demonstrated by the car-sharing services developed in partnership with Carbox, a new, innovative business.

In its search for a low-cost, environmental solution for the occasional transportation needs of its more than 18,000 employees at La Défense, Societe Generale discovered Carbox.

In 2010, this brand new French start-up, which is now a leader in corporate and local authority car-sharing solutions, was the first to enter the business-to-business market. Discussions began, led by ALD Automotive, a subsidiary of the Societe Generale Group that specialises in corporate vehicle financing and long-term leasing. At that stage in its development, Carbox was able to tailor its services to the Group's requirements. The discussions led to a joint car-sharing service designed for businesses, financed by ALD and operated by Carbox: "ALD Sharing by Carbox".

Thanks to onboard technology and CRM tools, the employees of client businesses can

SME PACT

Societe Generale was the first bank to sign the SME Pact, which aims to support the development of French small and medium businesses by promoting their interactions with large corporations. The Group sources 30% of its purchases with SMEs.

SUSTAINABLE SOURCING

The Group uses EcoVadis, an independent ratings agency, to assess suppliers according to environmental and social criteria. More than 1,500 suppliers are identified and rated in its database. Societe Generale has also outsourced the management of its mail service and a portion of its electric and electronic waste recycling to companies that employ disabled workers.

share a self-service automobile fleet reserved for their transportation needs.

"We clearly did not want to overload Carbox by suddenly offering ALD Sharing to all our customers," explains Didier Blocus, head of electric vehicle development and ALD Sharing at ALD Automotive. "We worked very gradually and in a controlled manner. Rolling out this solution at Societe Generale served as a test project." Benoît Chatelier, one of the co-founders of Carbox adds, "This partnership with Societe Generale not only increased our revenues, but it encouraged us to innovate further. We added our first electric vehicles to the fleet, and they now account for 20%. Societe Generale motivated us to improve

our service quality and fine-tune our application by developing specific features that take into account the requirements of major banks in terms of database security." Didier Blocus concludes, *"You have to be able to listen to and trust companies that are smaller than you are: this is an attitude that we are trying to develop as bankers."* ■

 **Read more**
societegenerale.com/ra44/EN



Montpellier's amicable negotiation platform.

Helping clients in difficulty

Societe Generale's French retail banking network has overhauled its follow-up system for clients in financial difficulty. Amicable negotiation platforms can now help them regain their financial stability.

The signing of a loan agreement does not mark the end of the bank's involvement in the debt. Many clients weakened by the economic crisis may find themselves in default: under Basel rules, default may occur when a mortgage payment is more than 90 days past due. This can happen very fast – for example, to a businessperson whose business is doing well but who forgot to deposit funds into his or her personal account, or to someone who is overdrawn following a loss of employment, health crisis or divorce.

People do not have to be overindebted* to occasionally experience financial difficulty. In 2012, in order to better respond to the growing number of clients in temporary

difficulty, Societe Generale's French Network reviewed the set-up of its amicable negotiation system. Clients in default are now followed up via a platform that uses specialised advisors: remote CRM professionals trained in amicable negotiation techniques and who follow a procedure that has been fully rethought. Their role is to help customers regain financial health by working with them to establish a staggered payment plan and monitoring the repayment of their debt.

"Since introducing these platforms, two-thirds of which were operational at the end of 2012, we've found that just over 60% of clients return to financial health, which is very definitely an improvement," observes Philippe Levassort, who heads up the amicable negotiation project. *"The clients involved may at first be surprised to have a new contact person, but in general they are happy to see that someone is dealing with their particular problem."* Once their situation is corrected, the clients are directed back to their original branch. The platform is sized to eventually handle 50,000 clients a year. ■

SURPASSING REGULATORY REQUIREMENTS

Since June 2010, Societe Generale Group has been carrying out a responsible lending strategy that extends to all forms of credit granted by its core businesses (consumer credit, mortgages, overdrafts and all related insurance). The initiative strives to surpass regulatory requirements. The Group's consumer credit business (subsidiaries Franfinance and CGI) has made six commitments to its clients "for successful lending", in particular: "knowing when to say no", "being clear", and "providing customers with the support and assistance they need throughout the life of the loan". In addition, both subsidiaries have a partnership agreement with Crésus, an organisation that specialises in assisting individuals with excessive or poorly structured debt. Together, they offer a personalised service to help vulnerable clients return to financial stability.

* In France, a person is considered overindebted when their file has been submitted to the Banque de France: if the file qualifies, a process prescribed by law is triggered that may end with debt cancellation or moratoria.

PEOPLE

“It makes sense for me to work for the bank that has invested the most in my country”

ILYA POLYAKOV

DEPUTY CEO OF ROSBANK IN CHARGE OF MAJOR CLIENT ACCOUNTS
AND SG CIB HEAD OF COVERAGE AND INVESTMENT BANKING FOR RUSSIA AND THE CIS*.

“I had thought this would just be my first job. I was a little worried I would get bored or stagnate,” recalls Ilya Polyakov.

After joining the Group 12 years ago for an internship in the Commodities Department of Societe Generale Corporate & Investment Banking (SG CIB), this Russian, who came to France at the end of his studies as part of an exchange programme with the HEC business school, has certainly changed his mind since beginning to work as a banker. In the intervening period, he has had a successful career with the Group, to the extent that in October 2012, at the age of 33, he was

appointed Deputy CEO at Rosbank in charge of Major Customer Accounts as well as SG CIB Head of Coverage for Russia and the CIS*. He embodies the bank's determination to create more synergies between its retail bank and its private bank in Russia to better meet the needs of large Russian corporations. As the leader of 430 employees in an area that stretches all the way from Saint Petersburg, the most European of Russian cities, to Vladivostok, the gateway to Japan, his current challenge is to develop Societe Generale's business with major Russian customer accounts at a time when the Group is also implementing a large-scale operational transformation in that country.

PROFESSIONAL MOBILITY
CAMPUS

Subsequent to a labour agreement signed on 13 February 2013 with the employee representative bodies, Societe Generale SA in France is strengthening its internal mobility process. Employees will henceforth be supported by a "mobility campus", which will provide more flexibility in filling positions and individual mobility while helping to implement strategic workforce planning. The objective is to better predict the future needs of the company and to help employees adjust to these changes. Societe Generale is convinced that mobility, a source of skills enhancement for employees, also promotes team agility and cooperation between business lines.

"It makes sense for me to work for Russia in the international bank that has made the greatest investment in my country. Societe Generale established a presence in Russia early enough and with enough resources to have the necessary critical mass and remain in this tough market. I appreciate the enterprising spirit that the Group demonstrated by acquiring Rosbank. It is a bank in which you can progress very quickly if you make the effort."

Ilya readily admits that his career is atypical. Holding two jobs at the same time is nothing new for him. For several years he has been pursuing two parallel careers at SG CIB, in both Paris and Russia: one career as a structured finance professional and another in major client relationship management. As a result, in 2010

he took over the SG CIB Commodities desk for Russia, the CIS and the Balkans while maintaining his commercial duties as senior banker for such giants as Norilsk Nickel (the world's biggest nickel producer), NLMK (a steel producer) or Polyus Gold. Given the pre-eminent importance of commodities in Russia, this dual assignment was in fact fairly logical. *"But this couldn't have worked without my managers, who were very open-minded and willing to place their trust in me. When you work in two positions, there has to be a strong sense of team spirit between the two divisions for it to work – a form of cooperation in which each individual can see the value they add and, above all, the benefit their efforts ultimately provide for the client. For instance, this is crucial when you advise an international client on a somewhat technical project, because you immediately find yourself seated at a table with 10 experts!"*

Today Ilya again finds himself in a job that can't work without team spirit. He still has two offices, but this time they are both in Russia. *"I am very familiar with the bank's Paris headquarters and I'm Russian. This helps me connect people who do not know each other but who have everything to gain by working together."* ■

*CIS: Commonwealth of Independent States, which includes most of the former Soviet Republics.

RESPONSIBLE HR POLICY

Societe Generale Group:

- treats its employees with respect and fairness in their diversity, giving each person the chance to develop his or her talents;
- cultivates team spirit and creates a working environment that fosters trust;
- develops its employees' ability to adjust to changing environments and meet new challenges;
- allows all employees to take advantage of a skills development strategy throughout their careers;
- recognises and values performance via its compensation policy;
- promotes personal development in a diverse, cosmopolitan environment offering a variety of opportunities;
- develops managers' leadership qualities by encouraging them to listen and motivate their teams and to encourage their development.

Every two years, a survey of employees' perceptions is conducted via a Group-wide employer survey. The most recent results of this in-house survey of 131,000 employees worldwide, conducted in 2011, were followed up in 2012 by more than 400 action plans that in a number of subsidiaries were drawn up as part of a collective effort – focus groups or dedicated workshops. These plans primarily focus on explaining and disseminating the Group's strategy, employee development, managerial practices, performance management, improving the working environment and change management.

ANALYSIS

“We need dynamic, determined team-players”

ÉDOUARD-MALO HENRY
Head of Group Human Resources



To build the Societe Generale of tomorrow, we need enterprising employees who are as bold, agile and innovative as is necessary to keep up with our changing environment. This is the main message of our new recruitment campaign: “Do you see yourself...” (“Vous imaginez-vous?”). It places an emphasis both on personal qualities – the willingness to accept challenges and the ability to take controlled risks – and on the vital prerequisite for success: team spirit. Hence the last part of the message: “...developing and facing challenges as part of a team?” To put it simply, to write the next chapter of our story, we need team players who can expand our collective intelligence. To become THE relationship-focused bank, we must first become a relationship-focused company of reference. Serving our clients to the best of our ability and doing our job well means having less silos, more harmony and fluidity in our relationships and processes and more regard for and openness to others. Today's real creators are connected individuals who are completely in tune with their environment. Against this background, our human resources management must simultaneously help talented individuals to develop and to create a bond in order to constantly move toward working together more closely!

PEOPLE

“No matter what your skills were when you started, you can move ahead,”

CHRISTELLE ASENCI

HEAD OF THE CREDIT SUPPORT GROUP

After joining Societe Generale in 1992 as a back office assistant in the Chemicals/Oil & Gas Department of the Large Corporates Division, today Christelle Asenci heads the Credit Support Group, a four-person team that provides support services to the 50 risk analysts working in the Risk Division for the Corporate and Investment Bank.

Specifically, she monitors alerts issued by credit rating agencies and forwards them to the appropriate analysts. Christelle Asenci is also in charge of reporting on “watch list” files to the Risk Division. These are files under supervision that might require accounting provisions. She enjoys her support role and the link that her team has forged between the business lines and the analysts. “I was a little apprehensive about managing people who were previously on the same level as me,” she admits. But eventually she earned legitimacy as a manager because of her in-depth knowledge of the work and the team. Christelle has held nine different jobs at Societe Generale over the years. After her first job in the back office, she was transferred to the foreign department of the La Défense corporate branch because of her perfect command of English. She remained in that position for five years. The Human Resources Department then sent her to the Champs Élysées branch, where she assisted two advisors responsible for business relationships with English-speaking corporate



CHRISTELLE ASENCI

clients and institutions, including the United States embassy. Later, she worked for the Customer Service Department in Nanterre as an analyst-advisor and focused on compiling credit files. “I’ve had the opportunity to progress – in the beginning, that wasn’t necessarily an easy thing to do. I think I’ve tried every available resource for changing jobs, including the Group’s job exchange platform, *Bourse des Emplois*, which helped me find my current position. Here at Societe Generale there are managers who are willing to push you and put their trust in you.” Her current supervisor

filed an application for a skills recognition programme (the “latéralat”) that leads employees towards managerial posts. It was approved in November 2011. “What characterises Societe Generale is, above all, the variety of businesses and profiles you can find here. No matter what your skills were when you started, you can move ahead if you want to. Development is also promoted through quite a large number of in-house training opportunities: when you take on a new position, you come equipped with the skills you need.” ■

Promoting diversity and gender equality



COMMUNITIES

The UK Diversity Committee, which consists of employee volunteers, helps promote an inclusive atmosphere and prevent discriminatory behaviour. It was launched in 2008 with the backing and support of the bank’s senior management in the United Kingdom and the HR teams. The Committee encourages and provides financial support for the development of communities within the company: the UK Women’s Network; the Family Network, which is primarily concerned with work/life balance; the Multicultural Network and the LGB (lesbian, gay and bisexual) Network. These four communities provide support to employees who experience harassment.

HANDIPROLINE

In 2012, the Group’s *Mission Handicap* set up Handiproline, an anonymous advisory hotline run by an external company that is available to all employees. The objective is to create a space for dialogue for employees who do not know how to declare their disability, and to answer questions from employees who work alongside disabled people.

CAPITAL FILLES

Societe Generale is a founding partner of *Capital Filles*, which was launched in 2012 to help high school girls in France from underprivileged socio-economic backgrounds acquire confidence in their abilities. More than 70 women from the Group act as sponsors and provide support for young women to continue their education. One of the objectives of this programme is to encourage them to enter traditionally masculine activities and professions.

PROGRAMME APPROVED IN LUXEMBOURG

Luxembourg’s Ministry of Equal Opportunities has approved the Equal Opportunities for Men and Women programme launched in 2012 by the Group’s Private Banking, Global Investment Management and Services businesses in Luxembourg. The 15 measures defined in connection with promoting gender equality and work-life balance will be monitored and supported by the Ministry.

KEY FIGURES

Hiring

- 12,323 new hires Group-wide on permanent contracts in 2012.
- Nearly 3,500 students in work-study programmes (apprenticeship and professional qualification contracts) and international corporate volunteer (V.I.E.) contracts in the Group’s French entities during 2012.
- 3,853 interns welcomed over the course of the year by Societe Generale SA in France.

Training, careers and mobility

- 84% of all employees took at least one training course in 2012.
- More than 2,000 employees took advantage of the programmes and resources offered by the Corporate University.
- 8,350 employees of Societe Generale SA in France advanced their careers by changing jobs in 2012.

Diversity and gender equality

- 6 women* among the 15 members of the Group’s Board of Directors.
- 60% of the Group’s employees are women.
- 2,136 disabled employees (as defined by local legislation) worldwide in 2012, including 1,072 who were employed by Societe Generale SA in France (hiring target for 2011-2013: 150 additional employees).

Employee share ownership

- 101,000 active and retired employee shareholders worldwide at 31 December 2012.
- In 2012, 130,000 active and retired employees were given the opportunity to subscribe to a reserved capital increase. 23% of those eligible took part in the transaction.

*Including two staff-appointed directors.

Read more
societegenerale.com/ra49/EN

SOLIDARITY

Matching Group and employee commitments

Paris to London Bike Ride

For the past five years, the Paris-to-London Bike Ride has been one of the key events of Citizen Commitment Week, which embodies the Group's solidarity-based commitment to help the Societe Generale Foundation's partner organisations.



25 January 2013: Pro Bono Day



Pro Bono days call on Societe Generale employees to put their talents to work to help solidarity-based organisations. This is a new form of skills-based sponsorship that is matched with the Group's commitments: in 2012, more than €9 million was allocated to solidarity-based initiatives.

"Who are your clients? Is the basic problem not having enough buyers or sellers? Have you thought about other distribution channels? I've read your statutes and I have a question about subscriptions..." The questions kept on coming. Around the table, Societe Generale employees reviewed balance sheets, dissected brochures and delved enthusiastically into some of the issues facing not-for-profit organisations. At a time when solidarity-based organisations are becoming increasingly professional, these employees shared their insights as bankers, communications officers, legal experts or experienced IT project leaders. Gathered together for "Pro Bono Day" on 25 January, 30 employees lent their skills to three organisations, all partners of the

Societe Generale Foundation, who came for their advice. The Paris Macadam association, which in 2006 resumed publishing its street paper with the slogan, "Quality, not charity!", wanted to rethink its business model. It aims to become a reference for street marketing serving social integration. The Jeanne Blum School, which provides paramedic training to young dropouts and adults in career transition, wanted to work on its communications. Club Horizons came with two goals: organising one of its "100,000 Solidarity Encounters" sessions to bring together Societe Generale employees and job seekers, and designing a suitable IT tool to manage its increasingly voluminous database.

HANDISPORT: 10 YEARS OF PARTNERSHIP

As a partner of the French Disabled Sports Federation (Fédération Française Handisport or FFH) since 2003, Societe Generale supported the French Paralympic athletes in London in 2012 and invited the Group's clients and employees to come out and cheer them on. During the upcoming 2014 Winter Paralympic Games in Sochi, Russia, Marie Bochet, a five-time IPC Alpine Skiing World Champion and Societe Generale ambassador, will compete for gold and attempt to become the paralympic alpine skiing champion.



Encouraging skills-based sponsorship

Societe Generale has decided to develop skills-based sponsorships in the form of "Marathon Days", an idea developed by Pro Bono Lab, a Group partner organisation since 2011. Created by three students from HEC business school, this organisation was built on a single observation: why hadn't pro bono services (a form of skills-based sponsorship practised by legal and advisory firms in English-speaking countries) caught on in France? These three students undertook a study in the United States to take a close look at this type of social commitment and ended up spending six months there, with financial support from the Societe Generale Foundation. When they returned to France, they decided to draw on their experiences to create a skills-based sponsorship programme that they would then propose to French businesses. Societe Generale was one of the very first to adopt the practice, and so

THE SOCIETE GENERALE FOUNDATION

The Societe Generale Foundation for Solidarity promotes professional integration for people who are marginalised or at risk of being marginalised, by supporting programmes and organisations that create bridges to employment (such as workforce integration through economic activity, training and the combat against illiteracy).

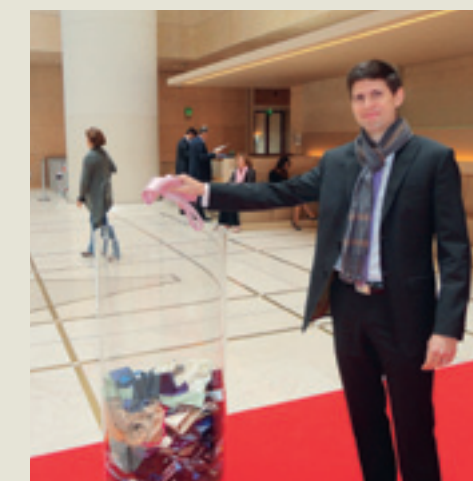
It primarily supports organisations with which the Group's entities already have relationships. In 2012, 93 projects were funded in France and internationally, for a total of €2 million. Some subsidiaries have also created their own foundations, such as the Societe Generale Institute in Brazil, the Jistota Foundation in the Czech Republic or the SG UK Charitable Trust in the United Kingdom. All efforts combined, the Group has allocated €9 million to solidarity-based initiatives.

- **Care International:** The Foundation has partnered with this NGO since 2008 and co-finances education access programmes for disadvantaged children in Peru, Mali, Bangladesh, Morocco and Benin.
- **Citizen Commitment Week:** In 2012, Citizen Commitment Week mobilised some 10,000 Societe Generale employees from 113 entities in 41 different countries. 211 solidarity-based initiatives raised €678,000 in funds for partner organisations.
- **Sponsorships:** The Societe Generale Foundation supports six organisations (Nos Quartiers ont des Talents, Proximité, Solidarité Nouvelle Face au Chômage, Mozaik RH, Frateli, Capital Filles) which offer the Group's employees an opportunity to sponsor the organisation's target populations – young graduates, the long-term unemployed etc. In 2012, almost 300 employees volunteered as sponsors.

the young entrepreneurs of Pro Bono Lab were able to provide expertise to the same bank that helped them acquire it. This is consistent with the constructive, collaborative approach that Societe Generale and the Societe Generale Foundation practise with their partners.

language, to integrate into the labour market. The subject addressed by the young bankers was finding and keeping association volunteers. ■

"Skills-based sponsorship is also a tool for employee development. The Pro Bono Marathon is a way to turn their commitment into action while giving meaning to their professions and their know-how. For the teams, this is a chance for all the different businesses to rally round common values," explains Cécile Jouenne-Lanne, Head of Corporate Citizenship for the Group. Societe Generale's Human Resources Department will be responsible for rolling out this skills-based sponsorship formula at Group level, after initial tests in Paris. A primer on methods and a deployment kit designed by Pro Bono Lab will be distributed starting in 2013. The "Graduates" programme, which provides coaching for new young hires with high potential in the Group's Corporate and Investment Banking arm, has already produced one international event via videoconference between Paris, London, New York and Madrid, with a contribution from Hong Kong. This was to support the Centre Charles Péguy, an organisation that helps young French newcomers to London, who often have no training and no knowledge of the English



The Tie Challenge

A scarf and tie collection drive was organised in the bank's various entities in aid of organisations dedicated to professional integration through the Agence du Don en Nature ("Donation in kind agency"). This unprecedented charitable challenge was a tremendous success with employees: 8,600 accessories were collected around the world, resulting in a donation of €15,000 to Apprentis d'Auteuil from the Societe Generale Foundation.

ARTS PATRONAGE

Building bridges with the audiences and talents of tomorrow

A symphony orchestra that includes Group employees, support for the development of young violinists, introducing young people to contemporary art: Societe Generale's arts patronage policy is building a network of links between culture, business and society.

In June 2013, Paris will host an event that neatly sums up Societe Generale's arts patronage effort. At the prestigious Salle Pleyel, one of the Group's longstanding partners, an unusual type of symphony orchestra will perform. Musicians and choir members will be Societe Generale employees. They have spent months rehearsing in a space converted to a concert hall at Group headquarters under the baton of one of the most charismatic conductors of his

generation, François-Xavier Roth, founder of the chamber orchestra *Les Siècles*. Mécénat Musical Société Générale has been supporting this ensemble since 2007. Today it performs at the biggest international music venues while multiplying its efforts to introduce classical music to as many people as possible. Along with rugby, Societe Generale has been sponsoring classical music in France for a quarter of a century and has earned a degree of legitimacy in the world of music that far



"All for one and one for all!"

FRANÇOIS-XAVIER ROTH
Conductor and Founder, Les Siècles Chamber Orchestra

I have always fought against an elitist vision of music and promoted amateur performance. So it has been a pleasure to form an orchestra with Societe Generale employees and forge new ties with a key partner who has been supporting us for many years. Anyone can take up music at any age – you just need the courage to do it, and that is what these employees have. Music creates multiple areas for social interaction between people who often cross paths without getting to know one another, and who have never exchanged a word or shared a rehearsal, a smile or a problem. My objective is to ensure that each person finds a place in this collective process that we call music. At Salle Pleyel, the performers will no longer be employees of a large bank but members of a choir and a symphony orchestra where their talents will resonate together. As the orchestra's founding principle puts it: all for one and one for all!



surpasses its financial commitment, which represent an annual budget of €1.5 million. In addition to its support for orchestras and ensembles (about 20 in 2013), Societe Generale sponsors educational programmes, offers scholarships to students enrolled at the national conservatories in Paris and Lyon (more than a thousand students have received assistance over the past 25 years) and loans out instruments. At the beginning of 2013, Mécénat Musical Société Générale launched a contest that will give six young violinists a chance to use a contemporary violin for three years. These are very high-quality instruments that will help them develop their careers.

Contemporary art and bridging generations

Youth outreach is also at the core of the Group's approach in the area of contemporary art. Societe Generale's contemporary art collection features some 350 original works and 700 lithographs, prints and silk-screen prints, making it one of the largest collections of contemporary art assembled by a bank in France. They are all exhibited on the Group's premises when they are not on loan to exhibits at other institutions. Since 2012, in addition to thematic exhibitions put together by guest curators, "discovery trails" have been organised several times a month for children between the ages of 8 and 12. These use the works of art distributed around the various spaces at the La Défense towers. An "exploration notebook" invites each young visitor to ask questions about the works and to discover more about what makes these pieces unique. In similar spirit, two partnerships with student organisations were created in autumn 2012 and will continue throughout 2013. The first focuses on a programme created by students at Sciences Po, the Paris social sciences university, for young people between the ages of 18 and 25. Based on the same principle as the children's programme, this partnership offers

Read more
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In April 2012, Societe Generale launched a new website devoted to this organisation. It features all Societe Generale's music patronage activities, as well as articles, interviews, profiles and sound and video clips. Come and explore!

f Mécénat musical Societe Generale.

t Mécénat musical.

TWO OF THE TWELVE WORKS ACQUIRED IN 2012 BY THE SOCIETE GENERALE COLLECTION

Societe Generale's art acquisition policy is determined by a selection committee that pairs experts from the art world and serious-minded amateurs from the company's ranks, who are recruited through an in-house call for applications. Their proposals are then submitted to an acquisitions committee consisting of Frédéric Oudéa, Chairman and CEO, Séverin Cabannes, Deputy Chief Executive Officer, and Caroline Guillaumin, Head of Group Communication.



Denis Rouvre – Lamb #29 – Lamb Series, 2009
Wrestlers of the Lébou wrestling stable, Rufisque, Dakar region, chromogenic colour print.



Benjamin Sabatier – Briques II, 2012
Brick and clamps on a painted plinth.

www.collectionsocietegenerale.com

a discovery trail organised around a few of the collection's flagship works, selected by the students. The second partnership, with the Université Paris Panthéon Sorbonne, offers an opportunity for students enrolled in the Masters degree programme in curatorial studies to get involved in the life of the collection by preparing and organising guided tours. The students have been entrusted with organising a new exhibit and producing the catalogue that will accompany it. In this way, Societe Generale encourages the students to serve as bridges between their generation, the world of contemporary art and the company. ■



An "exploration notebook" invites each young visitor to discover the works exhibited at La Défense headquarters.

RUGBY

Twenty-five years of teamwork!



Fifteen iconic players from the 1980s reunited for the photo celebrating 25 years of partnership.

Transforming itself while remaining faithful to its roots: this is what the world of rugby and Societe Generale have accomplished, both on their own and together, by sharing a common vision of commitment grounded in the local community to better expand to new frontiers.

That day in June 2012, they all came to pose for the anniversary photograph. All the iconic players of the 1980s put their boots back on to celebrate 25 years of partnership between the rugby world and Societe Generale. This is a story built on common values and, above all, on team spirit, of which rugby is

OLIVIER MAGNE, AN INTERNATIONAL RUGBY UNION FOOTBALLER FOR MORE THAN TEN YEARS

“25 years of partnership represents a strong and lasting commitment, no matter who has been at the helm of Societe Generale. Multiple ties exist between the two worlds, with a view to making team spirit and human values common denominators.”

the ultimate symbol. The world of rugby has changed dramatically since 1987, entering the professional era while staying true to its roots as it conquers an ever-growing audience. Societe Generale has transformed itself too,

becoming a major international group. The two partners have also grown together, forging ties over the years that have reinforced their initial collaboration. Both have understood how to unite local concerns with global ones.

A quarter of a century after signing the first agreement with the French Rugby Federation (FFR), Societe Generale is committed to promoting rugby in all its forms and on every continent.

From international teams...

The most visible sign of this commitment is the Group's role as official sponsor of the French national rugby union team, which it supports in its international matches across the world. The “*Talent d'Or Societe Generale*”, awarded after each game to the player voted man of the match by viewers, is now part of rugby's cultural heritage. Sponsoring the French rugby team naturally led the Group to sponsor the Rugby World Cup in 1999, a sponsorship renewed without interruption since 2007. The next World Cup, in England in 2015, offers another opportunity to demonstrate the Group's international reach. Societe Generale also supports national rugby federations in Asia, Europe and Africa.

... to amateur rugby clubs

As well as backing top-level professionals, the bank also supports the amateur game. In France, the Group partners with over 400 regional and local rugby clubs. Firmly implanted in France's regions and towns like Societe Generale's French network, these clubs receive donations of uniforms and equipment of every type: sets of jerseys, bibs, goal post protectors etc. The world of amateur rugby, the grass roots without which there would be no great players or major matches, was celebrated by Societe Generale in 2012 with its “Teams Behind the Teams” campaign. This constituted a homage to all the volunteers who keep that flame alive, from club leaders and trainers and the fans who turn out in fair weather or foul to the men and women who provide the logistics at game time. Of course, the campaign was conducted with the active participation of Societe Generale's branches and local employees, who are more familiar than anyone else with the *milieu* of clubs and amateur teams.

Passing the torch

Participating in the development of rugby also means attracting new talent from beyond rugby's traditional lands. It is in this spirit, and working closely with its retail network teams, that Societe

Generale organises rugby Ambassadors' Days every year, in partnership with the French National Rugby League. In 2013, Chartres, Versailles, Niort and Rouen will host the 9th annual Ambassadors' Days with the aim of promoting rugby and its values in regions and towns that have no professional rugby teams. Ambassadors include professional players, referees and personalities from the world of rugby. Over two days, they talk with local students and CEOs, give tips and tricks to young rugby players and meet with community-based charities. Since the creation of the Ambassadors' Days, the event has travelled to 33 towns, and more than 100 professional players have taken part. As Marc Lièvremont, former manager of the French national rugby union team and an ambassador himself, said: “*The dialogue needs to be ongoing, because French sports and rugby are built like a pyramid. At the base are the training clubs, the teachers and the kids. At the top there is the French national team. This tradition of passing the torch must continue into the future*”. This was very much in the spirit of the silver anniversary celebrated in 2012: passing on the eternal flame of passion for this beautiful team sport from one generation to the next. ■

SUPPORTING THE EMERGENCE OF RUGBY SEVENS IN CHINA

As partner to the China Rugby Football Association, Societe Generale supports the Chinese national men's and women's rugby sevens teams. This sport is attracting a growing public around the world and especially in China, where its popularity is on the rise. The partnership is focused in particular on the Shanghai tournament, which is organised in connection with the Asian Rugby Sevens Championship. In 2012, the Chinese women's team took first place and the men's team finished second.



WE WOULD PARTICULARLY LIKE TO THANK
THE CLIENTS AND EMPLOYEES OF SOCIETE GENERALE
GROUP WHO CONTRIBUTED TO THIS DOCUMENT.

Cover

From back to front and left to right:

Raphaël Lorin, client of Societe Generale Nantes Viarme and Claire Guillot, his branch manager;
Pavel Zit, advisor of Michala Kunášková, a Komerční banka client;
Mehdi Najid, client of Société Générale Maroc and Amal Mzali Maazi, his advisor.

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