

5.7 GROUP'S DUTY OF CARE PLAN

5.7.1 INTRODUCTION

Purpose

Societe Generale is subject to the French Act of 27 March 2017 on the duty of care for parent and subcontracting companies (the Duty of Care Act). This law requires the Group to prepare and implement a duty of care plan to identify risks and prevent serious breaches of human rights, fundamental freedoms, or damage to the health, safety and security of persons and the environment as a result of its activities. The plan must include risk mapping, measures to assess and mitigate the risk of serious breaches and the monitoring of their implementation, and a whistleblowing system. This document sets out a summary of the main aspects of the Duty of Care Plan and includes the report on its effective implementation.

Over the years, the Societe Generale Group has voluntarily adopted procedures and tools to identify, assess and manage human rights and environmental risks as part of how it manages its Human Resources, supply chain and activities. Over the past three years, the implementation of the Duty of Care Act has provided Societe Generale with the opportunity to clarify and strengthen its existing framework as part of a continuous improvement process.

Scope of application

The Group's approach to its duty of care is based on the common foundation of human rights and fundamental freedoms, as well as environmental issues. The human rights and fundamental freedoms issues identified based on reference texts, such as the Universal Declaration of Human Rights (1948) and the International Labour Organization's fundamental conventions, are: forced labour and slavery, child labour, respect for the rights of indigenous peoples, rights of ownership, discrimination, freedom of association, health and safety, decent working conditions, decent pay, decent social protection and the right to privacy. Environmental issues identified based on The Rio Declaration on Environment and Development (1992) are: climate change and air quality, preservation of water resources and their quality, responsible land use, preservation of natural resources, preservation of biodiversity and minimisation and treatment of waste.

This Plan is being rolled out across all consolidated companies over which Societe Generale exercises exclusive control⁽¹⁾. It is structured around three pillars:

- **the Human Resources, Safety and Security pillar**, which aims to prevent the risk of serious violations in respect of human rights, fundamental freedoms or the health of Societe Generale Group employees;
- **the Sourcing pillar**, which aims to prevent the risk of serious violations in respect of human rights, fundamental freedoms, health, safety and security and the environment associated with the activities of the Group's suppliers and direct (i.e. level 1) subcontractors⁽²⁾;
- **the Activities pillar**, which aims to prevent the risk of serious violations in respect of human rights, fundamental freedoms, health, safety and security and the environment that are directly associated with the Group's products and services.

Governance

The Duty of Care Plan was drawn up by the Corporate Social Responsibility (CSR) Department, the Human Resources (HR) Department and the Sourcing Division, in association with the Compliance Division, the Legal Department and the Group Security Division.

Last year, the Duty of Care Plan and a progress report on implementing the duty of care measures were presented to the Group's Responsible Commitments Committee (CORESP) (for more information, see: E&S risk management in the businesses to promote fair and responsible growth, p. 300).

The 2021 Duty of Care Plan was presented to CORESP at the same time as the review of the Group's environmental and social (E&S) risk management system.

The Duty of Care Plan is also included in the Management Report prepared by the Board of Directors and published in the Universal Registration Document.

Rollout is coordinated by the Corporate Social Responsibility Department, the Human Resources Department, the Sourcing Division and the Compliance Division. The Business Units and Service Units are responsible for implementing the plan within their scope.

The Duty of Care Plan's procedures were devised in accordance with the principle of continuous improvement. How it evolves over time reflects the results of the risk mapping, regular assessments, developments in the Group's activities, new E&S commitments, and updates to the E&S risk management policies and tools.

(1) These are subsidiaries controlled directly or indirectly by Societe Generale, pursuant to Article L. 233-16 of the French Commercial Code.

(2) Suppliers and subcontractors with whom the various Group companies maintain an "established commercial relationship", i.e. a direct, ongoing and stable commercial relationship (in accordance with the definition developed by French case law).

5.7.2 IDENTIFICATION AND PRIORITISATION OF RISKS: MAPPING INHERENT RISKS

Societe Generale first began identifying a number of years ago the risks of breaches of human rights, fundamental freedoms, health, safety and security and the environment – referred to as E&S risks – associated with its activities. This identification process served as the basis for the Group's existing E&S risk management tools and procedures. As part of its duty of care, the Group added to its identification of the risks of serious breaches by mapping the inherent risks⁽¹⁾ for each of the three pillars.

The Group first identified the risks inherent in the banking sector, as well as in the sectors of its suppliers and level one subcontractors, and in activities to which it provides products and services.

These risks were assessed and then ranked in one of four categories (low, moderate, medium-high, high), based on both sector and geographic data. The assessments took into account information from recognised external databases⁽²⁾ as well as expert opinions.

The criteria used to assess the various sectors were as follows:

- the potential severity of the breach;
- the potential scale of the breach (number of persons potentially affected, geographic range of the environmental impact);
- the likelihood of the breach (recurring impact during normal conduct of sector-specific activities vs. extreme situations/accidents).

Geographic factors (country of establishment) were also considered, since they can potentially aggravate the risks identified. The geographic criteria may include a country's ratification of the ILO fundamental conventions, its employment and environment regulations, whether or not there is a supervisory authority, and its track record (especially as regards any human rights violations).

“Human Resources, Safety and Security” pillar

The Societe Generale Group operates in 61 countries and the Human Resources Department considers that the local context is critical in the analysis of intrinsic risks and the policies and measures implemented to prevent them. In order to identify and better understand local issues, the Group assesses the level of exposure to risks of serious violations of human rights and fundamental freedoms, together with employee health and safety, in all its countries of operation. Inherent risk mapping was updated in 2020 using an external base⁽³⁾ of indicators detailing the risk levels specific to the country and to the activities performed in the financial sector.

For each subject area assessed, the following results present the proportion of Societe Generale's workforce operating in countries considered to have a high, medium-high and moderate intrinsic risk. The remaining employees are thus located in low-risk countries.

RESULTS

Risk exposure	Moderate	Medium	High
Freedom of association and collective bargaining rights	4% of the workforce	None	None
Discrimination	37% of the workforce	1% of the workforce	None
Health and safety ⁽¹⁾	24% of the workforce	0.2% of the workforce	None
Working conditions ⁽²⁾	4% of the workforce	0.2% of the workforce	None

(1) The figures presented here do not take into account the health risks related to the health crisis, which are not included in the data used. Employees are exposed to Covid-19 health risks in all the Group's countries of operation, and Group-wide measures have been implemented to contain these risks in the workplace.

(2) Covers forced labour and modern slavery, child labour, decent working hours and decent wages.

With regard to freedom of association and collective bargaining, Societe Generale's countries of operation with a moderate risk for the banking sector are as follows: Equatorial Guinea, United Arab Emirates, China, Turkey, Cameroon, Mexico, Algeria, Congo and the United States.

In terms of discrimination, Societe Generale's countries of operation with a medium-high risk for the banking sector are: Guinea, Chad, Cameroon & Turkey. The Group's moderate-risk countries of operation are as follows: Equatorial Guinea, Congo, United Arab Emirates, Senegal, Benin, Côte d'Ivoire, Madagascar, Brazil, Morocco, Ghana, China, Mexico, Burkina Faso, Algeria, Russia, Romania, Singapore, Tunisia, the United States and India.

In terms of health and safety, Societe Generale's country of operation with a medium-high risk for the banking sector is Benin. The Group's moderate-risk countries of operation are as follows: India, Guinea, Turkey, China, Senegal, Côte d'Ivoire, Congo, Equatorial Guinea, Madagascar, Mexico, Ghana, Russia, Algeria, Chad, Brazil, Cameroon, South Africa and United Arab Emirates.

In terms of working conditions, Societe Generale's country of operation with a medium-high risk for the banking sector is Benin. The Group's moderate-risk countries of operation are as follows: Equatorial Guinea, United Arab Emirates, China, Turkey, Cameroon, Mexico, Algeria, Congo and the United States.

(1) A distinction is made between the intrinsic risks inherent in the Group's countries of operation, its purchases and activities, and the residual risks once the Group has taken measures to avoid the risks or mitigate their consequences.

(2) For the HR, Safety & Security and Activities pillars: Verisk Maplecroft, in particular; for the Sourcing pillar: Transparency International, the World Bank Group, the ILO and Unicef.

(3) Verisk Maplecroft.

Sourcing pillar

The inherent E&S risk mapping for the Sourcing pillar was based on the main purchasing categories for the banking sector (from a classification including more than 150 sourcing sub-categories in total). The risk level assessment for each purchasing category took in three main areas: business practices and ethics, the environment, human rights and employment conditions. Contextual factors were also built into the risk assessment for the purchasing category: supply chain characteristics (complexity, including the number of players and geographic distance from the intermediaries to the end purchaser) and labour intensity.

E&S risks specific to purchasing categories were mapped in conjunction with three other French banks in 2018, with the support of a specialised consulting firm. The mapping was subsequently updated and supplemented within the Group.

The inherent E&S risk levels of each purchasing category were then cross-referenced with the corresponding expenditure amounts per category to identify the share of Group purchases in medium-high and high-risk categories.

Results: Within the scope analysed by the Sourcing Division, around 4% of the spend was on purchasing categories representing a high E&S risk, and around 9% on purchasing categories representing a medium-high E&S risk.

Among the high-risk purchasing categories, building work was found to bear the greatest risk (renovations and outfitting, but also construction of new buildings), together with waste management and telephone and IT equipment.

Activities pillar

Societe Generale provides financial services to many sectors, some of which may pose an E&S risk. For these specific sectors, the Group has identified and prioritised E&S risks based on external sources and expert opinions. Geographic information was also taken into account to incorporate the levels of country risk based on the effectiveness of the local E&S regulatory framework.

These levels of risk were then cross-referenced with the Group's activity data as at 31 December 2020 to identify the Group's exposure in sectors which may pose an E&S risk.

The risk management framework requires deeper diligence for products and services directly associated with the most exposed activities and regions.

Results: Of the sectors analysed, around ten had a significant proportion of activities particularly exposed to E&S risk. They were: energy (especially fossil fuels and electricity generation), transport and logistics (especially the automotive and aerospace sectors), agriculture (especially upstream), industry, construction, chemicals, mining, forestry, textiles and defence.

The main risks identified in these sectors include climate risks, a negative biodiversity impact, risks related to working conditions (including workplace accidents), risks of forced labour and child labour, and the risk of violating community rights.

Approximately one quarter of the Group's exposure⁽¹⁾ relates to sectors that were found to present high risks in terms of human rights and the environment. Once the geographic factor is taken into account (mainly the quality of local E&S regulations), less than 10% of the Group's business, as measured in terms of sector exposure, is conducted in sectors or countries found to present E&S risks.

5.7.3 REGULAR EVALUATION PROCEDURES AND RISK PREVENTION AND MITIGATING MEASURES

The duty of care process aims to provide an appropriate framework for managing E&S risks. In other words, it should cover the main risks pinpointed by the risk mapping exercise and be correctly deployed in the Group. Accordingly, the Group regularly reviews its E&S risk management framework to identify risks of serious violations that would be insufficiently covered by the existing framework. At the same time, the Group is pressing on with its implementation efforts in this regard.

Human Resources, Safety and Security pillar

In order to assess and prevent the risk of serious breaches, Societe Generale relies on a set of operational processes and systems that it regularly updates with a view to continuous improvement.

The Group defines specific guidelines for the various health and safety issues, as well as a set of HR policies applicable to the entire Group, which are then implemented by the Business Units and Service Units:

- **social dialogue and freedom of association:** governance on Group issues is based on French labour relations bodies, which monitor working conditions and freedom of association. Societe Generale renewed its agreement on fundamental rights with the UNI Global

Union in February 2019. This agreement covers 100% of the workforce and relies on the implementation of commitments that are regularly discussed with the UNI Global Union.

Staff are also represented through a European Works Council;

- **discrimination:** Societe Generale demonstrates its desire to recognise and promote all talents through its Diversity and Inclusion policy, formalised and implemented since 2019. The Group is committed to implementing the conditions of an inclusive organisation in all its HR processes and entities, and prohibits all forms of discrimination;
- **health and quality of life at work:** the Group has established a Health policy, which is operationally implemented by the entities in conjunction with local support teams (HR, logistics managers, occupational health, etc.). Each Group subsidiary defines a level of complementary cover based on the compulsory scheme in its country and with a level of protection at least comparable to local market practices. Moreover, since 2019 the Group has been working to ensure a minimum level of social, health and welfare protection for all its employees worldwide. To date, nine out of ten employees benefit from an additional company health or personal protection plan;

(1) Corporate exposures.

- **safety and security:** the safety of people and property on Societe Generale premises are supervised by the Group Security Department within the Group Corporate Secretary. A network of departments based in the Group's entities is responsible for implementing policies to protect people, property and intangible assets. These teams aim to tighten the Group's safety culture, disseminate policies and measures to make its activities safer, and coordinate relations with national, European and international public safety authorities;
- **working conditions:** the Group has set the minimum age for employment at 16. Group entities are required to check the age of all new employees at the hiring stage. Furthermore, the Group prohibits all forms of forced labour. Societe Generale also strives to offer attractive and fair remuneration, contributing to employee loyalty and the Group's performance over the long term. The remuneration policy is based on principles of non-discrimination and other principles shared by all. It is then adapted to the businesses and geographic areas in which the Group operates, taking into account market practices and contexts;
- in addition to these measures, the Group has implemented a number of measures to protect the health of its employees in light of the health crisis, which are detailed in the Universal Registration Document, see: Protecting the health and the jobs of our people, p. 272.

Communication of the applicable rules and the training of teams in all countries where the Group operates supplement and support these measures. Societe Generale's training offer primarily targets the Risk and Compliance culture (including training in the Code of Conduct, ethics and E&S responsibility). The Group also offers training courses specific to each business line or function, thereby limiting operational risks.

Further information on these mechanisms is provided in the Group's Declaration of Non-Financial Performance (DNFP) (Chapter 5 of the Universal Registration Document, see: Being a responsible employer p. 281).

Sourcing pillar

The Group's normative documentation governs E&S risk management in terms of Sourcing and supplier relationship management.

Operational implementation of the normative documentation and management of E&S risks at all stages of the sourcing process are based on a set of tools to identify, assess and manage E&S risks at a granular level: product or service and supplier or service provider. These tools are used for all purchases made by the Group Sourcing Division and are currently being rolled out to the rest of the Group. To support the effective implementation of these E&S risk management measures in purchasing, dedicated training has been provided to all professional buyers. In addition, in order to raise the awareness of occasional buyers, a motion design video presenting the Group's sustainable sourcing programme has been provided.

To identify and assess risks, the Sourcing Division draws primarily on:

- E&S risk mapping for the various purchasing categories to identify the level of E&S risk for the purchasing category in question;
- inclusion of E&S criteria in calls for tender involving purchasing categories presenting a medium-high or high E&S risk;
- performance of an E&S KYS (Know Your Supplier) assessment for shortlisted suppliers, including verification of compliance with the E&S exclusion list;
- non-financial assessment of certain "targeted" suppliers⁽¹⁾ by independent third parties.

The management and mitigation of risks involves:

- inclusion of E&S criteria in calls for tender covering the main risks for the category of purchases identified in the risk mapping, with respect to categories presenting a medium-high or high E&S risk;
- weighting of the E&S criteria in light of the level of E&S risk represented by the purchasing category in question, according to the rating criteria for service or product bids;
- inclusion of a CSR clause in contracts, imposing a binding commitment to abide by the Group's Sustainable Sourcing Charter, the Group's Code of Conduct, as well as a reference to the right to audit (to carry out E&S audits if necessary) and a request for non-financial assessment of "targeted" suppliers;
- for purchasing categories representing a risk, in the event of shortcomings in E&S performance:
 - pushing of remedial action plans,
 - the possibility to conduct on-site E&S audits,
 - regular reviews of E&S controversy or changes in non-financial ratings.

At the end of 2020, and for procurement overseen by the Sourcing Division, the E&S risk management system covers all calls for tender in purchasing categories representing a medium-high or high E&S risk.

The E&S risk management operational tools for procurement not overseen by the Sourcing Division has been simplified and made available for high E&S risk categories. Additional information on purchasing is presented in Chapter 5 of the Universal Registration Document, see: Being a responsible purchaser: the Positive Sourcing Programme, p. 291.

By way of illustration, four supplier CSR audits were initiated in 2020 on services in progress identified as presenting the greatest risk following an E&S risk analysis. These audits are conducted as part of a joint initiative launched by Societe Generale in collaboration with three other French banks. Performed by an independent third party, these audits cover Human Rights, Health, Safety and the Environment, and Societe Generale will support its suppliers in implementing corrective action plans where necessary. In addition, the Sourcing Division monitored the corrective actions implemented following a supplier CSR audit in 2019.

Activities pillar

Societe Generale is subject to a set of regulations (anti-money laundering, compliance with embargoes, legislation on personal data protection and on transparency, the fight against corruption and modernisation of the economy, etc.) that constitute the foundation of its risk management.

(1) Suppliers representing a large purchase volume at the Group level or which could pose a potential reputational risk to Societe Generale due to the association of the two brands (e.g. suppliers of products bearing the Societe Generale logo).

Beyond its regulatory obligations, the Group has also developed processes to manage the E&S risks associated with its activities for more than ten years. This risk management framework is applied based on E&S standards and commitments, a set of Group normative documents and their transposition into operating procedures, as well as the internal tools for practical implementation.

The E&S General Guidelines govern all its E&S commitments. They include the cross-business and sectoral E&S policies for those sectors deemed potentially sensitive from an environmental, social or ethical point of view. These policies notably describe the main risks of human rights violations or environmental damage, and set out assessment criteria for customers or transactions carried out with counterparts acting in these sectors. They were partly revised in 2020 for clarification purposes and to include major risks that are insufficiently covered. Some internal implementation guides have also been formalised or supplemented to reflect these developments.

The Group's normative documentation was updated in 2019 to include information relative to risk management processes and measures introduced to prevent these risks, especially who does what in each of these areas. In 2020, most of the Business Units continued to gradually include E&S risk management into their operational processes, strengthened their centres of E&S expertise, and conducted specific training for teams working in sales, the Risk Division and the Compliance Division.

Lastly, the tools to identify and assess E&S risks, used internally in the Bank, are also updated quarterly, including:

- the E&S identification list, which includes projects, companies and sectors/countries that present a high E&S risk; it triggers a more in-depth due diligence on such sectors, projects or companies and is updated quarterly;
- the E&S exclusion list.

The E&S risk assessment procedures and risk control systems are described in more detail in the Universal Registration Document (see: E&S risk management in the businesses to promote fair and responsible growth, p. 299).

Most of the sectors identified as potentially at risk are either already covered by an E&S policy or already included in the E&S identification list. Certain sectors or activities must nonetheless be flagged for inclusion on the list of activities requiring more in-depth E&S due diligence.

On the other hand, the inherent risk mapping has highlighted the need to include additional risks into the assessment tools for certain sectors, such as certain human rights and biodiversity issues, but also to reflect the commitments made in 2020 with regard to the fight against climate change. The Group has also increased its commitments by tightening the criteria relating to these issues in certain E&S policies and tools.

5.7.4 WHISTLEBLOWING MECHANISM

Under the Duty of Care Act (as well as the French Act on Transparency, the Fight against Corruption and Modernisation of the Economy, known as the Sapin II Act), implementation of a whistleblowing mechanism is mandatory. The Group therefore decided to add a Group-wide whistleblowing system to its pre-existing measure that meets the requirements of both these laws. The French representative trade unions were consulted and the system proposed was presented to and discussed with French and European bodies before being introduced. The policy is now available at www.societegenerale.com and on the Societe Generale Group's intranet. It has been rolled out in France and internationally, and is now available in 13 languages. This is in addition to the managerial channel and direct referral *via* the Chief Compliance Officer, to whom the issue can be initially reported.

Whistleblowers can use the system to report any suspected, potential or actual serious and clear violations of an international commitment,

a law or a regulation; in respect of human rights, fundamental freedoms, health and safety or the environment; and regarding behaviour or a situation that runs counter to the Group's Code of Conduct. It is available to all employees, as well as to external or temporary staff and service providers working with the Group on an established basis (as subcontractors or suppliers). It is hosted on a secure external platform offering the guarantees required by the French Act on Transparency, the Fight against Corruption and Modernisation of the Economy, namely protection of personal data and strict confidentiality of any information provided.

Whistleblowing is a right and no employee may be sanctioned in any way whatsoever for having whistleblown in good faith.

The Group's Code of Conduct reflects this whistleblowing process (see: A Code of Conduct underpinned by shared values, p. 279).

5.7.5 MONITORING OF MEASURES

Societe Generale has developed management and reporting tools in order to comply with its non-financial reporting obligations and to monitor the implementation of its E&S risk management processes. These tools provide the Human Resources Department, Security Division, Sourcing Division and Corporate Social Responsibility Department with key performance indicators. A common non-financial reporting system is in place throughout the Group and supplies the data needed for non-financial reporting (Chapter 5 of the Universal Registration Document) and for the Duty of Care Plan.

Duty of care measures are also monitored by means of internal self-assessment exercises. These self-assessment exercises make it possible to:

- monitor implementation of E&S risk management processes in the Business Units and Service Units, and further down the chain (at individual legal entity level);
- identify areas for improvement and monitor the ensuing action plans; and
- leverage additional indicators for monitoring the measures taken by the Group.

Societe Generale also largely finalised the implementation of action plans further to an internal audit on the Duty of Care project in 2020, zeroing in on the Sourcing pillar. These action plans focused in particular on formally setting out the controls and the scope of measures implemented.

Human Resources, Safety and Security pillar

Societe Generale assesses the monitoring of applicable rules through controls:

Risk management determines the Bank's ability to achieve its HR risk prevention goals. In this respect, control systems, their determination and their monitoring play a key role in the Company's performance.

For the sake of efficiency, the Group provides all its entities with normative documentation specific to the nature of the activities and taking into account all types of risk, including HR risks. This documentation is updated, disseminated, and accessible.

Societe Generale assesses risk mitigation measures through self-assessment exercises:

Every year the Group asks all entities with more than 50 employees to contribute to two self-assessment exercises:

- one is on hedging operational risk (Risk control self-assessment). In 2020, entities were asked to focus on major residual risks, culture and conduct, cybercrime, operational resilience and emerging risks. Governance and controls relating to this exercise are carried out by the Human Resources Department, the Risk Division and the Finance Division;
- the other is specific to the proper application of the duty of care by the Group's entities by way of a questionnaire (Planethic Reporting) covering the implementation of local policies and processes, as well as checks performed on all issues presented in the Universal Registration Document, see: Being a responsible employer (p. 281). The Human Resources Department governs and consolidates this data.

Societe Generale assesses the satisfaction and well-being of its employees:

In addition to these measures and in order to get direct feedback on their working conditions, the Group measures employee commitment through the Employee Satisfaction Survey, an annual, anonymous internal survey carried out throughout the Group. In 2020, in view of the health crisis, the annual Employee Satisfaction Survey was replaced by several Pulse surveys on issues of morale, commitment, diversity and inclusion. The results, which are regularly shared with employees, were instrumental in assessing their confidence in light of the unprecedented situation that developed during the year and their faith in the Group's efforts to improve their daily lives.

Sourcing pillar

The Sourcing Division carries out quarterly monitoring of E&S risk indicators relating to calls for tender and supplier monitoring. Accordingly, for procurement overseen by the Sourcing Division:

- CSR toolsheets cover 100% of the purchasing categories representing a medium-high or high E&S risk (more than 50 toolsheets in total). These toolsheets are designed to help the Sourcing Division's buyers ask CSR questions or impose CSR

requirements in respect of identified risks in the context of calls for tender;

- 100% of calls for tender in high E&S risk categories included CSR criteria;
- 80% of a targeted scope of suppliers under contract had a non-financial evaluation conducted by an independent third party to date;
- 15 suppliers were questioned by the Responsible Sourcing team following the detection of E&S controversies, in order to provide answers on the issues raised by these controversies;
- at 31 December 2020, 100% of the Sourcing Division's active buyers had received Responsible Sourcing training, as defined in the Group's normative documentation and in E&S risk management tools applicable to sourcing.

Activities pillar

The Group continued to steer implementation of procedures and controls aimed at managing E&S risks in its activities. Steering this year drew on the annual monitoring carried out within the framework of the DNFP (see, p. 299) and on the second Compliance Risk Assessment carried out at 188 Group entities on E&S risks.

This exercise provided the Group with more detailed results on the implementation of its E&S risk management frameworks over a wider scope and enabled it to define the necessary improvement actions.

These internal steering tools have made it possible to assess, among other things:

- the level of familiarity with the normative framework for managing E&S risks in the Group (E&S policies, E&S watch list and exclusion list) and their transposition into the Business Units' own procedures in 188 entities;
- the inclusion of an E&S due diligence in the KYC (Know Your Customer) processes for new customers and periodic reviews;
- the implementation of Group procedures and associated checks, as part of the Group's permanent control system;
- the human resources and skills devoted to E&S risk management;
- a governance framework to address complex E&S issues at local level, before escalation to Group level;
- the number of people trained in managing E&S and climate risks;
- the number of customers and transactions that pose an E&S risk that were the subject of an in-depth E&S due diligence, as well as the main findings of these reviews.

The Business Units with the highest exposure – 81% of those surveyed – have built in checks of compliance with the E&S exclusion list, while 85% of them call on E&S experts for an in-depth review if they identify this type of risk.

All of these Business Units, as well as the Service Units of the second line of defence, have appointed CSR correspondents. Moreover, nearly three quarters of these entities have people dedicated to E&S risk management.

Approximately 1,000 customers and customer groups, and more than 1,200 transactions, were subject to a detailed E&S review in 2020.

Of the entities assessed, 69% stated that they performed E&S KYC checks or applied E&S watch lists.

5.7.6 REPORT ON EFFECTIVE IMPLEMENTATION OF THE MEASURES

Summary

Since the publication of the Duty of Care Act, Societe Generale has continued to improve and implement its E&S management framework and measures for the HR, Safety & Security, Sourcing, and Activities pillars.

The main measures implemented in 2020 in this regard, detailed above in the Duty of Care Plan, as well as their main results, were:

Risks

Freedom of association and collective bargaining rights

Discrimination

Health and safety

Working conditions*

Human Resources, Safety and Security pillar

Results of the Duty of Care Plan application in the Group's subsidiaries:

Among the entities located in high, medium-high or moderate risk countries on the topics assessed under the Duty of Care Plan:

Level of exposure of the workforce

Entities that need to strengthen their employee representation systems employ 1.9% of the workforce

Entities that need to strengthen their policies, procedures and formalised rules to ensure that HR processes are non-discriminatory employ 2.3% of the workforce

Entities that need to strengthen their policies, procedures or formalised rules on health and safety at the workplace employ 1.6% of the workforce

Entities that need to strengthen their policies, procedures and formalised rules to meet International Labour Organization standards employ 1.5% of the workforce

* Covers forced labour and modern slavery, child labour, decent working hours and decent wages.

In terms of freedom of association and collective bargaining, staff representation systems were improved in Societe Generale's following countries of operation: China, United Arab Emirates and the United States.

With regard to discrimination, policies, procedures and formalised rules were improved in Societe Generale's following countries of operation to ensure non-discriminatory HR processes: Algeria, United Arab Emirates, Equatorial Guinea, Morocco and Romania.

On health and safety, policies, procedures and formalised rules on health and/or safety at work were improved in Societe Generale's following countries of operation: Cameroon, United Arab Emirates, Russia, Chad, Equatorial Guinea and Madagascar. More generally, measures have been implemented across all Group entities worldwide to protect employee health in the context of the health crisis.

As for working conditions, policies, procedures and formalised rules were improved in Societe Generale's following countries of operation to meet International Labour Organization standards: Algeria, United Arab Emirates and Chad.

In 2020, the self-assessment exercise covered entities representing 100% of the Group's workforce, up from 99% in 2019.

Sourcing pillar

The main achievements were:

- enhancement of E&S risk management awareness and training with respect to procurement by developing the motion design video and training for professional buyers;
- the E&S risk management operational tools for procurement not overseen by the Sourcing Division have been simplified and made available to high E&S risk categories.

Results: For procurement overseen by the Sourcing Division:

- around 4% of the spending analysed was found to be on purchasing categories with high E&S risk, and 9% on purchasing categories with

medium-high E&S risk. The category that emerges as representing the greatest risk was building work, which accounts for 1% of the Group's spending;

- CSR toolsheets cover 100% of the purchasing categories representing a medium-high or high E&S risk (more than 50 toolsheets in total). To meet specific challenges, 50 or so additional CSR toolsheets cover other purchasing categories;
- 100% of calls for tender in high E&S risk categories included CSR criteria;
- at the end of 2020, 100% of the Sourcing Division's active purchasers had received Responsible Sourcing training.

Activities pillar

The main achievements were:

- where necessary, transposing into Business Unit procedure the Group's normative documentation setting out how E&S risks are defined, the processes and procedures for managing these risks, as well as the roles and responsibilities within the first and second lines of defence;
- bolstering risk management expertise in the Business Units and geographic entities, in particular with the appointment of experts in each regional division in Africa, at BRD, KB and Rosbank, and also within the second line of defence;
- controls on management of E&S risks were included in the permanent supervision system;
- progress with implementing E&S risk management procedures and checks was assessed in more detail within the Business Units and Service Units, as well as in 188 Group entities. (see : E&S risk management in the businesses to promote fair and responsible growth, p. 299).
- the main findings of these assessments were presented to CORESP.

Results:

- less than 10% of the Group's exposure is linked to activities that pose an E&S risk (energy, transport and logistics, upstream agriculture, industry, construction, etc.) and conducted in countries that also entail risk;
- 93% of the Business Units in question apply the E&S exclusion list during KYC or transaction due diligence;
- 92% of the Business Units in question apply the E&S identification list during KYC or transaction due diligence;

- 81% of the Group's Business Units have correspondents or people dedicated to E&S risk management, *i.e.* all the most exposed Business Units;
- of the 188 entities assessed, 69% stated that they performed E&S KYC checks or applied E&S watch lists;
- an increase in the number of customers and transactions reviewed with results that are 87% positive, 11% conditional and 2% negative with respect to customer assessments.

5.7.7 OUTLOOK AND PLANNED DEVELOPMENTS

Part of the existing E&S risk assessment and management procedures were reviewed in 2020, in particular to include the main risks that are either not covered or insufficiently covered by the existing tools and procedures. The risk management framework will be further enhanced (policies, formal processes and/or additional checks) in 2021, alongside continued efforts in respect of implementation.

Human Resources, Safety and Security pillar

At Group level, the main actions planned are:

- the consolidation of anti-harassment measures and the establishment of internal audits to ensure compliance with the principles of non-discrimination;
- the implementation of the five additional checks included in the internal control system in 2020 (on the prevention of discrimination and legal obligations in terms of employment of people with disabilities);
- the creation of a Group department dedicated to corporate culture, diversity and inclusion;
- the implementation of a strengthened diversity and inclusion strategy including, in particular, awareness-raising actions on unconscious bias and stereotypes, and proactive actions to increase the representation of women in decision-making bodies.

Additional measures are also foreseen in entities that need to improve their non-discrimination policies and procedures, for example:

- in Romania, conferences are planned on harassment and anti-discrimination issues.
- in the United Arab Emirates, there are plans to renew the "Know Your Woman Employee" programme, a scheme dedicated to women that includes sixteen months of guidance towards personal development.

In addition, in 2021, the Group will continue to take all the necessary protection and support measures with regard to the health crisis. Listening attentively to stakeholders will clarify changes in its environment and help the Group to address them with agility. Appropriate channels have been set up to foster constructive dialogue with all stakeholders by considering the results of internal surveys, the materiality analysis performed⁽¹⁾ on a group of stakeholders, and through continued dialogue with the UNI Global Union.

Sourcing pillar

The main actions planned are as follows:

- continued expansion of the Group's normative documentation on sourcing, imposing new E&S risk management standards in particular;
- improvements to the tools used to identify and assess risks, including creating new toolsheets on moderate and low-risk categories for buyers;
- continued implementation of these tools (tool sheets, CSR clause and Sustainable Sourcing Charter) in the Group;
- additional training for buyers, especially new arrivals;
- performing CSR audits and setting up remedial action plans with suppliers under contract presenting E&S risk factors;
- strengthening the process of identifying and managing E&S controversies for suppliers.

Activities pillar

The main actions planned are as follows:

- continued improvements to E&S policies and risk management tools to clarify them and gradually include more business sectors, sector/country combinations and human rights issues, as well as a review of the E&S General Guidelines and the development of a climate statement and a biodiversity statement;
- continued updates to operational procedures in Business Units to reflect the latest changes in the Group's normative framework;
- further integration of E&S checks into KYC processes and the systematisation of the related checks and controls;
- training for target groups to ensure implementation;
- tightening of E&S risk management governance and controls, at Group level as well as in the relevant Business Units and Service Units;
- strengthening of the role of the second line of defence on E&S risk issues both centrally and in the Business Units, particularly in monitoring the permanent control system and related action plans.

(1) In 2020, the Group surveyed a representative group of these stakeholders as part of a major E&S materiality assessment in preparation for the 2021-2025 strategic plan.