

# **SOCIETE GENERALE OBLIGATIONS FOR RESPONSIBLE ADVOCACY ACTIVITIES**

## **Memorandum**

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*Our obligations regarding advocacy activities are contained in the Societe Generale Code, of which the use is strictly internal.*

*Hence, this document, published on our institutional website, recalls all of our obligations in this area (**section 1**), presents our governance and risk management framework for a close monitoring of these activities (**section 2**), describes our main public positions (**section 3**), identifies the associations through which we carry out our advocacy activities (**section 4**), and summarizes all the costs associated with such activities (**section 5**).*

# 1 - Our key obligations

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Since **February 2014**, the Group has voluntarily undertaken various actions to improve the transparency of its advocacy activities, through:

- The signature of the [Common Declaration of Transparency International France](#) (available only in French), by which the Group commits to :
  - (i) support the promotion led by Transparency International France of **transparency and integrity issues when it comes to advocacy activities**;
  - (ii) **promote transparent, honest and public advocacy activities among our employees** and third parties who participate, on our behalf, to the public decision-making processes;
  - (iii) consider the **principles recommended by Transparency International France** for advocacy activities.

Accordingly, by signing this joint declaration, the Group undertakes, if not already done, to:

- initiate a reflection on our institutional relations practices and define a charter specific to our organization when it comes to carrying out responsible advocacy activities;
  - develop a responsible advocacy policy that is consistent with our public commitments, particularly in the areas of governance, sustainable development, corporate social responsibility, ethics and the fight against corruption;
  - be transparent about the organization of our advocacy activities;
  - make public our main positions communicated to public decision-makers as well as the common positions defended by our professional federations (according to the type of organization);
  - to promote, among our professional federations or our members (according to type of organization), the adoption of equivalent principles in terms of transparency of advocacy activities;
  - transmit to public officials only reliable, verifiable and up-to-date information or positions;
  - respect other stakeholders who may have divergent positions;
  - make public, where appropriate and in countries where regulations allow it, contributions to political parties;
  - communicate on the actions taken to implement and monitor our commitments and the dedicated advocacy activities charter (see dedicated point right after).
- The adoption of its [Charter for responsible advocacy with public authorities and representative Institutions](#). Applicable to all our employees, this Charter also applies to its subsidiaries and branches both in France and overseas. Accordingly, Societe Generale pledges:
    1. To declare itself to institutions with which advocacy activities are conducted when such institutions possess registers, and to comply with the Code of Conduct that comes with being entered into transparency registers;
    2. Not to incite members of the organisations with which the Group is in contact to violate the rules and standards of behavior applicable to them;
    3. Not to obtain or to seek to obtain information or decisions in an illegal manner or by exercising abusive pressure or inappropriate behavior;
    4. To disseminate only that information that, to its knowledge, is reliable, verifiable and up-to date;

5. To ensure that public affairs firms and external consultants with which the Group occasionally works consent to this Charter and agree to abide by its terms;
  6. To respect political neutrality and to refrain from supporting political organisations or activities with donations or subsidies, even if allowed by local legislation;
  7. To ensure that Group Public Affairs employees refrain from accepting any national or European political office throughout the term of their duties;
  8. To ensure that employees concerned by this Charter, like all Group employees, comply with the Group's Code of Conduct and internal rules regarding gifts, invitations and preventing corruption;
  9. To ensure that employees and public affairs firms and external consultants, if any, identify themselves and disclose whom they represent with the institutions and organisations with which they work;
  10. To disseminate public positions to the teams concerned directly or indirectly by the public advocacy activities;
  11. To urge the professional associations of which the Group is a member to disclose the main positions submitted to public officials, particularly on their websites;
  12. To ensure that persons in permanent charge of the Group's advocacy activity possess the skills that are necessary for exercising their duties, receive instructions, or regular training in their field of activity
- The registration to the [European Institutions Register](#), that is common to the European Parliament and the European Commission, completed with a code of conduct. As such, in addition to the information relating to the Group itself (legal status, contact details), it also provides on a **yearly basis** the following information:
    - the name of the person legally responsible for the organisation;
    - the name of the manager of European affairs;
    - the number of people involved in the activities covered by the register and the number of persons allowed to access the buildings of the European Parliament, as well as the time spent by each person on these activities, according to the percentage of activities;
    - the Group's objectives and missions;
    - the specific activities covered by the register (corresponding to the 5 (maximum 10) main initiatives, policies or legislative dossiers for which the Group is active);
    - the Group's participation in EU structures and platforms (example: high-level groups, advisory committees, groups of experts, cross-party committees, industrial forums);
    - the Group's areas of interest;
    - the organisations of which the Group is a member (participation in associations, federations, confederations, networks or other bodies);
    - the following financial information:
      - the estimated annual costs resulting from the activities covered by the register
      - the financing received from EU institutions
      - the turnover attributable to the activities covered by the register.
  - The commitment to the French Senate Code of Conduct (available only in french). The Group's employees involved in advocacy at the French Senate are therefore required to follow the rules established by the Bureau of the Senate:

- In their contact with senators, employees of the President of the Senate, of senators or of groups and members of the Senate staff, advocates must state their identity, the body for which they are working and the interests they are representing. They must refrain from being intrusive in their efforts to contact or meet their contacts at the Senate;
  - advocates must carry on their activity at the Senate with probity and integrity;
    - o they refrain from incitement to infringe the ethical rules applicable to the persons with whom they come into contact at the Senate;
    - o they comply with the Senate's regulations applicable to persons allowed onto its premises;
  - advocates comply with the rules applicable to conferences, events and other meetings organised at the Senate. In particular, they are prohibited from organising conferences, events or meetings, in which a speaker's contribution gives rise to the payment of a financial contribution;
  - advocates are forbidden from conducting any advertising or commercial initiatives on Senate premises;
    - o they are forbidden to use the Senate logo, except with express authorisation issued by the Communication Committee;
    - o they are forbidden from undertaking any initiative with a view to obtaining information or documents using fraudulent or dishonest means;
    - o they are forbidden from transferring parliamentary or other Senate documents in return for payment or for any other form of consideration;
  - advocates must refrain from providing their contacts at the Senate with intentionally incomplete or inaccurate information intended to mislead them. The information they communicate must be accessible to all senators who request it;
  - advocates must refrain from offering or giving to the persons with whom they come into contact at the Senate, presents, gifts or benefits of any kind of a value exceeding a total of €150
- The Group is also compliant with the obligations stemming from the "**Sapin II law**" adopted in 9 December 2016, which sets out a global framework for the transparency in the public sphere, fight against corruption and economic modernization. One of its key objectives is to "provide highlights to the citizens on the relationships between advocacy representatives and public authorities" (article 25). It has defined a dedicated framework for the carrying on of advocacy activities vis-à-vis French public decision-makers and set up a **specific register** (available only in French) held by the French High Authority for Transparency in public life (HATVP) to monitor all advocacy activities covered by the Law. This register came into effect on July 1, 2017. Since then, the Group declared itself to the register and publishes, every year (three months after the end of the financial year's closing), the **annual activity report** as required by that law.

Accordingly, Societe Generale has registered on the HATVP register, and therefore submits to the obligation to publish its advocacy activities as part of the annual report (information is available on the link below, in French only).

[Fiche Société Générale](#)

In addition, the law requires all our employees that carry advocacy activities to conduct them "with probity and integrity" and imposes several **ethical obligations** to this end. Breach of ethical rules carries criminal penalties. Under these obligations, these employees are required to:

- declare their identity, the body for which they work and the interests or entities which they represent in their relations with public decision-makers, with the exception of members of parliament, senators and their employees;
- refrain from offering or giving to these persons, presents, gifts or benefits of a significant value: the Group's limit is €150 in expenses per year for one person to define "significant value". To ensure compliance, each expense must have the prior approval of the Compliance Unit. If

questions relating to a French public decision are broached during this meeting, they must be listed in the IRIS internal tool.

- refrain from inciting these officials to infringe the ethical rules applicable to them;
- refrain from using fraudulent means to obtain information or decisions from public officials;
- refrain from obtaining or attempting to obtain information or decisions by deliberately misinforming public officials or by resorting to tactics designed to mislead them;
  
- refrain from organising conferences, events or meetings, in which public decision-makers would be remunerated, in any way, for speaking;
- refrain from using the information obtained from public decision-makers for commercial or advertising purposes;
- refrain from selling to third parties copies of documents originating from the government, or from an independent administrative or public authority, or from using the letterhead or the logo of these public authorities and administrative bodies;
- endeavour to respect all these ethical rules in their relations with the circle of acquaintances of public decisionmakers.

In addition, the Group is committed to conduct all advocacy activities with the utmost integrity and transparency and to comply with all laws and regulations in force in all the countries in which it operates, in particular with regard to **the offer and receipt of gifts, the organization or participation in business meals or external events as part of the Group's Business Relations**

Aside from the section of the Group Code devoted to advocacy activities, it also has a section related to the principles / rules for offering and receiving gifts. **Attention should be paid in cases where these events involve public and / or politically exposed persons (PEPs).**

## 2 - Our Governance and Risk management framework

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### 2.1 Governance

- To promote these obligations and ensure compliance by our employees, all these obligations have been incorporated in our **Code**, in a section dedicated to "relations of interest representatives with public authorities". It applies to the Group as a whole, including its subsidiaries and branches in France and overseas, and therefore to all its employees who may have advocacy activities.
- To this end, various roles and responsibilities have been defined to allow correct handling of the Group's obligations:
  - The **Heads of Business Units/Service Units (BU/SU)**, are responsible for all advocacy initiatives undertaken within their BU/SU (including for the subsidiaries, agencies or branch office attached thereto) and therefore must ensure compliance to all the above-mentioned obligations. The CEO and deputy CEOs must ensure such compliance themselves.
  - The **"advocacy correspondents"**, that are the administrative intermediaries of the Group Public Affairs Department, are responsible of gathering all information relating to advocacy activities within their BU/SU, with the support of the dedicated internal tool called IRIS. Their role is to detect other employees who have "regular" advocacy activities beyond those already registered. For the top management and the Secretary-General units, this role is carried out by the Group Public Affairs.
  - The **Head of Group Public Affairs**:
    - monitors compliance with all the Group's obligations and handles the relations with the relevant authorities (European Commission, European Parliament, HATVP, French Senate).
    - provides those carrying advocacy activities with an internal practical Q&A which aims to provide answers to any possible interpretation issues which may arise. To get an in-depth understanding of the requirements stemming from the Sapin II Law, the employees can also refer to the [dedicated guidelines drafted by the HATVP](#) (October 2018, available only in French).

For any question on these issues, a **generic email address has been set up, directly held by the Group Public Affairs.**

### 2.2 Risk management framework

- The setting up of an **internal control system** within the Group is essential for the proper application of all the above-mentioned obligations. As part of its **"permanent control"**, the Group has rolled out **"first level" controls** within its BU/SU, covering the day-to-day controls performed by the operational staff and their hierarchy in the context of transaction processing, as well as internal controls that assess the risk management and compliance of the Group with its obligations: these are the **"second level" controls**.
- As part of these obligations, the Group has identified the following risks:
  - a **regulatory risk** in the case of non-compliance with regulatory requirements;
  - a **reputational risk** which could stem from inappropriate conduct or non-compliance with our commitments;

- a **risk of confidentiality** relating to the use of sensible internal information that could damage the Group's interests.

To guard against these risks, a **generic "advocacy activities" check** has been set up on a periodic basis to recall the controls that the "advocacy correspondents" must carry out within their BU/SU. This generic control is then broken down into **compliance and IT security checks** within each BU/SU.



## 3 - Our key positions

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### 3.1 Risk reduction measures package

#### 3.1.1 State of play

The Risk Reduction Measures (RRM) package published in November 2016 by the European Commission and adopted in the spring of 2019 after a difficult negotiation is the latest evolution of the rules adopted in the wake of the 2008 international financial crisis. Accordingly, this package is the European translation of the international agenda which had the objective to strengthen the resilience of banking institutions as well as the stability of the financial system.

This agenda, which builds on the notion of risk reduction, was presented as the prerequisite for more risk-sharing in the Banking Union and in particular the finalization of its third pillar, still announced but never achieved, the common bank deposits guarantee system (see dedicated part below).

#### 3.1.2 Position of the Group

Societe Generale welcomes the political agreement on the RRM package which represents a decisive further step towards reducing risks in the banking system. Together with already significant strengthening of banks' balance sheets, including substantial reductions in the stocks of non-performing loans, these improvements should enable further progress to be made towards the completion of Banking Union.

Societe Generale argued for a fair and proportionate transposition of these international regulatory standards with a few guiding principles, including (i) attention to international level playing field with other major jurisdictions around the world (including the need not to preempt subjects which had not yet been completed in the international fora), (ii) the need for an integrated view of the Banking Union, where the reinforcement of common security mechanisms leads to concrete progress, such as the abolition of obstacles to the free movement of capital and liquidity, (iii) attention to the fact that the risk reduction/sharing equation is not reduced to the first part of the formula nor condemns another essential project for the credibility, resilience and sovereignty of European financing, the Capital Markets Union (CMU) .

### 3.2 Financing the European economy

Two key projects are currently underway to improve the financing of the European economy: on one hand, the finalization of the Banking Union, and on the other hand, the CMU. These two projects are even more critical in the context of Brexit, which leads the Group to take all the necessary measures to ensure an optimal provision for financial services despite the widespread uncertainty around Brexit.

#### 3.2.1 State of play

Much progress has been made since the launch of the **Banking Union**, with the establishment of its first two pillars (Single Supervisory Mechanism and Single Resolution Mechanism). However, the third pillar, which consists of the establishment of a European Deposit Guarantee

Scheme (EDIS), has not progressed as expected for the time being. Indeed, it is still widely debated between Member States on the basis of both technical and political grounds.

### 3.2.2 Position of the Group

Societe Generale believes that the success of the Banking Union will lie in the finalization of its first two pillars before achieving the third pillar. In this respect, the Group stresses the need to recognize banking union as a single jurisdiction. In particular, the removal of all impediments to the flow of capital and liquidity will ultimately (i) increase the volume of cross-border investment, (ii) strengthen the banks resilience by reducing their exposure to asymmetric shocks; (iii) encourage increased risk-sharing and thus (iv) lead to a better allocation of resources.

### 3.2.3 State of play

In addition to the Banking Union, a genuine **CMU** is essential to strengthen financial integration in Europe. Significant progress has also been made since its launch, in terms of securitization (simple, transparent and standardized), as well as sustainable finance (sustainable finance package, see dedicated section below) and retirement savings (establishment of a Pan-European Pension Product, PEPP, a product that is transferable from one Member State to another).

### 3.2.4 Position of the Group

Progress towards the harmonization of insolvency frameworks are still much needed to facilitate cross-border investment. When it comes to the digitalization of financial services (a part of the CMU project), we encourage the idea of fostering a regulatory framework that can support innovation by ensuring a satisfying level playing field between traditional players (banks) and new entrants (Fintech), while ensuring an optimal level of consumer protection. Finally, integrated capital markets also require effective supervision: again, thanks to the results of the recent review by the European Supervisory Authorities (ESA), important steps have been taken towards the strengthening of their role. In addition to reinforce ESMA's importance, the Group welcomes that of the EBA on issues relating to the fight against money laundering and the financing of terrorism, an area in which improvements to the European framework are still really needed.

## 3.3 Sustainable Finance

### 3.3.1 State of play

We are very supportive of the objectives of the sustainable finance package released by the European Commission in May 2018 to further mobilize investments in the European Union (EU) in view of achieving sustainable growth, job creation and prosperity.

Société Générale supports the European Commission's pragmatic step-by-step approach to focus first on environmental issues, and in particular on climate mitigation and adaptation, before developing in the long run a holistic approach including the other ESG factors (i.e. social and governance).

### 3.3.2 Position of the Group

On the environmental aspect, Societe Generale believes that the goal of all EU initiatives taken regarding sustainable finance should remain to incentivize more public and private investments without undermining current transition efforts and initiatives towards a low carbon economy. The

taxonomy is understood as a very useful tool to enable market participants to assess sustainability of companies' activities. As such, the taxonomy is expected to be a reference to build sustainable investment strategy, but it should not be the unique and exclusive reference.

To reach that goal, consistency between the legislative proposals is important, especially in the definition of an appropriate scope in terms of stakeholders, financial products and activities to be covered and on the definitions of sustainable investment and sustainability risk. This a key prerequisite to ensure a level playing field and to avoid any duplication between the legislative requirements. On top of that, the concepts of sustainability degree should also be deepened as a reflection of companies' efforts towards a progressive adaptation of their activities to the energy transition. This concept is introduced by the Commission's proposal on the taxonomy but not much detailed yet.

## 4 - List of associations by which advocacy activities are carried out

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### 4.1 Global scale

- International Institute of Banking Studies (IIEB)
- Institute of International Bankers (IIB)
- Institute of International Finance (IIF)
- International Banking Federation (IBFed)\*
- International Capital Markets Association (ICMA)
- International Swaps and Derivatives Association (ISDA)

### 4.2 European scale

- Association for Financial Markets in EU (AFME)
- Eurofi
- European Financial Services Round Table (EFR)
- European Fund and Asset Management Association (EFAMA)
- European Parliament Financial Services Forum (EPFSF)
- European Banking Federation (EBF) \*

### 4.3 French scale

- French Association for Private Companies (AFEP)
- French Association for Financial Markets (AMAFI)
- French Association of Securities Professionals (AFTI)
- French Banking Federation (FBF)
- Paris Europlace
- French Business Confederation (MEDEF) \*

\* When it comes to Confederations, we do not report any fees.

Please note that we also contribute to the work conducted by the following **think tanks**:

- Confrontations Europe
- Euro 50 Group

Fees dedicated to these think tanks are not included in the total costs of advocacy as reported afterwards (see section 5), as we do not carry on any advocacy activities through them.

## 5 - Costs of Advocacy activities

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The aggregate expenses of the Group are shown below and include fees to associations and the salaries of the Group's employees that conduct advocacy activities, both of which are calculated as a percentage of the time spent on such activities.

The significant increase in the reported costs, compared with our previous publication on the Group's official website, results from a wider selection of the associations.

	Y 2016	Y 2017	Y 2018
<b>Costs range (M EUR)</b>	1 300 000 – 1400 000	1 300 000 – 1400 000	1 700 000 – 1 800 000