2011 REMUNERATION POLICIES AND PRACTICES REPORT

26 APRIL 2012

DEVELOPPONS ENSEMBLE

L'ESPRIT D'EQUIPE

SOCIETE GENERALE

SUMMARY OF GROUP REPORT

The remuneration policy implemented by the Group seeks to achieve a fair balance between **attracting employees and encouraging their loyalty** and ensuring employees are committed to contributing to the Group's long-term performance, in the interest of its clients, through an appropriate management of risks and compliance.
With respect to the Chief Executive Officers, furthermore, it is aimed at rewarding the implementation of the Group's long-term strategy in the interest of its shareholders, its clients and its employees.

CORPORATE GOVERNANCE OF REMUNERATION POLICY

The objective of the governance applied by the Group in the field of remuneration policy is to ensure it is reviewed exhaustively and independently, through:

> an **annual review of remuneration**, which is coordinated by the Human Resources Division, and involves the Bank's control functions, in successive stages of validation ranging from business lines/entities to General Management;
> an ultimate **validation** of this policy, covering principles, budgets and individual allocations, by the Board of Directors **after it is assessed by the Compensation Committee**.

This remuneration policy is reviewed by the French Prudential Supervisory Authority (ACP or *Autorité de Contrôle Prudentiel*) with respect to its compliance with regulations (European CRD III Directive and its transposition in France via Regulation No. 97-02), for those staff members exerting a significant impact on the Group's risk profile (hereinafter "regulated population").

GROUP'S POLICY AND PRINCIPLES WITH REGARD TO REMUNERATION

The policy implemented by the Group in 2010 benefited from:

> a positive review by the Internal Audit Division;
> a positive initial assessment of the extent to which risks are taken into account in variable remuneration schemes according to the assessment tool developed by Towers Watson, an independent consultancy firm;
> a satisfactory external evaluation by the ACP.

These assessments of the policy implemented in 2010 demonstrated that it complied with regulatory constraints.

For 2011, as the framework defined by CRD III has not been modified, the Group's remuneration policy is in continuity with the policy implemented in 2010:

> the perimeter of the regulated population includes 3,550 individuals (including Chief Executive Officers), comparable to that of 2010, based on the same methodology to identify relevant staff by activity and by position. As in 2010, this approach promotes awareness among a large number of employees of the risks related to their professional activity;
> variable remuneration of employees, and more specifically of the regulated population, depends on individual and collective performance and is based on qualitative as well as quantitative objectives;
> variable remuneration pools are determined on the basis of:
  - the financial results of each business line after taking into account costs of risk, capital and liquidity;
  - but also qualitative factors such as market practices, conditions under which activities are carried out and risk management. Risk management, for activities within Corporate and Investment Banking, Private Banking, Asset Management and Global Investment Management Services, is independently assessed by the Risk Division and the Compliance Division.

  The Finance Division ensures that the total amount of variable remuneration does not undermine the Group's capacity to meet its capital requirements;
> the allocations of individual variable components are correlated to a formalised annual individual appraisal that takes into consideration quantitative and qualitative objectives set according to the employee's activity and the level of his/her position. The extent to which said objectives are met can be monitored by indicators that are known to the employee. It also takes into account risk management and compliance with regulations and legislation: the Risk and Compliance Divisions accordingly assess regulated employees individually, focusing in particular on managers;
> the structure of variable remuneration awarded in 2011 to the regulated population is in accordance with regulations, with a deferred component entirely conditional on a certain level of performance being met

by the relevant activity/entity. The deferred component vests over 3 years in equal instalments. For individually regulated employees, the deferred component represents at least 40% and may reach 70% for the highest variable remunerations. At least 50% of variable remuneration is awarded to them in the form of Société Générale shares or equivalent instruments (50% of the vested part and 67% of the non-vested part). Thus, for this category of staff, the part of their variable remuneration that is immediately paid out in cash is capped at 30%, or even 15%, for the highest variable remunerations. Shares and instruments indexed to the share price, in addition, are subject to a retention period ranging from 6 months to 2 years.

Remuneration awarded to the regulated population, in 2011, broke down as follows:

	Number of people	2011/ 2010	Total remuneration in €m in 2011	2011/ 2010	Total amount of the fixed component in €m	2011/ 2010	Total amount of the variable component in €m	2011/ 2010
Regulated Population (*)	3,546	-3%	833	-27%	423	4%	410	-44%

(*) Excluding Chief Executive Officers

CHIEF EXECUTIVE OFFICERS

The remuneration of the four Chief Executive Officers complies with the CRD III Directive and its transposition in France via Regulation No. 97-02. It complies with the recommendations of the AFEP-MEDEF Corporate Governance Code. Accordingly, the remuneration of Chief Executive Officers is defined by the Board of Directors on a proposal of the Compensation Committee.

In addition to the fixed salary, which rewards experience, responsibilities and market practices, variable remuneration rewards performance during the year and the contribution of Chief Executive Officers to the success of the Société Générale Group.

The variable remuneration of Chief Executive Officers depends:

> for 60%, on the extent to which quantitative goals are met:
  - at Group level: earnings per share and gross operating income;
  - at the level of their scope of supervision: Group net income and gross operating income
> for 40%, the extent to which qualitative goals related to the implementation of Group strategy are met:
  - business lines' strategies;
  - human resources management;
  - cost control;
  - social and environmental responsibility.

It is capped at 150% of fixed salary for the Chairman and Chief Executive Officer and at 120% for Deputy Chief Executive Officers.

On the basis of these criteria, the annual variable remuneration of the four Chief Executive Officers in 2011 decreased by 42% on average, compared with a 39% reduction in Group net income. Their variable remuneration is entirely allocated in the form of Société Générale shares or equivalent instruments which are all deferred over a period of 3 years.

Chief Executive Officers are subject to obligations in terms of holding and retaining Société Générale shares.

The Chairman and Chief Executive Officer does not benefit from any supplementary company pension scheme or any contractual severance payment.

PREAMBLE

This document was drafted in application of Articles 43.1 and 43.2 of Regulation No. 97-02 relative to the internal control of credit institutions and investment firms, as amended by the decree of 13 December 2010 which modified the regulatory requirements concerning the remuneration of staff whose activities are likely to have an impact on the risk profile of credit institutions and investment firms. Regulation 97-02 transposed into French law the provisions of the so-called "CRD III" European Directive 2010/76/EU of 24 November 2010.

PART 1. CORPORATE GOVERNANCE OF REMUNERATION POLICY

The Group's remuneration policy is reviewed every year. It is defined by General Management, on a proposal of the Group Human Resources Division. The Board of Directors approves this policy, after examining the Compensation Committee's recommendation.

The Group's remuneration policy, in particular with regard to the categories of staff whose activities have a significant impact on the Group's risk profile (hereinafter "regulated population"), is applied to Société Générale as well as the entities it controls, in France and throughout the world. The policy applied to the regulated population is adapted outside France in order to comply with local regulations. The Group's rules are to be applied, except when local regulations are more stringent.

The definition of this policy draws on analysis of the market context and surveys covering remuneration carried out by external consultants, i.e. Aon-Hewitt/MacLagan, Towers Watson and Mercer, with regard to the categories of employees that belong to the regulated population.

In 2011, Société Générale acquired a tool developed by Towers Watson (cf. 2.1 hereafter) that enables it to ensure that the variable remuneration policy applied to the regulated population in the Corporate and Investment Banking division maintained a fair balance between risk and remuneration and complied with regulations.

1.1 The composition and the role of the Compensation Committee

The Compensation Committee is made up of four members, including three independent directors, who are not Chief Executive Officers or tied to the company or any of its subsidiaries by an employment contract. The presence of the Vice-Chairman of the Board of Directors on the committee facilitates cooperation with the Audit, Internal Control and Risk Committee, of which he is Chairman.

The directors are:

Jean-Martin Folz, Company Director: Independent Director, Chairman of the Compensation Committee and the Nomination and Corporate Governance Committee.

Michel Cicurel, Chairman of Compagnie Financière Edmond de Rothschild and of Compagnie Financière Saint-Honoré: Independent Director, Member of the Compensation Committee and the Nomination and Corporate Governance Committee.

Luc Vandevelde, Company Director: Independent Director, Member of the Compensation Committee and the Nomination and Corporate Governance Committee.

Anthony Wyand, Vice-Chairman of the Board of Directors: Chairman of the Audit, Internal Control and Risk Committee, Member of the Compensation Committee and the Nomination and Corporate Governance Committee.

The main missions of the Compensation Committee are defined in Section 11 of the 2012 Registration Document and cover, in particular, the following aspects:

- it reviews the principles underlying the remuneration policy applied to Chief Executive Officers as well as their implementation and their annual evaluation;
- it prepares the decisions of the Board relating to the employee savings plan and the long-term incentive scheme offered to employees;

- > it reviews every year the proposals put forward by General Management relating to the principles of the remuneration policy applicable in the Group and checks with General Management that they are effectively implemented; it monitors in particular the overall amounts allocated to the fixed salary increases for the forthcoming year and the variable remuneration for the previous financial year;
- > it reviews every year the remuneration policy applied to the regulated population and verifies that General Management's report complies with the provisions of Regulation No. 97-02 and professional standards.

The Compensation Committee reports its findings to the Board of Directors. It carries out the same tasks for the Group companies supervised by the French Prudential Supervisory Authority (hereinafter "ACP") on a consolidated or sub-consolidated basis.

More specifically, the Compensation Committee met 7 times during the past year.
During these meetings, the Committee prepared the Board's decisions with respect to the following issues:

Chief Executive Officers	- Status and remuneration of Chief Executive Officers; - Appraisal of Chief Executive Officers and discussion with the other Directors of the Group; - Review of annual objectives set for Chief Executive Officers proposed to the Board;	March 2012
Regulation	- Verification that Group remuneration policies comply with regulations, in particular with those covering the regulated population (payment structure and terms) - Review of changes in regulation with regard to remuneration and regulators' expectations;	October 2011, December 2011
Group remuneration policiy	- Verification that remuneration policy is in line with the Company's risk management policy and the objectives set in terms of capital requirements; - Review of the extent to which risks and compliance are taken into account and in the variable remuneration policy; - Review of the extent to which regulated staff comply with risk management policies as well as professional standards; - Proposal put to the Board with respect to share plans.	December 2011, February 2012
Employee shareholding	- Study of the terms and conditions of the share capital increase reserved for employees; - Long–term Incentive scheme (performance shares)	February 2012 March 2012

1.2 Internal governance of remuneration within the Group

The annual process conducted to review individual situations (fixed salary plus, when relevant, variable remuneration and/or performance shares) is coordinated by the Group Human Resources Division following various validation stages at the level of subsidiaries/business lines, business divisions, the Group Human Resources Division and General Management and, finally, the Group Compensation Committee. The validation stages cover policy and budgets as well as individual allocations, with the Group Human Resources Division ensuring the consistency of the overall process while documenting the various validation stages at Group level. Legal and regulatory obligations in force in entities in France and in entities and countries outside France are taken into account in this process.

Moreover, General Management has defined, in addition to the annual process conducted to review individual situations, a system for the governance and delegation of remuneration decisions which applies to the whole Group. Above certain thresholds and under certain conditions, decisions relating to remuneration, which can be taken in various situations of human resources management (recruitment, internal mobility, promotion, departure,…) require validation by the Group Human Resources Division or General Management. These delegation rules are notified to business divisions that subsequently apply them at their level.

1.3 The role of control functions

In compliance with the rules concerning bank remuneration policies and practices defined within the framework of the European CRD III Directive and transposed into French law via Regulation No. 97-02, control functions, including in particular the Risk Division, the Compliance Department and the Finance Division, are involved in the process of reviewing the Group's variable remunerations and, more specifically, those of the regulated population.

Control functions intervene in the following key stages:

> the Risk Division, the Compliance Department and the Human Resources Division jointly identify the regulated population, both in terms of the covered perimeter of activities as well as covered positions (cf. 2.2 hereafter);
> the Finance Division and the Risk Division validate the methodology used for setting variable remuneration pools, checking that the various kinds of risk have been taken into consideration, while the Finance Division furthermore checks that the total amount of variable remuneration does not hinder the Group's capacity to build up its capital base (cf. 2.3.1.1 hereafter);
> the Risk Division and the Compliance Department assess risk and compliance management by the business sub-lines of Corporate and Investment Banking, Private Banking, Asset Management and Global Investment Management Services (cf. 2.3.1.1 hereafter), and give their opinion about the manner in which employees who individually have a significant impact on the Group's risk profile take these aspects into account (cf. 2.3.1.2);
> the Finance Division, the Risk Division and the Compliance Department take part in the process of defining deferred remuneration schemes (structure, performance conditions and malus clauses) (cf. 2.3.3).

The independence of these control functions is guaranteed by direct reporting to the Group's General Management. Moreover, as with all Group support functions, these functions are compensated through variable remuneration pools determined according to the Group's overall performance, independently of the results of the activities they control. The allocation of these variable remuneration pools is based on the extent to which objectives specific to their function are met.

This governance system ensures that remuneration decisions are made independently and objectively. The process is reviewed *ex post* by the Internal Audit Division.

PART 2. GROUP REMUNERATION POLICIES AND PRINCIPLES

The aim of the Group's remuneration policy is to enhance the efficiency of remuneration as a tool in terms of attracting and retaining employees who contribute to the success of the company while ensuring that employees manage risks in an appropriate manner and comply with regulations. This policy is based on principles common to the whole Group, but may vary by business line and geographic area in which the Group operates (these principles are detailed in Section 6 of the 2012 Registration Document). This policy is consistent with the principles set out by regulators and French professional banking standards, and complies with local social, legal, and fiscal legislation.

Remuneration includes a fixed component that rewards the capacity to hold a position in a satisfactory manner through the employee displaying the required skills and, when relevant, a variable component that aims to reward collective and individual performance, depending on objectives defined at the beginning of the year and conditional on results, but also the behaviour used to meet said objectives, according to standards shared by the entire Group. This variable component of remuneration, above a certain threshold, includes for all Group employees (whether members of the regulated population or not) a deferred component in cash and in securities (shares or equivalent instruments) subject to specific conditions. The manner in which fixed and variable components of remuneration are set also takes market practices into account.

The Group's remuneration policy is defined in a manner that avoids providing incentives that may result in situations of a conflict of interests between its employees and its clients. The governance principles and rules governing remuneration are set out in the Group's normative documentation concerning the management of conflicts of interest.

2.1 Assessment of the policy implemented in 2010 and lessons drawn with respect to determining 2011 policy

Assessments carried out internally and externally demonstrate that the Group's remuneration policy complies with regulatory constraints.

The Group's remuneration policy was subject to independent internal review.

> The review carried out by the Internal Audit Division concluded with a positive assessment of the remuneration policy implemented since 2009 by Société Générale in compliance with regulations. In particular, it highlighted:
  - the increased role played by the Compensation Committee;
  - the publication of an annual report concerning the Group's remuneration policy since 2009;
  - the increasingly widespread use of deferred variable remuneration above a given threshold and of making payment of this deferred part conditional on performance-linked criteria;
  - a more sophisticated integration of costs of risk and capital when determining variable remuneration pools.

> In addition to the review carried out by the Internal Audit Division, the Human Resources Division also assessed the Group's remuneration policy by using the "Incentive Risk Assessment Tool", developed by the independent consulting firm Towers Watson. This tool assesses the extent to which the variable remuneration policy achieves a balance between the motivation of Group employees and maintaining sound risk management. The variable remuneration policy of Corporate and Investment Banking, the first plan to have been assessed by this tool, scored 24 points above the risk management standards established by Towers Watson.
  This tool will be gradually rolled out to the other entities of the Group that implement variable remuneration plans, in order to carry out an inventory of all existing variable remuneration plans and ascertain their pertinence in terms of meeting the objectives that have been set.

The Group's remuneration policy was reviewed by the ACP.

The ACP assessed positively the variable remuneration policy applied to the regulated population defined by the Group. It noted in its report that "Société Générale has taken into account in a satisfactory manner the regulatory provisions covering remuneration policies and practices". In its annual report, however, the ACP identified possible improvements that have been taken into account by Société Générale when defining its 2011 policy.

For 2011, the Group has kept its policy in line with that implemented in 2010, since regulatory constraints have not evolved. The recommendations made by the ACP and the Group's Internal Audit Division have been taken into account:

- it has introduced a procedure that formally sets out the criteria drawn upon to identify the Group's regulated population with a catography of the relevant activities;
- it has drafted documents that define the involvement of control functions in the determination of variable remuneration pools and their allocation at the individual level.

Furthermore, the comments made by the ACP on the Group's 2010 variable remuneration policy have led it to increase the component of variable remuneration awarded in performance shares or equivalents.
As in 2010, Société Générale has furthermore decided not to award any stock options.

In 2011, the French authorities decided to step up their control of remuneration policies conducted by credit institutions. Accordingly, the Group's 2011 remuneration policy was reviewed by the ACP, prior to its validation by the Compensation Committee and the Board of Directors. Between mid-December and late February, the Group therefore sent to the ACP documents providing detailed quantitative and qualitative information about its proposals with respect to the (fixed and variable) remuneration of Société Générale employees (regulated and non-regulated population), as well as the internal documents drawn up for the Compensation Committee.

2.2 Perimeter of the regulated population in 2011

In continuity with the previous financial year, the perimeter of employees subject to the European CRD III Directive and Regulation No. 97-02 covers all staff whose professional activities have potentially a significant impact on the Bank's risk profile, including employees exercising control functions. The methodology drawn upon to determine the perimeter of this regulated population identifies such employees by activity and subsequently by position held. Consequently 3,546 employees (excluding Chief Executive Officers) were included in the perimeter of regulated employees in 2011, i.e. a figure comparable to last year's (3,663 employees).

The perimeter of activities that have a material impact on the Group's risk profile was determined mainly on the basis of work already carried out by the Risk and Finance Divisions, in the context of the process of formal definition of the Group's risk appetite and based on stress test scenarios, the results of which have been communicated to the French Prudential Supervisory Authority. This process is designed to assess the sensitivity of the Group businesses' profitability to stress tests and therefore is a means of identifying those activities having potentially a significant impact on the Group's results. The assessment of the "material impact" of each activity on the risk profile was made at the consolidated Group level.

Within the activities identified, the material impact of individual positions on the risk profile of the company was assessed by the Risk, Compliance and Human Ressources Divisions in order define the identified populations, on the basis of two criteria:

- the level and type of risk of the activity;
- the managerial/decisional level of the position with regard to risk management and compliance.

Accordingly, the regulated population covers categories of employees having individually or collectively a significant impact on the Group's risk profile (hereinafter "individually regulated" and "collectively regulated", respectively). Lastly, pursuant to Article 31-4 of Regulation No. 97-02, a level of remuneration comparable to that of risk takers was also drawn upon as a criterion of inclusion in the perimeter.

As in 2010, the perimeter of the regulated population in 2011 therefore comprises:

- the Group's Chief Executive Officers and senior executives,
- within Corporate and Investment Banking, senior management, financial market professionals, senior bankers, certain professionals in financing and coverage activities,
- executive managers in Private Banking and Retail Banking;
- within control functions, the main managers of the Risk Division, the Compliance Division, the Internal Audit Division, the Finance Division and the Human Resources Division, as well as senior staff in charge of operational risks in the perimeter of identified activities.

2.3 2011 variable remuneration policy applied to the regulated population

Allocation of variable remuneration is not contractual, it depends on both individual and collective performance and takes into account previously defined quantitative and qualitative criteria. It takes into account the economic, social, and competitive context. In order to avoid any conflicts of interest, there is no direct link between variable remuneration and the amount of Net Banking Income generated.
The criteria used to set variable remuneration pools, as well as their allocation, take into account all risks through quantitative and qualitative adjustments (cf. diagram page 11).

A significant part is deferred over three years and subject to continued employment and performance conditions of the business line and/or activity concerned. As such, under the malus clause, when performance conditions are not met, the deferred component of variable remuneration is partially or fully forfeited. Furthermore, any excessive risk taking or any behaviour deemed unacceptable by General Management may result in a reduction or total forfeiture of this deferred component.

2.3.1 The link between variable remuneration and performance and alignment of variable remuneration with (*ex ante*) risk

2.3.1.1 Determination of variable remuneration pools

Variable remuneration pools are set by business line, at a global level, in order to ensure financial solidarity between the various activities and avoid conflicts of interest.

All variable remuneration pools within Corporate and Investment Banking are calculated on the basis of the net normalised profit of the activity, in other words net banking income after deduction of:

- liquidity costs,
- direct and indirect overheads,
- the cost of risk,
- the cost of capital.

The methodology used to take these items into account has been approved by the Group's Risk Division and Finance Division. It complies with the relevant regulatory requirements.

The setting of the overall pool, as well as its allocation to business lines, depends on the aforementioned quantitative factors but also on several qualitative factors.

These qualitative factors include:

- market practices in terms of remuneration (i.e. historical data as well as forecasts supplied by consulting firms);
- general conditions in the markets in which results were generated;
- the stage of maturity of the activity;
- the independent assessment carried out by the Risk Division and the Compliance Department regarding risk management and regulatory compliance. This assessment is carried out at the level of every sub-business line of the Corporate and Investment Banking and Private Banking, Asset Management and Global Investment Management Services divisions. Every sub-business line within each business line is assessed by the Risk Division with respect to the way it manages counterparty risks, market risks and operational risks and by the Compliance Department with respect to managing non-compliance risk. Thus, the assessment made by the Risk and Compliance experts on the collective management of risks has a weighting effect on the manner in which variable remuneration pools are allocated between sub-business lines.

Within the Corporate and Investment Banking division, part of the variable remuneration pool of each business line is allocated to a transversal pool that is used to finance variable remuneration for activities still in their development stage.

With respect to the Private Banking, Asset Management and Global Investment Management Services division, variable remuneration pools are fixed taking into account changes in operating income (after deduction of the net cost of risk), less cost of capital.

With respect to control functions, variable remuneration pools are determined independently of the results of the business activities they control. They are set according to the Group's financial results.

For the Group's senior managers (Chief Executive Officers, Executive Committee and Group Management Committee), variable remuneration is not based on a collective pool but is determined individually on the basis of the Group's financial results, the results of the business activity they supervise, the extent to which they have met their qualitative and quantitative objectives and taking into account market practices as reported by remuneration surveys.

Moreover, the Finance Division includes the proposed variable remuneration pool in the budget forecasts that are used as a basis to forecast regulatory capital ratios. In this respect, variable remuneration is taken into account alongside other factors in capital planning and in terms of its adequacy with respect to the objectives set by the

Bank. General Management reserves the right, at its sole discretion, to re-calibrate variable remuneration pools if they hinder the Bank from meeting the level of capital required to reach the target ratio.

2.3.1.2 Individual allocation of variable remuneration

The individual allocations of variable remuneration components for the regulated population are, as for the entire Group, correlated with the annual individual performance appraisal that takes into account the extent to which quantitative and qualitative objectives have been met.
By consequence, there is no direct or automatic link between the financial results of an individual employee and his or her level of variable remuneration insofar as employees are assessed on their results, those of his/her activity and the way in which said results were achieved.

The objectives set are in accordance with the SMART method (the objectives are Specific, Measurable, Accessible, Realistic and fixed within a Timeframe). This means that the objectives are clearly identified and can be assessed by indicators that are known to the employee.

The qualitative objectives are tailored to the individual employee, in relation to the employee's professional activity and adapted to the position held. These behavioural objectives may include the quality of risk management, the means and behaviours used to achieve results, cooperation and teamwork and personnel management. Such qualitative objectives are listed in a common reference document that is used throughout the Group.

In addition to the individual appraisal carried out by line managers, the Risk Division and the Compliance Department independently assess individually regulated employees and review in particular:

- their sense of risk, technical expertise with respect to risks and compliance with policies and procedures related to risk management,
- whether they perform in accordance with regulations and internal procedures in terms of compliance, as well as the extent to which they are transparent *vis-à-vis* clients with respect to products and the associated risks.

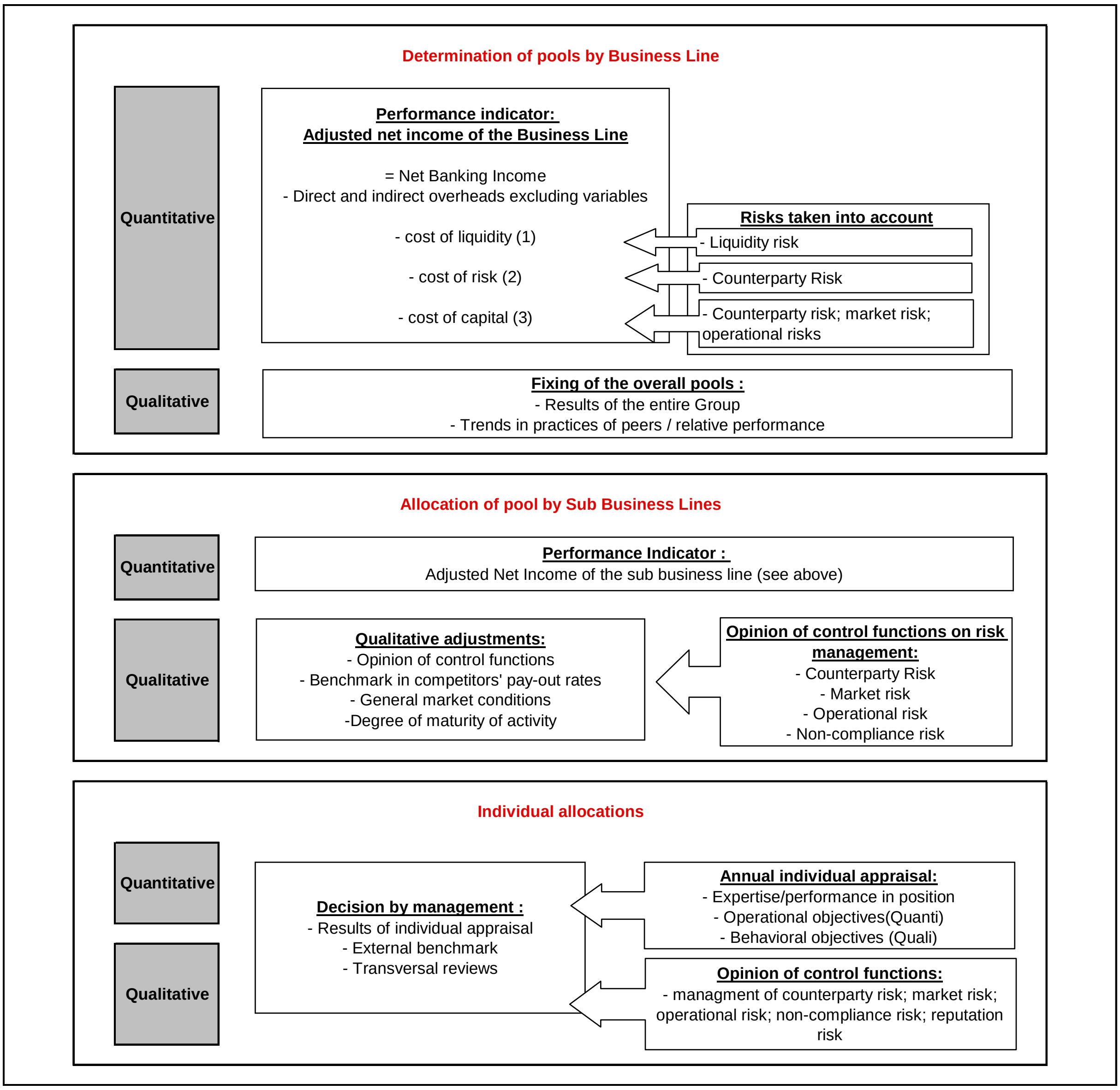
The senior management of these business divisions, General Management and the Group Human Resources Division take their conclusions into consideration when deciding whether to approve the overall variable remuneration pools and the way in which they are allocated at an individual level.

The process is documented by the Human Resources Division and its conclusions are submitted for approval to the Compensation Committee of Société Générale.

In addition, the competitive context in the market place is taken into account by participating in remuneration benchmark surveys (carried out by type of business and geographic area), which provide insight into the remuneration levels practiced by the Bank's main competitors.

Lastly, the Group conducts transversal reviews across the different business lines for comparable job functions, to ensure consistency of remuneration between the various Group activities and to facilitate internal mobility.

Taking into account performance and risks ex ante



(1) Cost of liquidity is invoiced to Business Lines on the basis of an internal grid that takes into account the length and currency of transactions, as well as the market conditions

(2) For market, private banking, asset management and investor services activities: net cost of risk (accounting provisions for risks for the year under consideration)
For financing and coverage activities : expected losses in 1 year on the portfolio + 10% of the accounting provisions for risks for the year

(3) The capital charge applied to variable remuneration pools corresponds to the cost of capital (13%) applied to normative capital (7% of Risk Weighed Assets, RWAs) taking into account accordingly counterparty, market and operational risks

2.3.2 The payout process for variable remuneration

The variable remuneration awarded for 2011 will be paid out according to the rules set out in the relevant regulations.

For the 2011 financial year, deferred variable remuneration accounts for nearly 50% of the total variable remuneration paid to the regulated population. With respect to individual employees, the deferred component is proportional to the level of variable remuneration. This percentage is at least 40% for individually regulated employees and may rise to 70% for the highest variable remuneration levels.

More than 50% of variable remuneration is paid out in the form of Société Générale performance shares or equivalent share indexed instruments (66% of the non vested portion of deferred variable remuneration and 50% of the vested component) for individually regulated employees.
Accordingly, the part paid immediately in cash cannot exceed 30% for individually regulated employees, and can

even fall to 15% for the highest variable remuneration levels (cf. diagram).

Individual variable remuneration breaks down into four parts:

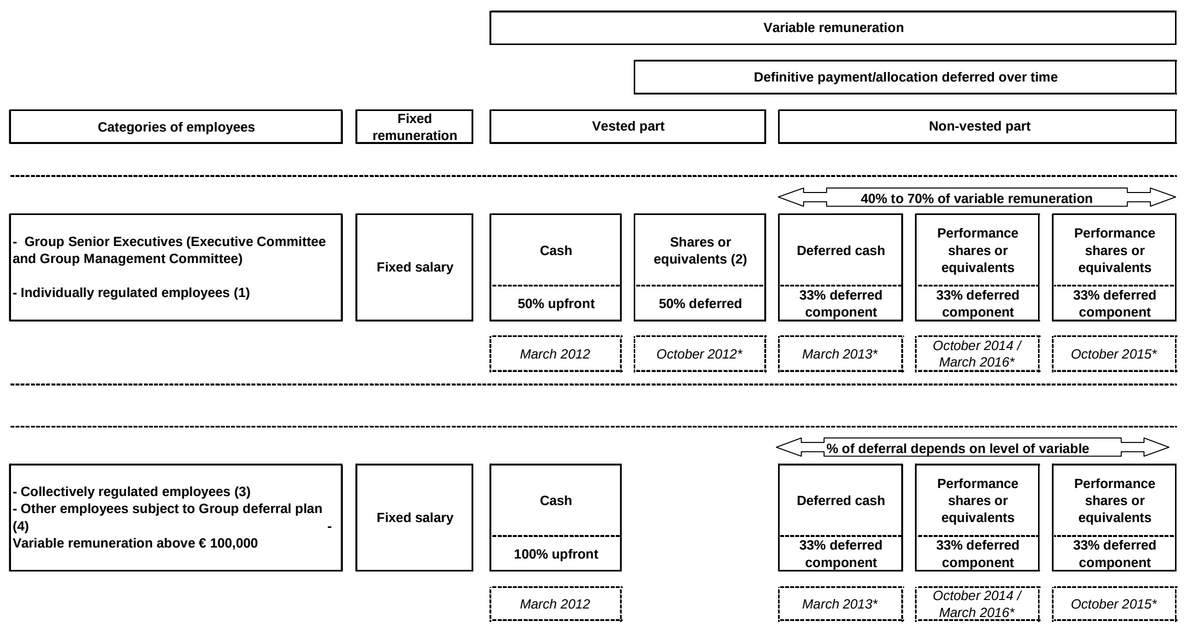
> a component paid in cash in March of the year following the close of the financial year;
> a deferred component paid in cash (which is not indexed to the share price) conditional on the employee remaining in the Bank and the conditions described hereafter in 2.3.3;
> a deferred component in the form of shares or equivalent share indexed instruments, for which the final amount paid to the employee depends on the Société Générale share price at the end of this period.
> a deferred component in Société Générale performance shares or equivalent share indexed performance units:
  - vesting is conditional on the employee remaining employed by the Bank and depends on the extent to which pre-determined performance conditions have been met,
  - and is subject to a retention period post-vesting, where the final value depends on the Société Générale share price at the end of this period.

The retention period lasts six months for instruments indexed to the Société Générale share price. With respect to performance shares, the retention period is two years in addition to the two-year vesting period, in accordance with French regulations.

For collectively regulated employees, some of the payment rules applied to variable remuneration have been adapted in accordance with the proportionality principle (cf. diagram).

All employees receiving deferred variable remuneration are prohibited from using hedging or insurance strategies during both the vesting period and the retention period.

Structure of remuneration (excluding Corporate Officers)



**Date of availability/payment, taking into account the post-vesting retention period (6 months for share equivalents and 2 years for performance shares)*

(1) Employees identified as having individually a material impact on the Group's risk profile
(2) Shares or equivalents remain subject to the potential application of the malus clause during the retention period
(3) Employees who collectively have a material impact on the Group's risk profile
(4) Employees of SG CIB; GIMS and the Group's Central Departments

2.3.3 Performance conditions and risk alignment for deferred variable remuneration (*ex post*)

Vesting of the deferred remuneration component depends entirely on fulfilment of (i) a performance condition and (ii) a condition related to the appropriate management of risks and compliance with rules of professional conduct.

Performance conditions are tailored according to the division and activity. If a minimum performance level is not met every year, deferred variable remuneration is partially or entirely forfeited (malus principle mentioned in Article 31.4 of Regulation No. 97-02).

Performance thresholds are set by the Finance Division and are approved by the Board of Directors.

Performance conditions are set according to the level of responsibility, and are increasingly demanding in line with the beneficiary's hierarchical level. Société Générale senior executives are subject to specific performance conditions, in line with the objectives set out in the Group's strategic plan.

The performance conditions applied to deferred remuneration, by managerial layer, are summarised in the following table:

Managerial layer		Vesting in March 2013	Vesting in March 2014	Vesting in March 2015
		Cash	Shares or equivalents with retention period	Shares or equivalents with retention period
Executive Committee	**Business line**	2012 operating income (*)	Annualised relative TSR (*) between 2011 and 2013	Annualised relative TSR (*) between 2011 and 2014
	Other Functions	Core Tier One Basel 2.5 at 31 Dec. 2012 > Core Tier One Basel 2.5 at 31 Dec. 2011		
Management Committee	**Business line**	CIB (**): 2012 operating income PRIV (**): 2012 cost of risk Other: 2012 operating income	CIB (**): 2013 operating income PRIV (**): 2013 cost of risk Other: 2013 operating income	Annualised relative TSR (*) between 2011 and 2014
	Other Functions	Core Tier One Basel 2.5 at 31 Dec. 2012 > Core Tier One Basel 2.5 at 31 Dec. 2011	Core Tier One Basel 2.5 at 31 Dec. 2013 > Core Tier One Basel 2.5 at 31 Dec. 2011	
Other employees with a non-vested deferred component including regulated population	**CIB, PRIV (**)**	CIB (**): 2012 operating income PRIV (**): cost of risk 2012	CIB (**): 2013 operating income PRIV (**): cost of risk 2013	CIB (**): 2014 operating income PRIV (**): cost of risk 2014
	Other business lines and Other Functions	GNI (*) 2012 Group	GNI (*) 2013 Group	GNI (*)2014 Group

(*) TSR: Total Shareholder Return / GNI: Group net income
(**) CIB: Corporate and Investment Banking / PRIV: Private Banking

In addition, any excessive risk taking or any behaviour deemed unacceptable by General Management may result in these deferred remuneration components being reduced or forfeited.

2.3.4 Policy concerning guaranteed remuneration

The awarding of guaranteed variable remuneration, in the context of an employee being hired is:

- strictly limited to one year (in compliance with Regulation n°97-02);
- subject to the terms of the deferral remuneration plan applicable for the given financial year.

2.3.5 Severance payments

Discretionary payments (i.e. payments in excess of severance payments set by law or a collective bargaining agreement due under the binding provisions of labour law), linked to the early termination of an employment contract or the early rescinding of a mandate, are not under any circumstances set contractually in advance (e.g. golden parachutes are strictly forbidden). They are determined at the time the employee leaves the Bank, by taking into account the beneficiary's performances, assessed in the light of the collective performances of the activity the employee belongs to as well as the performances of the Group as a whole.

PART 3. CHIEF EXECUTIVE OFFICERS

3.1 Remuneration principles

The remuneration of Chief Executive Officers complies with the European "Capital Requirements Directive" (CRDIII) Directive of 24 November 2010, transposed in France via Regulation No. 97-02. It is in accordance with the recommendations made by the AFEP-MEDEF Corporate Governance Code. Accordingly, the Board of Directors defines the remuneration of Chief Executive Officers, on a proposal of the Compensation Committee (cf. 1.1. above).

The Board of Directors sets remuneration principles of Chief Executive Officers by taking into account the business environment and competitive context:

- fixed remuneration rewards experience, responsibilities and takes into account market practices;
- annual variable remuneration rewards performances during the year and the contribution of Chief Executive Officers to the success of the Société Générale Group. It is assessed through two dimensions:
    - a quantitative component, which is capped at a maximum of 60% of annual variable remuneration. It is based on the achievement of objectives linked to the Group's annual intrinsic performance and the specific supervision scope of each Chief Executive Officer. It is based on reaching financial indicators set in the Group's budget targets, such as operating income, cost/income ratio, etc. Results are restated for purely accounting items related to the marked-to-market value of Société Générale debt and the marked-to-market value of its CDS, in order to assess the Company's real performance;
    - a qualitative component, capped at a maximum of 40% of annual variable remuneration. It is based on the achievement of key objectives underpinning the success of the company's strategy and set at the beginning of the financial year.
- the long-term incentive scheme is aimed at ensuring that chief executives officers are aligned with the interests of shareholders and provides incentive to deliver long-term performance. Pursuant to the CRD III Directive and the AFEP-MEDEF Corporate Governance Code, its vesting depends on the Group's long-term performance;
- the rules set for paying out variable remuneration combine short-term and long-term horizons with payments in cash and in shares (or equivalents). This approach aims to ensure sound risk management in the long run while aligning Chief Executive Officers with shareholders' interests;

  This approach in terms of payment of the variable component induces an uncertain element since it depends to a significant extent on the Group's performance and moves in the Société Générale share price.

The variable remuneration paid to the Chief Executive Officer and the Deputy Chief Executive Officers is reduced by the amount of any attendance fees they may receive both from Société Générale Group companies and companies outside the Group of which they are Directors. In compliance with the AFEP-MEDEF Corporate Governance Code, it is capped as a percentage of annual fixed remuneration: 150% for Frédéric Oudéa and 120% for the Deputy Chief Executive Officers.

3.2 Remuneration for 2011

The remuneration of Chief Executive Officers for the 2011 financial year was set at the Board of Directors' meetings held in March 2012 and the relevant data were published on Société Générale's web site. They are reported in Part 4.2 hereafter in compliance with Regulation No. 97-02.

In the context of the major economic crisis that is affecting the banking sector and the results of Société Générale Group, the Board decided to act in line with the policy implemented by General Management for all Group employees with respect to the limitation of fixed salary costs.

Furthermore, on a proposal from Mr Frédéric Oudéa on behalf of all Chief Executive Officers, they will not receive any cash payment in 2012 relative to their 2011 variable remuneration awards which will be, entirely, deferred in the form of shares or share equivalents, transferable over 3 years (in 2013, 2014 and 2015). 60% of the variable remuneration is subject to the achievement of objectives in terms of Core Tier One.

3.2.1 Remuneration of the Chief Executive Officer

The fixed remuneration of the Chief Executive Officer was revised on January 1, 2011.
It amounts to €1,000,000 per year.

His annual variable remuneration was set by the Board of Directors after assessing his performance for 2011:

- the quantitative component of variable remuneration awarded for the 2011 financial year was determined according to the achievement of the Group's budgeted objectives with regard to earnings per share and gross operating income;
- the qualitative component was assessed by taking into account pre-defined specific objectives related to various aspects such as strategy, human ressources management, performance management, the Ambition SG 2015 transformation project and Social and Environmental Responsibility.

On the basis of an overall achievement rate 46% for these objectives, the gross annual variable remuneration awarded to Mr Frédéric Oudéa totals €682,770 (down 43% in comparison with 2011) and can be compared with that of previous years in the following table:

	For information purposes, gross variable remuneration for financial year 2008	For information purposes, gross variable remuneration for financial year 2009	For information purposes, gross variable remuneration for financial year 2010	**Gross variable remuneration for 2011 financial year**	**2011 / 2010**
Total (1)	€0 (2)	€0 (2)	€1,196,820	**€682,770**	**-43%**
o/w component paid in cash in 2011			*€598,400*	***€0***	

(1) Total calculated based on value at grant date. The annual variable component for 2010 broke down as follows: one half in cash and paid upfront and one half in the form of share equivalents valued at €49.20 (average price at grant date). In practice, the actual amounts paid relative to the part granted in share equivalents were 47% lower than their value at grant date.
(2) Mr Frederic Oudéa relinquished his variable remuneration for financial years 2008 and 2009

Mr Frédéric Oudéa did not receive any stock option in 2012, as in 2011.

As Mr Frédéric Oudéa terminated his employment contract upon appointment as Chairman and Chief Executive Officer, he does not benefit from any supplementary retirement plan. To offset the loss of all his rights to the supplementary pension plan, and for which contributions had been paid as a salaried executive manager of the Group, the Chairman and Chief Executive Officer receives compensation totalling EUR 300,000 per year subject to income tax and social security contributions. It is not taken into account when determining his variable remuneration component.

The following table shows the cash remuneration and shares vested to Mr Frédéric Oudéa in respect of his mandates as Group Chief Executive Officer and, subsequently, Chairman & Chief Executive Officer, after the impact of the CRD III Directive:

	2009	2010	2011	2012
Gross annual fixed salary (a)	€850,000	€850,000	€1,000,000 €	€1,000,000
Gross cash payment as component of annual variable remuneration (b)	€0	€0	€598,400	€316,311
Total (a+b)	**€850,000**	**€850,000**	**€1,598,400**	**€1,316,311**
Number of performance shares vested	0	0	0	0
Comments	Mr Frédéric Oudéa relinquished the variable component of his remuneration and all stock options and share grants	Mr Frédéric Oudéa relinquished the variable component of his remuneration and all stock options and share grants	The amount paid corresponds to the payment in cash of the variable component of remuneration for financial year 2010	The amount paid corresponds to the payment in share equivalents of the variable component of remuneration for financial year 2010. The amount actually paid is 47% lower than the initial value at grant date in March 2011.

3.2.2 The 2011 remuneration of the Deputy Chief Executive Officers

The fixed remuneration of the Deputy Chief Executive Officers was set in March 2011, when their mandates were renewed, at €650,000 for Messrs Cabannes and Sammarcelli and at €700,000 for Mr Sanchez Incera.

Their annual variable remuneration was set by the Board of Directors after assessing their performance in 2011:

> the quantitative component of variable remuneration awarded for the 2011 financial year was determined according to:
  - the achievement of the Group's budget objectives in terms of earnings per share and gross operating income;
  - the fulfilment of budget objectives for each deputy Chief Officer's scope of supervision in terms of gross operating income and pre-tax Group net income. The quantitative component of the variable remuneration awarded to Mr Cabannes, furthermore, includes an objective related to the Group's cost/income ratio;

> the qualitative component was assessed by the Board based on the extent to which specific pre-defined objectives set for the General Management team and for each Deputy Chief Executive Officer were met.

The gross annual variable remuneration of Mr Séverin Cabannes amounts to €310,144 (down 53%) for an overall achievement rate of 40%, €487,937 (down 28%) for Mr Jean-François Sammarcelli for an overall achievement rate of 63% and €391,440 (down 41%) for Mr Bernardo Sanchez Incera for an overall achievement rate of 47%.

	For information purposes, gross variable remuneration in previous financial years		Gross variable remuneration for financial year 2010		**Gross variable remuneration for financial year 2011**		2011 / 2010
	2008	2009	Total (1)	o/w component paid in cash in 2011	**Total (1)**	**o/w component paid in cash in 2012**	
Mr Cabannes	€0 (2)	€320,000 €	€665,281	€332,640	**€310,144**	**€0 €**	-53%
Mr Sammarcelli	Non applicable (3)		€675,826	€337,920	**€487,937**	**€0 €**	-28%
Mr Sanchez Incera	Non applicable (3)		€667,662	€333,840	**€391,440**	**€0 €**	-41%

(1) Total calculated based on value at grant date. The annual variable component for 2010 broke down as follows: one half in cash and paid upfront and one half in the form of share equivalents valued at €49.20 (average price at grant date). In practice, the actual amounts paid relative to the part granted in share equivalents were 47% lower than their value at grant date.
(2) Mr Séverin Cabannes relinquished his variable remuneration for financial year 2008
(3) Messrs Sammarcelli and Sanchez Incera were appointed Chief Executive Officers of the Société Générale Group on 1 January 2010.

3.3 Principles of determination of annual variable remuneration for financial year 2012

For 2012, the Board decided to renew the principles and structure of remuneration set for 2011 with respect to annual variable remuneration.

The following criteria will be taken into account to determine annual variable remuneration:

> regarding 60% of variable remuneration, a series of quantitative objectives related to the Group's financial performance (indicators covering EPS, Group gross operating income and cost/income ratio for all Chief Executive Officers plus, for each Deputy Chief Executive Officer, net income before tax and gross operating income achieved within their supervision scope),
> for the remaining 40%, individual objectives related primarily to the strategy of the Group and its business lines, balance sheet management, cost control and optimisation of organisation, internal and risk controls, human resources management and social and environmental responsibility.

Every component of annual variable compensation is to remain capped at a percentage of fixed remuneration, as was the case in 2011(cf. 3.1. above).

As of the date of drafting of this report, the Board of Directors has not taken any decision whether to award a long-term incentive scheme to the Chief Executive Officers.

3.4 Requirements regarding the ownership and holding of Société Générale shares

Since 2002, the Group's Chief Executive Officers must hold a minimum number of Société Générale shares set at:

> 80,000 shares for the Chairman and Chief Executive Officer;
> 40,000 shares for the Deputy Chief Executive Officers.

This minimum must be reached by the end of a five-year mandate. As long as this is not the case, the Chief Executive Officers must retain 50% of the vested shares granted through Société Générale share plans as well as all vested shares from the exercising of options after deducting the cost of financing the said exercising of options and the corresponding taxes and social security charges.

The shares can be held directly or indirectly through the Group Savings Plan in the case of Chief Executive Officers who are former employees.

Furthermore, in accordance with the legislation in force, Chief Executive Officers are required to hold a proportion of the vested shares granted through SG share plans or from exercising the options awarded under stock option plans in a registered account until the end of their mandates. With regard to shares, this proportion has been set by the Board at 20% of vested shares from each grant and, for options, at 40% of the capital gains made on exercising the options, net of tax and any other mandatory deductions and minus any capital gains used to finance the acquisition of these shares.

Chief Executive Officers are therefore required to hold a significant and increasing number of shares. They are strictly forbidden from hedging their shares or their options throughout the vesting and retention period.
Each year, Chief Executive Officers must provide the Board of Directors with all the necessary information to ensure that these obligations are met in full.

3.5 Complementary information relative to Mr Frédéric Oudéa's mandate

> As Mr Frédéric Oudéa has terminated his employment contract, he does not benefit from any supplementary company pension scheme.

> Moreover, he does not benefit from any contractual severance payment (“golden parachute”).

> Lastly, should his position as Chief Executive Officer be terminated, Mr Frederic Oudéa would be bound by a non-compete clause that would prohibit him from accepting a position in a credit institution or insurance company listed in France or outside France as well as an unlisted credit institution in France. In exchange, he could continue to receive his fixed remuneration. Both parties would however be entitled to waive this clause. As of the renewal of his mandate of Chief Executive Officer on 24 May 2011, the length of this non-compete clause was increased to 18 months from 12 months. By consequence, the payment that could potentially be made should he leave the Group would be lower than the 2-year ceiling recommended by the AFEP-MEDEF Corporate Governance Code.

PART 4. INFORMATION ABOUT REMUNERATION FOR FINANCIAL YEAR 2011

4.1 The regulated population (individuals whose professional activities have a material impact on the risk profile of the company)

Remuneration awarded for the financial year:

	Number of beneficiaries	Total remuneration in €m	Total amount of fixed remuneration in €m	Total amount of variable remuneration in €m *
Group Total	**3,546**	**833**	**423**	**410**
o/w Corporate and Investment Banking	3,469	794	407	387
o/w Other activities and Central Group Functions	77	39	16	23
***o/w** **Vested component paid or delivered in €m**[2]	**-**	**-**	**-**	**209**
** o/w* *Conditional deferred component in €m* [1][2]	-	-	-	*201*

(1) Payable in four instalments between October 2012 and October 2015, o/w €44 million due in October 2012
(2) Based on the value at award date

The variable remuneration pool for the regulated population is down 44% in comparison with 2010, reflecting the Group's poorer financial performance.

Those professionals whose variable remuneration is below 100 000€ have their variable remuneration paid out in full in the year of award.

*** o/w** Payment or conditional award in cash **in €m**	*** o/w** **award in shares or equivalent instruments in €m** [2]
261	149

(2) Based on the value at award

The above amounts break down in the following manner:

Cash in €m		**Shares or equivalent instruments in €m**	
Upfront	**Deferred**		
Vested	Non vested	Vested [3]	Non vested
209	52	44	105

(3) Still subject to the potential application of the malus clause during the retention period

Outstanding deferred variable remuneration

The amount of outstanding deferred remuneration awarded for previous financial years corresponds this year to the outstanding deferred variable remuneration awarded with respect to 2010 and 2009 (i.e. the first year in which the new disclosure requirements apply). The data concerning 2009 are based on the perimeter concerned by the 2009 remuneration disclosure, i.e. "financial market professionals". As the 2010 and 2011 perimeters are wider (cf. "perimeter of the regulated population"), any comparison between 2009, on the one hand, and 2010 and 2011, on the other hand, would not be based on equivalent perimeters.

Amounts of conditional deferred remuneration in €m (1)

With respect to 2011 financial year	With respect to prior financial years	
	With respect to 2010	With respect to 2009 (*)
201	216	113

(*) 2009 perimeter of financial market professionals
(1) Expressed as value at award date

All outstanding deferred variable remuneration is exposed to possible explicit adjustments (performance conditions and clause concerning appropriate risk management and/or implicit adjustments (indexed to share price).

Deferred variable remuneration paid out or reduced through performance adjustments for the financial year:
(This information is disclosed by award year from 2009, i.e. the first year of application of the disclosure requirements).

Year of award	Amount of deferred remuneration vested in €m - Value at award	Amount of deferred remuneration reduced through performance adjustments	Amount of deferred remuneration vested in €m - Value at time of vesting/of payment
2010	185	0	111
2009 (*)	102	0	59

(*) 2009 perimeter of financial market professionals

Sign-on and severance payments made during the financial year:
(This information is based on the 2011 disclosure perimeter.)

Total amount of severance payments made and number of beneficiaries		Sign-on payments made and number of beneficiaries	
Amount paid out in €m	Number of beneficiaries	Amount paid out in €m	Number of beneficiaries
22.4	149	0.4	10

Severance awards:

Amount of severance payments awarded during the financial year	
Total amount	Number of beneficiaries
0	0
Highest such award	
0	

4.2. Chief Executive Officers

Chief Executive Officers in the 2011 financial year were Messrs Oudéa, Cabannes, Sammarcelli and Sanchez Incera.

The remuneration of Chief Executive Officers led to a specific disclosure following the Board of Directors meeting held on 21 March 2012 that approved the variable remuneration awards for 2011.

Remuneration awarded for the financial year:

Number of beneficiaries	Total remuneration in €m	Total fixed remuneration in €m	Total variable remuneration in €m*
4	4.9	3.0	1.9

Nota Bene: in addition to these amounts, Mr Oudéa received €0.3m in compensation to offset the loss of all his rights to the supplementary pension plan benefiting the Group's senior managers.

*o/w Vested component paid or delivered in €m	*o/w Conditional deferred component in €m (1)(2)
0	1.9

* o/w payment or conditional award in cash in €m	*o/w allocation in shares or equivalent instruments in €m (1)
0	1.9

(1) o/w €0.749 million due in March 2013.
(2) Expressed as value at award date

Outstanding deferred variable remuneration
The amount of outstanding deferred variable remuneration for prior financial years corresponds, this year, to the outstanding deferred variable remuneration awarded with respect to 2009, i.e. the first year of application of the disclosure requirements, as well as with respect to 2010.

Amounts of deferred conditional remuneration in €m (2)

With respect to 2011 financial year	With respect to prior financial years	
	With respect to 2010 (3)	With respect to 2009
1.9	1.4	0

(2) Expressed as value at award date
(3) Furthermore, Chief Executive Officers were awarded 92,302 performance shares which will vest only if the performance conditions approved by the General Shareholders' Meeting of 25 May 2010 are met. These shares will not be available to beneficiaries for 4 years. Their accounting value (IFRS 2) totals €1.3 million.

Deferred conditional remuneration paid out or reduced through performance adjustments for the financial year:
(This information is disclosed by award year from 2009, i.e. the first year of application of the disclosure requirements)

Year of award	Amount of deferred remuneration vested in €m - Value at award	Amount of deferred remuneration reduced through performance adjustments	Amount of deferred remuneration vested in €m - Value at time of vesting/of payment
2010	1.6	0	0.8
2009	0	0	0

Sign-on and severance payments made during the financial year:

Total amount of severance payments made and number of beneficiaries		Sign-on payments made and number of beneficiaries	
Amount paid out in €m	**Number of beneficiaries**	**Amount paid out in €m**	**Number of beneficiaries**
0	0	0	0

Severance awards:

Amount of severance payments awarded during the financial year	
Total amount	**Number of beneficiaries**
0	0
Highest such award	
0	