2020 COMPENSATION POLICIES AND PRACTICES REPORT

SOCIETE GENERALE

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SUMMARY

The objective of the remuneration policy implemented by the Group is to attract, motivate and retain employees in the long term, while ensuring an appropriate management of risks and compliance, and promoting the Group's values. With respect to the Chief Executive Officers, it furthermore aims at rewarding the implementation of the Group's long-term strategy in the interests of its shareholders, its clients and its employees.

CORPORATE GOVERNANCE OF REMUNERATION POLICY

The governance applied by the Group ensures an exhaustive and independent review of the remuneration policy, 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 up to the level of General Management;
- An ultimate validation of this policy (including the principles, budgets and the remuneration policy for the Group regulated population under CRDIV regulation) by the Board of Directors after review by the Compensation Committee.

- **This remuneration policy has been established in compliance with relevant regulations, in particular the European Directive 2013/36/EU, published on 26 June 2013 (hereinafter "CRD IV")** and its transposition in France via Order no. 2014-158 on 20 February 2014, for the staff members exerting a significant impact on the Group's risk profile (hereinafter "regulated population"). It is subject to regular review:
- Externally by the various supervisory bodies;
- Internally through an independent review by the Internal Audit Division.

In addition, with respect to the Chief Executive Officers, it respects the provisions of the French Commercial Code and the recommendations of the AFEP-MEDEF Code.

The remuneration policy for the Chief Executive Officers is submitted ex ante to the General Assembly of shareholders and the implementation is also subject to its approval according to the conditions defined by the French Commercial Code.

GROUP REMUNERATION POLICY AND PRINCIPLES

In 2014, the Group completed the implementation of the CRD IV requirements through:

- Defining the regulated population in line with the Delegated Regulation (EU) No 604/2014;
- Obtaining an approval from the Annual General Meeting of 20 May 2014 for a maximum ratio of 2:1 between variable and fixed components of remuneration for the regulated population and ensuring that all beneficiaries comply with this maximum ratio. **The 8th resolution of the Ordinary General Meeting of May 20 2014 was voted with 96.46% of the votes. The 2020 regulated population was defined, as in 2019, on the basis of the identification criteria specified in the EBA regulatory technical standards** (level of responsibility, impact in terms of risk exposure and level of total remuneration).

  The approach in terms of the determination and structure of variable remuneration for the regulated population is in continuity with that applied in previous years and remains compliant with the CRD IV requirements. The key principles are as follows:

- The variable remuneration pools are determined by business line on the basis of:
  - **the financial results** after taking into account the risks; the Finance Division ensures that the total amount of variable remuneration does not undermine the Group's capacity to meet its objectives in terms of capital requirements;
  - **qualitative factors** such as market practices, conditions under which activities are carried out and risk management, through an independent appraisal process performed by the Risk and Compliance Divisions, essentially for the Global Banking and Investor Solutions, the International Banking and Financial Services and the activities of Retail Banking in France;
  - **The allocation of individual variable takes into account annual individual appraisals based on the achievement of quantitative and qualitative objectives known by the employees.** The Group evaluation tool of employees includes a Conduct and compliance section, enabling the manager to take into account these criteria into the annual performance assessment. In addition, for some employees, an independent assessment is carried out by the Risk and Compliance divisions on risk management and compliance.
- **The variable remuneration structure is compliant with regulations, including:**
  - a non-vested component subject to continued employment, minimum financial performance conditions and appropriate management of risks and compliance, which vests over three years on a pro-rata basis, **with a deferral rate of at least 40% and up to 70% for the highest variable remunerations;**
  - **the award of** at least 50% in the form of Societe Generale shares or Societe Generale share-linked instruments (50% of the vested component and two-thirds of the non vested component).

As a result, **the part of variable remuneration that is immediately paid out in cash is capped at 30% and can go down to 15% for the highest variable remunerations.** The share linked instruments, in addition, are subject to a retention period of at least six months.

- The variable compensation arrangements for the Group Management Committee impose more stringent rules as compared to those applicable to other regulated staff. The non-vested component of their variable remuneration is deferred over five years, including a part deferred in one-third over three years as described above, and a part in the form of long-term incentive vesting after four and five years, attributed in the form of Societe Generale shares or share linked instruments and subject to performance conditions depending on the relative performance of Societe Generale shares (cf 2.3.2).

SYNTHESIS ABOUT THE GROUP REGULATED POPULATION

In 2020, the Group regulated population included 781 members of staff compared with 795 in 2019.

The variable remuneration pool awarded to the regulated population with respect to 2020 was 169.7M€ and total variable and fixed remuneration amounted to 391.3M€.

2020	TOTAL GROUP
GROUP REGULATED POPULATION	**781**
TOTAL REMUNERATION (M€)	**391.3**
of which fixed remuneration (M€)	**221.6**
of which variable remuneration (M€)	**169.7**
% of variable in instruments	**55%**
% of variable deferred	**43%**
Average ratio of variable / fixed	**77%**

Gross compensation excluding employer charges.

The structure of variable compensation is detailed in paragraph 2.3.2.1

PREAMBLE

This document was drafted in application of Articles L511-71 to L511-88 of the French Monetary and Financial Code, as amended by Ordinance no. 2014-158 of 20 February 2014 which modified the regulatory requirements concerning the remuneration of staff whose activities are likely to have a significant impact on the risk profile of credit institutions and investment firms. Ordinance no. 2014-158 of 20 February 2014 (complemented by Decree no. 2014-1315 and the Order relative to internal control, both dated 3 November 2014) transposed into the French law the remuneration provisions of the European Directive 2013/36/EU of 26 June 2013 (hereinafter - “CRD IV”).

PART 1.
CORPORATE GOVERNANCE OF REMUNERATION POLICY

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

The Group 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 Societe Generale as well as to 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 prevail, except when local regulations are more stringent.

The definition of this policy takes into account the market context and practices.

1.1 THE COMPOSITION AND THE ROLE OF THE COMPENSATION COMMITTEE

As of 31 December 2020, the Compensation Committee is composed of five members, including three independent directors. The link with the Risk Committee has been reinforced via the nomination of an Independent Director who is both member of the Risk Committee and the Compensation Committee (Mr Nin Genova). The Compensation Committee includes the following directors:

- **Jean-Bernard LEVY,** Chairman and Chief Executive Officer of EDF: Independent Director, President of the Compensation Committee, Member of the Nomination and Corporate Governance Committee;
- **Jérôme CONTAMINE**, Independent Director, member of the Audit and Internal Control Committee and the Compensation Committee;
- **France HOUSSAYE,** Manager of the Bois-Guillaume Branch (Rouen): Director elected by employees, Member of the Compensation Committee;
- **Gérard MESTRALLET,** Independent Director, President of the Nomination and Corporate Governance Committee, Member of the Compensation Committee;
- **Juan Maria NIN GENOVA,** Company Director: Independent Director, Member of the Compensation Committee, Member of the Risk Committee.

The main missions of the Compensation Committee are defined in Section 3 on corporate governance of the 2021 Registration Document.

The Compensation Committee reports its works and recommendations to the Board of Directors within the framework of preparing the decisions of the Board of Directors regarding the approval of the principles of the Group's overall remuneration policy, as well as the remuneration policy more specifically applicable to regulated Group employees.

The Group's subsidiaries are invited to apply the policy defined at Group level and are invited to adopt it formally via a decision of their management body when local legislation so allows. A possible adaptation of this policy can only be considered when the national regulations require it.

More specifically, the Compensation Committee met eight times during the remuneration review process spanning the 2020-2021 period. During these meetings, the Committee prepared the Board's decisions with respect to the following issues:

CHIEF EXECUTIVE OFFICERS	– Preparation of Board decisions on the departure of Mr Heim and the end of Mr Cabannes' term – Adaptation of the structure of quantitative and qualitative performance criteria following the reorganization of the General Management – Analysis and assessment of the equity ratio – Review of the 2020 annual objectives (quantitative and qualitative) of Chief Executive Officers proposed to the Compensation Board – Proposal of the remuneration policy and quantitative/qualitative annual objectives of the Chief Executive Officers relating to the 2021 financial year – Follow-up of the shares holding obligations of the Chief Executive Officers
REGULATION AND GROUP REMUNERATION POLICY	– Guidelines on the Group's 2020/2021 remuneration policy – Remuneration policy of GBIS (Global Banking & Investor Services) – Gender Equality Policy – Deferred variable compensation schemes and long-term incentive plans – Proposal to the Board with respect to performance share plans – Review of the fulfilment of the performance conditions applicable to the Group deferred remunerations schemes and to long term incentives – General Assembly resolution proposals related to remuneration – Granting an additional profit sharing premium – Compensation policy for the Group regulated population – Review of the extent to which risks and compliance are taken into account in the variable remuneration policy – Review of the remuneration of the Group Head of Risk and of the Group Head of compliance – Review of the audit mission on the compliance of the 2019 remuneration policy – Public Report on Compensation Policies and Practices Compensation policy

The Compensation Committee has reviewed that risks are taken into account in the remuneration policy. The Risk Committee has been consulted on this subject.

1.2 INTERNAL GOVERNANCE OF REMUNERATION WITHIN THE GROUP

The annual process conducted to review individual situations (fixed salary and, when relevant, variable remuneration and/or long term incentive program) is coordinated by the Group Human Resources Division following various validation stages at the level of Core Businesses, the Group Human Resources Division and General Management and finally the Supervisory Board upon the recommendation from the Compensation Committee. The final validation covers policy and budgets for the whole Group.

The different divisions involved in the process are:

- **The Group Human Resources Division** ensures global coordination and works to identify the regulated population in cooperation with the Human Resources Division of each Core Business, the Risk and compliance Divisions (cf. 2.2);

- **The Finance Division** validates the methodology used for setting variable remuneration pools, notably for Global Banking and Investor Solutions, ensuring that the various types of risk have been taken into consideration, and furthermore checking 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). The Finance Division takes part in the process of defining deferred remuneration schemes (structure, performance conditions and malus clauses) (cf. 2.3.2) and evaluation of the achievement of performance conditions;

- **The Risk and Compliance Divisions** are involved in the process of reviewing the Group's variable remunerations and more specifically the CRD IV Group regulated population. In particular, the Risk and the Compliance Divisions assess risk and compliance management essentially for the business lines of Global Banking and Investor Solutions, of International Banking and Financial Services and French Retail Banking (cf. 2.3.1.1), and give their opinion about the way regulated staff take these aspects into account (cf. 2.3.1.2). These assessments can lead to a possible adjustment of variable remuneration pools and individual awards.

- The independence of the control functions is guaranteed by hierarchical reporting to the Group's General Management. Moreover, as all Group central functions, these functions are compensated through variable remuneration pools taking into account 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. The remuneration of employees in control functions in the Risk, Compliance and Internal Audit Divisions is determined by the managerial line of their control function, in order to ensure their independence and avoid any conflict of interest.

This governance system ensures that remuneration decisions are made independently and objectively. Each year, Internal Audit carries out an independent ex-post review of compliance of Societe Generale Group remuneration policies and practices with CRD IV rules. A summary of the audit report is communicated to the Compensation Committee and the Group Risk Committee.

Apart from the annual review of individual remunerations, a specific governance and management process applies to the entire Group.

PART 2.
GROUP REMUNERATION POLICIES AND PRINCIPLES

The aim of the Group remuneration policy is to enhance the efficiency of remuneration as a tool for attracting and retaining employees who contribute to the long-term success of the company; it takes into account the criteria of appropriate risk management and compliance with the rules and regulations by employees. This policy is based on principles common to the whole Group, which are then implemented by each business line and geographic area in which the Group operates, taking into account the market practices.

Remuneration includes the following elements:

- a fixed component that rewards the capacity to hold a position in a satisfactory manner through the employee displaying the required skills and professional experience. It includes items such as base salary and, if necessary, additional elements of remuneration linked to mobility and/or function respecting the regulation (ex allowance provided that it is predetermined, transparent, maintained and not revocable during the period related to the specific role or responsibilities and that it does not encourage risk-taking);
- a variable component that aims to reward collective and individual performance, depending on objectives defined at the beginning of the year and conditional on the results, the context, and the behaviour displayed to meet said objectives. Employees whose variable remuneration does not exceed a certain level may also benefit from a long-term incentive award in the form of performance shares. This incentive is mainly dedicated to employees who have been identified as strategic talents, key resources and top performers. For the majority of employees, the variable remuneration is paid in full once a year in cash provided that the employment contract is not terminated on the date of payment. For some employees, part of the variable remuneration is deferred due to their activity (material risk takers) or the level of their amount of variable remuneration.

There are specific rules for some variable remuneration, in particular:

- Guaranteed bonuses are granted in exceptional circumstances within the external hires framework and they comply with the regulatory framework (cf. 2.3.5);
- Buy-outs or redemptions of deferred remuneration not paid by the former employer comply with regulations; conditions cannot be more favourable than those offered by the former employer, in particular in terms of amount, structure and deadlines.

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

2.1 COMPLIANCE OF THE GROUP REMUNERATION POLICY WITH REGULATORY REQUIREMENTS

In defining its remuneration policy, Societe Generale Group undertakes to comply with all the applicable regulations, in particular:

- The CRD IV, targeting credit institutions and investment firms worldwide activities, imposes constraints on the variable remuneration structure of employees considered to be assuming significant risks (hereinafter - "CRD IV regulated population"), including notably deferral of a part of the variable compensation and payment of a part of the variable compensation in the form of financial instruments indexed on the long- term interests of the bank, as well as a cap on the variable compensation as a multiple of fixed compensation;
- EBA ("European Banking Authority") Guidelines on sound remuneration policies as notified compliant by the ACPR and entered into force in January 2017;
- Directives AIFMD and UCITS V, applicable to asset management firms'worldwide activities, impose constraints on the variable remuneration structure of employees identified as assuming significant risks (hereinafter - "AIFMD and UCITS V regulated staff"), including notably a requirement to defer a part of the variable compensation and to pay a part of the variable compensation in the form of financial instruments which reflect the performance of the units under management;
- The French Banking Law, targeting worldwide market and treasury operations, requires the Group to have a strict framework for operations not linked to client activities and to ensure determination of the remuneration of the market operators in consistency with the organizational rules and internal functioning of activities, so that the remuneration does not encourage risk-taking without a link to the pre-defined objectives;
- The Volcker Rule, applicable to the worldwide scope of market operators, prohibits certain proprietary activities and requires that the compensation arrangements do not incentivize the activities prohibited by the Rule nor excessive or impudent risk-taking;
- Directive MIF 2, established for the purpose of protecting customers and targeting employees providing investment services and related services to clients in the EU / EEA, requires the introduction of remuneration systems that encourage responsible professional behaviour towards the client and a fair treatment of clients whose interests should not be affected by short, medium and long-term compensation practices;
- The EBA Guidelines on policies and compensation practices relating to the sale and supply of the bank's retail products and services require responsible professional behaviour and fair treatment of clients. The procedures for determining compensation should not lead to promoting the sale of a specific product;
- The anti-corruption regulations require that corruption prevention procedures are designed to mitigate identified risks as well as prevent deliberately unethical behaviour (including corruption and trading in influence). The methods of determining remuneration must be established in accordance with this requirement;
- The Directive Solvency II, applicable to insurance and reinsurance companies of the EU / EEA, requires setting remuneration policy compliant with the company strategy and with risk- management objectives, incorporating measures aimed at avoiding conflicts of interest, promoting sound and efficient risk management, and not encouraging risk-taking exceeding the limits defined by the entity. The Directive recommends a balance between the fixed and variable remuneration components and requires that a substantial part of the variable employee remuneration having significant impact on the risk profile of the entity be deferred over time;
- The Directive IDD requires that compensation practices do not hinder the ability of insurance distributors to act in the best interests of clients, nor discourage them from making an appropriate recommendation or presenting the information in an objective, clear and non-misleading way;
- The SFDR (Sustainable Finance Disclosure), which is applicable on 10 March 2021, requires transparency of remuneration for integration sustainability risks.

The remuneration policy of Societe Generale Group incorporates the different constraints listed above in the following manner:

- ***Ex-ante*, taking into account risks while defining variable pools and individual allocations (cf. 2.3.1):**
  - for the entire Group, taking into account quantitative financial indicators factoring in risks and also qualitative indicators for the setting of bonus pools. Individual evaluations are based on pre-defined quantitative and qualitative objectives which can integrate criteria of risk management, customer interests and satisfaction, respect of the rules and regulations applicable to the employee function;
  - in addition, within Global Banking and Investor Solutions (GBIS), International Banking and Financial Services (IBFS) and French Retail Banking (RBDF), conducting independent annual evaluations by Risks and Compliance divisions regarding risks and compliance management by the core businesses which have a major impact on the Group's risks profile and by employees regulated by CRD IV, AIFMD and UCITS V operating in these core businesses.

By the mechanisms described above, the variable remuneration is not directly and solely correlated to the revenues generated.

- ***Ex-post*, taking into account risks in the deferred variable compensation schemes (cf. 2.3.2):**
  - for CRD IV regulated staff: deferral of 40% minimum of the attributed variable over three to five years vesting on *pro-rata temporis* basis, starting from a certain threshold; award of 50% minimum of the variable in the form of financial instruments; non-vested part subject to presence and performance conditions, as well as to appropriate management of risks and compliance;
  - staff regulated under AIFMD and UCITS V: similar constraints as imposed by the CRD IV in terms of deferral rate and period, payment of variable in instruments and conditions applicable to the non-vested part;
  - beyond the scope of staff regulated under CRD IV, AIFMD and UCITS V, the employees of Global Banking and Investor Solutions and those of the Central Divisions are subject to the following remuneration provisions: above a certain threshold, variable deferred on progressive rate over three years vesting on *pro-rata temporis* basis and paid in the form of financial instruments; non-vested part subject to the same vesting conditions as for CRD IV regulated staff;
  - integration of financial performance conditions, malus and clawback, as well as conditions of reduction or cancellation of unvested rights in case of implementation of one or more resolution measures at the level of the Group by the competent resolution authority, in accordance with the provisions of Article L. 613- 50-10 of the French Monetary and Financial Code.

Assessments carried out internally and externally show that the Group remuneration policy complies with regulatory requirements.

Internally, the Group's remuneration policy is reviewed regularly and independently by the Internal Audit Division. The latest review carried out in 2020 covered the remuneration policy applied for the 2019 regulated population. The Internal Audit Division concluded that the risk of non-compliance of the Group remuneration policy was correctly covered, both from the point of view of governance of the overall process and of the respect of the quantitative and qualitative rules applied to the variable remunerations awarded for the 2019 performance year.

In addition, the Group remuneration policy is regularly reviewed by supervisory authorities.

2.2 PERIMETER OF THE CRD IV REGULATED POPULATION IN 2020

In continuity with the previous financial years and in line with the regulation, the scope of regulated staff covers all employees whose professional activities have a material impact on the Bank's risk profile, including employees exercising control functions.

In 2019, the methodology of determination of the CRD IV Group regulated staff, led to the identification of 789 staff members (excluding Chief Executive Officers).

In 2020, the scope of the regulated staff was updated on the basis of the same regulatory technical standards, which include:

- **The Group's Chief Executive Officers;**
- **The Chairman and members of the Board of Directors;**
- **The members of the Group Strategic Committee, which includes the Heads of the main business lines and subsidiaries of the Group, as well as the Heads of control and support functions for the Group;**
- **Key managers within of control functions (risk, compliance, audit) and support functions at Group level and who are not members of the aforementioned bodies;**
- **Within the "material business units"(1), the main operational managers** (members of the executive committees of activities or subsidiaries) **and managers responsible for control functions,** who are not already identified by the above criteria;
- **Staff having credit authorisations and/or responsible for market risk limits exceeding** materiality thresholds at Group level, as defined by the EBA, and who are not already identified by the above criteria;
- **Staff members whose total remuneration for 2019 exceeds the 500 K€ threshold defined by the EBA or within the 0.3% of the number of staff who have been awarded the highest total remuneration, and who are not already identified by the above criteria.**

The 2020 Group regulated staff comprised 781 staff members (including the Chairman of the Board and the Chief Executive Officers).

The perimeter of the Group Regulated population will be reviewed every year to take into account changes in terms of internal organization and remuneration levels. For 2021, it will also include the modifications applied within the implementation of the CRD V directive.

In addition, 331 staff members (including approximately 42 already identified at the Group level) **have been identified as regulated within the subsidiaries** of the Group located within the European Economic Area which must apply **on an individual basis** the CRD IV Directive.

In compliance with articles 198 and 199 of the Order of 3 November 2014, asset management firms and insurance companies have been excluded from the scope of identification of the CRD IV regulated population on a consolidated basis. However, as indicated above, these companies are subject to other specific regulations - with principles similar to CRD IV - and specific regulated populations have been identified in these companies.

(1) The "material business units", as defined by the EBA regulatory standards are the activities (subsidiaries, businesses) within the Group which represent at least 2% of the Group's internal capital.

2.3 2020 GROUP VARIABLE REMUNERATION POLICY

The allocation of variable remuneration depends on both individual and collective performance and takes into account previously defined quantitative and qualitative criteria. It also takes into consideration the economic, social, and competitive context. In order to avoid any conflict of interest, variable remuneration is not directly or solely linked to the amount of revenues generated.

In addition, for several categories of employees (staff regulated under CRD IV, AIFMD, UCITS V; all employees within Global Banking and Investor Solutions and Central Divisions beyond a certain threshold), **a significant portion of variable remuneration is deferred over three years and subject to presence and performance conditions of the Group and activity concerned.** As such, 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.** Finally, the variable remuneration of the CRD IV regulated staff is capped at two times the fixed remuneration.

2.3.1 LINK BETWEEN VARIABLE REMUNERATION AND PERFORMANCE AND ALIGNMENT OF VARIABLE REMUNERATION WITH RISK WITHIN THE GROUP (*EX-ANTE*)

2.3.1.1 DETERMINATION OF VARIABLE REMUNERATION POOLS

The variable remuneration pool of Global Banking and Investor Solutions is defined on the basis of performance indicators which take into account all costs and risks inherent to the activities (liquidity; credit; market; operational risks as well as capital requirements – cf. detail in the table below).

Within Retail Banking in France and International Banking and Financial Services, the variable remuneration pools take into account the evolution of the operating income, which includes the different costs and risks inherent to the activities of these Core Businesses, as well as on the Return on Normative Equity (RONE).[2]

For the support or control functions, the evolution of variable remuneration pools takes into account the evolution of Group financial results. They are determined independently of the results of the business activities they control.

The setting of the pools, as well as their distribution, depend on the aforementioned quantitative factors but also on several qualitative factors, which include:

- Market practices in terms of remuneration;
- General conditions in the markets in which the results were generated;
- Elements which may have temporarily impacted the business performance.

In addition, the Risk and the Compliance Divisions carry out an independent assessment of businesses having a significant impact on the Group risk profile with respect to managing credit risks, market risks and operational risks and non-compliance risks. This assessment can lead to an adjustment of the distribution of the variable remuneration pools between businesses/entities.

The assessment of performance by Risk management takes into account different criteria, for example: knowing and respecting limits, the relevance of the choice of counterparties and processes as well as compliance with risk policies, the ability to identify and control risks as well as remedial actions if necessary, compliance with confidentiality rules, the level of risk culture, the "tone from the top" and the dissemination of risk culture among employees. This formalized evaluation exercise is conducted by the Risk Department management and its results are subject to feedback from the business lines involved.

For the Group senior managers (Chief Executive Officers and Group Management Committee), variable remuneration is not based on a collective pool but is determined individually on the basis of the Group financial results, the results of the business activity they supervise, the extent to which they have met their specific qualitative and quantitative objectives and market practices. For the Chief Executive Officers, qualitative criteria are based essentially on the achievement of key targets in relation to the Group's strategy, operational efficiency and risk management, as well as the CSR policy. The members of the Management Committee have common collective objectives (including CSR objectives) which represent a significant part of the total annual variable remuneration.

(2) Return on Normative Equity = Return on Equity of a Core business or activity, based on normative capital.

These common collective goals include:

- financial performance;
- customer satisfaction and experience depending on the approach Net Promoter Score;
- the employee engagement rate, measured by the Group Employer Barometer;
- corporate social responsibility, through the extra-financial rating of the Group by S&P Global CSA (formerly RobecoSAM) and the Sustainalytics and MSCI agencies.

Moreover, the Finance Division includes the proposed global variable remuneration pool at Group level in the budget forecasts that are used as a basis to project regulatory capital ratios. The global variable remuneration pool is taken into account in the capital planning; the remuneration policy preserves capital and liquidity, and does not compromise the respect of the target of the fully- loaded capital ratios, in compliance with the ECB recommendations.

The determination of the variable remuneration pools takes into account the financial targets related to risk appetite. **Notably, the General Management reserves the right to re-calibrate variable remuneration pools if they limit the Bank's capacity to maintain the level of capital required to meet the Group's target prudential ratios.**

2.3.1.2 INDIVIDUAL ALLOCATION

The individual allocations of variable remuneration components take into account, for the entire Group, an annual individual performance appraisal based on the achievement of quantitative and qualitative objectives. There is no direct or automatic link between the commercial and financial results of an individual employee and his/her level of variable remuneration insofar as employees are assessed on their results, their activity and the way in which said results were achieved.

The recommended methodology for the objective setting is the SMART method (the objectives are **S**pecific, **M**easurable, **A**ccessible, **R**ealistic and fixed within a **T**imeframe) in order to define objectives that 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. They can include the quality of risk management, the means used and behaviours displayed to achieve results such as cooperation, teamwork and human resources management, as well as the management of clients' interests and satisfaction. The evaluation made in the Group evaluation tool includes a Conduct and Compliance section which allows the manager to take into account these criteria into the annual performance assessment.

In addition to the individual appraisal carried out by line managers, the Risk and Compliance Divisions independently assess certain categories of staff regulated under the CRD IV, AIFMD and UCITS V essentially within Global Banking and Investor Solutions, International Banking and Financial Services and Retail banking in France. They review in particular:

- Risk awareness, technical expertise and risk management, as well as respect of policies and procedures related to risk management;
- Compliance with regulations and internal procedures, as well as the extent to which they are transparent towards the clients with respect to products and associated risks;
- The quality of the interactions between the employees concerned and the Risk Division and the Compliance Department (transparency, proactivity, quality of answers).

The Risk and Compliance Divisions assessed, within the framework of the same exercise, the employees in charge of trading desks (under the Volcker Rule and the French Banking Law desks including those who are also regulated in the sense of CRD IV).

In addition to the above, the Risk Division and the Compliance Department may extend the scope of evaluated employees beyond staff regulated under the CRD IV, AIFMD and UCITS V and Volcker Rule/French Banking Law Desk Heads, if considered appropriate.

The senior management of the relevant Core Businesses, General Management and the Group Human Resources Division take the conclusions from the Risk and Compliance Divisions into consideration when approving the overall variable remuneration pools and the way in which they are allocated at an individual level. The proposed variable awards are adjusted downwards in the event of a negative appraisal by the Risk and/or Compliance Divisions. The synthesis is communicated to the Compensation Committee.

Taking into account performance and risks *ex ante* within Global Banking and Investor Solutions:

AT THE LEVEL OF GBIS

QUANTITATIVE	GBIS Financial Performance indicators:	Risks taken into account:
	• Operating income of GBIS (excluding variables)	• All risks allocated to GBIS (including market risks credit risks, Operational risks, Liquidity costs)
	• Normalised Return on Normative Equity*	• Idem
QUALITATIVE	- Market practices and trends - Market environment and Relative performance	

AT THE LEVEL OF THE BUSINESS LINES WITHIN GBIS

QUANTITATIVE	Financial performance indicators, indicator of the CIB compensation ratio	
QUALITATIVE	Qualitative adjustments: - Opinion of control functions - External Benchmark/Competitive situation - Conditions of market and exercise of the activity	Opinion of control functions (risk and compliance) on risk management regarding credit risks, market risks, operational risks and non-compliance

INDIVIDUAL ALLOCATIONS

QUANTITATIVE	Decision by management: - Individual appraisal, integrating the assessment of the behaviour with regard to the values of the Group - Opinion of control functions - External benchmark - Transversal reviews	Annual individual appraisal
QUANTITATIVE		Opinion of control functions (risk and compliance) on risk management regarding credit risks, market risks, operational risks and non-compliance

The standardized REX and RONE include a standardized cost of risk on GLBA.
GLBA's standardized cost of risk is calculated based on the average 1-year Expected Loss +10% of the accounting CNR.
* RONE: Return on normative equity calculated on the basis of the Risk Weighed Assets/RWA of GBIS and the Group.

2.3.2 STRUCTURE OF VARIABLE REMUNERATION

2.3.2.1 CRD IV REGULATED STAFF

The structure of the variable remuneration awarded to CRD IV regulated staff for the 2020 performance year includes, in compliance with regulation, when the variable remuneration is over a threshold of 100 K€[3]:

- **Anon-vested component** subject to presence and performance conditions, as well as appropriate management of risks and compliance, **vested over a period of three years on a pro-rata basis, with a deferral rate of at least 40% and which may go up to 70% for the highest variable remuneration levels;**
- **A payment of more than 50% in shares or share equivalents Societe Generale[4],** that is 50% of the vested component and two-thirds of the non- vested component. Societe Generale share equivalents are cash units whose value is determined in relation to the stock price quoted on the NYSE market Euronext in Paris over a given reference period.

(3) Or a threshold adjusted according to local regulations.
(4) As for the preceding year, the instalments of non-vested variable remuneration awarded in instruments will be attributed to French tax residents in the form of Societe Generale shares.

Accordingly, the part paid immediately in cash is capped at 30%. It can even go down to 15% for the highest variable remunerations.

More precisely, the variable remuneration scheme of CRD IV regulated staff is structured as follows (cf. table below):

- A vested, non-deferred part paid in cash in March of the year following the close of the financial year;
- A vested part deferred in the form of share equivalents, for which the final amount paid to the employee depends on the Societe Generale share price at the end of the non-transferability period;
- A non-vested deferred cash part (which is not indexed to the share price) in one instalment conditional on the employee's continuous employment with the Bank and dependent on the performance and risk alignment criteria described hereafter in 2.3.2.5;
- A non-vested part deferred in Societe Generale shares or share equivalents in two instalments[5] for which vesting is conditional on the employee remaining employed by the Bank and dependent on the conditions described in section 2.3.2.5 and the final value depending on the Societe Generale share price at the end of the non- transferability period.

The part in share instruments or share linked instruments only concerns variable compensation and is not granted until the second deferred year in order to respect the French regulatory constraints related to the attribution of performance shares for French tax residents (the instrument chosen being the Societe Generale share for French tax residents and the equivalent action for non-French tax residents). For reasons of homogeneity and simplicity of the remuneration structure within the Group, the choice was made to have only one type of instrument per maturity, and the same instalments in shares or in share linked instruments.

The non-transferability period ("retention period") is at least six months for share or share equivalents.

<table>
<tr><th rowspan="2">GLOBAL VARIABLE REMUNERATION
Vesting Date</th><th colspan="2">VESTED COMPONENT</th><th colspan="5">NON VESTED COMPONENT</th></tr>
<tr><th colspan="2">March 2021</th><th>March 2022</th><th>March 2023</th><th>March 2024</th><th>March 2025</th><th>March 2026</th></tr>
<tr><td>**Heads of BU/SU members of the Group Management Committee**[9]</td><td>Cash (50%)</td><td>Share Equivalents + 6 months[6] (50%)</td><td>Cash (20%)</td><td>Cash (20%)</td><td>Shares[7] or Share Equivalents + 6 months[6] (20%)</td><td>Shares[7] or Share Equivalents + 6 months[6] (20%)</td><td>Shares[7] or Share Equivalents + 6 months[6] (20%)</td></tr>
<tr><td>**CRD IV Regulated employees**
Variable Remuneration
> 100 K€</td><td>Cash (50%)</td><td>Share Equivalents[8] + 6 months[6] (50%)</td><td rowspan="2">Cash (33%)</td><td rowspan="2">Shares[7] or Share Equivalents[8] + 6 months[6] (33%)</td><td rowspan="2">Shares[7] or Share Equivalents[8] + 6 months[6] (33%)</td><td rowspan="2"></td><td rowspan="2"></td></tr>
<tr><td>**Fidelity Schema**
Other non regulated employees of GBIS and Control/Support Functions subject to Group deferral plan; Variable remuneration
≥ 105 K€</td><td>Cash (100%)</td><td>–</td></tr>
</table>

All payments corresponding to instalments in shares or share equivalents, made after the non-transferability period, will be increased by the value of the dividend paid during the non-transferability period, if applicable.

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

(5) As in the previous years, the payments of the non vested component of the variable remuneration paid in shares will be awarded for French tax resident in Societe Generale shares.
(6) Retention period (unavailability) applicable to shares or share equivalents / Lyxor index until the end of September.
(7) For the French tax residents.
(8) Or Lyxor index for Lyxor employees (residents and non-French tax residents) with a specific threshold.
(9) Except for a few members subject to specific constraints.

*BU: Business units (Business Directions) and SU: Service units (support or control function).

2.3.2.2 AIFMD AND UCITS V REGULATED STAFF

The employees working within asset management and who are regulated under AIFMD and UCITS V are subject to a variable remuneration scheme equivalent to that described above for CRD IV regulated staff, though the instruments awarded are adapted to the AIFMD and UCITS V regulations (eg: indexed to a basket of managed funds instead of being linked to the value of the Societe Generale share).

2.3.2.3 SOLVENCY II REGULATED STAFF

The staff members working within insurance activities and who are regulated under Solvency II are subject to a variable remuneration scheme equivalent to that described above for CRD IV regulated staff, and their performance conditions are linked to the results of the insurance business

2.3.2.4 OTHER STAFF WHOSE VARIABLE REMUNERATION IS PARTLY DEFERRED

Beyond staff regulated under CRD IV, AIFMD and UCITS V, the variable remuneration of staff within Global Banking and Investor Solutions and Central Divisions is also subject, when it reaches at least 105 K€, to a deferred payment on progressive rate over three years vesting on *pro-rata temporis* basis, with a first instalment in cash and the two following ones in shares or share equivalents[10]. The non- vested part is subject to the same vesting conditions as for CRD IV regulated staff.

2.3.2.5 PERFORMANCE CONDITIONS AND RISK ALIGNMENT OF DEFERRED VARIABLE REMUNERATION (*EX-POST*)

For all staff whose variable remuneration is partly deferred, the vesting of the deferred variable remuneration component depends entirely on both (i) the fulfilment of a performance condition and (ii) appropriate management of risks and compliance.

The financial performance conditions are based on the level of the Group's Core Tier One and the level of profitability of the Group and the business or activity. If a minimum performance level is not met every year, non-vested variable remuneration is partially or entirely forfeited (malus principle).

Long-term incentive plans for the management stratum are subject to TSR (Total Shareholder Return) relative performance conditions.

The bank panel used to calculate the TSR includes, in addition to Societe Generale: Barclays, BBVA, BNP Paribas, Crédit Agricole, Credit Suisse, Deutsche Bank, Intesa Sanpaolo, Nordea, Santander, UBS and Unicredit.

In addition, any excessive risk-taking or behaviour deemed unacceptable by the General Management may lead to a reduction or non-payment of these deferred variable compensation, or even the request for the return of the variable remuneration elements already received, subject to the regulations in force.

2.3.3 RATIO BETWEEN VARIABLE AND FIXED REMUNERATION FOR CRD IV REGULATED STAFF

The CRD IV Directive introduced a cap on the variable component of remuneration, which cannot exceed the fixed component, with the possibility for the Annual General Shareholders' Meeting to approve a higher maximum ratio of up to 2:1 between variable and fixed components.

The Annual General Meeting of 20 May 2014 has approved a maximum ratio of 2:1 between variable and fixed components of remuneration for the members of the CRD IV Group regulated population. This decision will remain in force until reconsidered by the General Meeting. Each regulated staff is compliant with this maximum ratio. The faculty to apply a discount rate to the part of the variable remuneration awarded in instruments and deferred for at least five years in the framework of the calculation of the variable compensation has not been applied.

2.3.4 THE 2020 VARIABLE REMUNERATION POOL OF THE CRD IV REGULATED STAFF

The variable remuneration pool awarded to the CRD IV regulated staff with respect to 2020 was 169.7M€ and total variable and fixed remuneration amounted to 391.3 M€.

2.3.5 POLICY CONCERNING GUARANTEED REMUNERATION

Awarding a guaranteed variable remuneration in the context of hiring a new employee is:

- Strictly limited to one year (in compliance with CRD IV);
- Subject to the terms of the deferred variable remuneration scheme applicable for the given financial year.

2.3.6 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, are not under any circumstances set contractually in advance (eg. golden parachutes are strictly forbidden). They are determined at the time the employee leaves the Bank, taking into account local legal constraints.

(10) Except for a few members of these committees located in specific geographies who have to comply with local constraints.

PART 3.
INFORMATION ABOUT REMUNERATION FOR FINANCIAL YEAR 2020

The below quantitative data refer to the gross remuneration (excluding employer charges) of the employees identified as Group regulated population under CRD IV regulation.

Chief Executive Officers in the financial year 2020 were Messrs Oudéa, Cabannes, Aymerich, Heim and Mrs Lebot.

The remuneration of Chief Executive Officers was subject to a specific disclosure following the Board of Directors meeting held on 4 February 2021 that approved the variable remuneration awards in reference to 2020. The remuneration of the Chief Executive Officers complies with the CRD IV and its transposition in France. It also respects the recommendations made by the AFEP-MEDEF Corporate Governance Code. The remuneration policy applied to the Chief Executive Officers is detailed in Chapter 3 of the 2021 Registration Document on Corporate governance.

3.1 THE CRD IV REGULATED POPULATION (INDIVIDUALS WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON THE RISK PROFILE OF THE GROUP)

A. REMUNERATION AWARDED FOR THE FINANCIAL YEAR (VALUE AT GRANT DATE IN M€)

	GROUP TOTAL	Chief Executive Officers	Chairman of the board of Directors	Board of the Directors	CIB	GBIS(14) - others	Retail Banking - IBFS	Corporate /Support Functions	Control Function
Regulated Population	**781**	**5**	**1**	**13**	**454**	**20**	**82**	**51**	**155**
Total Remuneration	**391.3**	**7.7**	**1.0**	**1.7**	**271**	**8.6**	**31.0**	**26.6**	**43.9**
Of which fixed Remuneration(16)	**221.6**	**4.5**	**1.0**	**1.7**	**151**	**4.9**	**18.3**	**13.7**	**26.6**
Of which variable Remuneration(12)	**169.7**	**3.2**	**0.0**	**0.0**	**120**	**3.6**	**12.7**	**12.9**	**17.3**
Variable Remuneration(11)									
Of which 2021 vested portion	**96.3**	**0.5**	**0.0**	**0.0**	**67.2**	**2.2**	**7.6**	**7.4**	**11.4**
including cash	52.1	0.2	0.0	0.0	34.7	1.2	4.5	3.8	7.7
Including instruments(12)(13)	44.2	0.2	0.0	0.0	32.5	1.0	3.1	3.6	3.7
Of which deferred portion(12)	**73.4**	**2.7**	**0.0**	**0.0**	**52.7**	**1.4**	**5.1**	**5.5**	**5.9**
Including cash	24.2	0.2	0.0	0.0	17.7	0.5	1.8	1.9	2.0
including portion in shares	19.3	2.5	0.0	0.0	10.3	0.5	1.5	2.5	2.1
including share-linked instruments	29.8	0.0	0.0	0.0	24.8	0.4	1.7	1.1	1.8
including other instruments	0	0	0	0	0	0	0	0	0
Average Ratio of variable/fixed	**77%**	**102%(15)**	**0%**	**0%**	**79%**	**74%**	**69%**	**95%**	**65%**

(11) Payable in several instalments between March 2021 and October 2026. For the Chief Executive officers, these amounts include the long term incentive awarded in February 2021 for the performance 2020.
(12) The vested portion in share-linked instruments is in share equivalents.
(13) Amount on the basis of the value at award and subject to *ex-post* explicit and/or implicit adjustments.
(14) Excluding CIB.
(15) Ratio calculated on the basis of the nominal value of the LTIs without applying a discount factor.
(16) The fixed remuneration awarded is the fixed remuneration at December 31, 2020 considered on an annual basis.

B. DEFERRED VARIABLE REMUNERATION

a. Summary of the relevant deferred variable plans by instalment and by vehicle (except Group Strategic Committee)

INSTALMENTS	2017	2018	2019	2020	2021	2022	2023	2024
Plan 2016	50% Cash 50% Share Equiv.	Cash	Share or Share Equiv.	Share or Share Equiv.				
Plan 2017		50% Cash 50% Share Equiv.	Cash	Share or Share Equiv.	Share or Share Equiv.			
Plan 2018			50% Cash 50% Share Equiv.	Cash	Share or Share Equiv.	Share or Share Equiv.		
Plan 2019				50% Cash 50% Share Equiv.	Cash	Share or Share Equiv.	Share or Share Equiv.	
Plan 2020					50% Cash 50% Share Equiv.	Cash	Share or Share Equiv.	Share or Share Equiv.

Share Equiv.: Societe Generale Share Equivalents (share-linked instruments) are paid out in their cash value after at least 6 months retention period.
Shares: Societe Generale performance shares with a vesting period of at least 2 years followed by a retention period of 6 months for French tax residents.

b. Outstanding deferred variable remuneration

The amount of outstanding deferred remuneration corresponds this year to the outstanding deferred variable remuneration awarded with respect to 2019, 2018, 2017, 2016, 2015, 2014 and 2013.

AMOUNTS OF CONDITIONAL DEFERRED REMUNERATION IN M€[17]

	Total amount of the outstanding deferred remuneration with respect to 2020 financial year	Total amount of the outstanding deferred remuneration with respect to prior financial years	Total amount of the outstanding deferred remuneration subject to a retention period and to *ex-post* explicit and/or implicit adjustments
Total Cash	**24.2**	**33.8**	**58.0**
Cash- Chief Executive Officers	0.2	0.7	1.0
Cash- Other Regulated staff	24.0	33.0	57.0
Total Instruments	**93.3**[18]	**162.1**	**255.4**
Instruments- Chief Executive Officers	2.7	13.8	16.5
Instruments- Other Regulated staff	90.6	148.3	238.9

All outstanding deferred variable remuneration is exposed to possible explicit adjustments (performance conditions and clause of appropriate management of risks and compliance) and/or implicit adjustments (indexation on share price or on unit performance).

(17) Amount on the basis of the value at award and subject to *ex-post* explicit and/or implicit adjustments.
(18) Including vested instruments, subject to retention period of six months, during which the appropriate management of risks and compliance condition Applies.

c. Deferred variable remuneration paid out in 2020 for the CRD IV population

The information below is provided for allocations for the 2013, 2014, 2015, 2016, 2017, 2018 and 2019.

	Total amount (in M€) of the changes during the year due to *ex-post* explicit adjustments[19]	Total amount (in M€) of the changes during the year due to *ex-post* implicit adjustments[20]	Total amount (in M€) of the deferred variable remuneration vested/paid during the year[21]
Total Cash	**0.0**	**0.0**	**28.6**
Cash- Chief Executive Officers	0.0	0.0	0.9
Cash- Other Regulated staff	0.0	0.0	27.7
Total Instruments	**- 0.6**	**- 58.8**	**42.1**
Instruments- Chief Executive Officers	- 0.7	- 1.1	2.3
Instruments- Other Regulated staff	0.1	- 57.6	39.8

All outstanding deferred variable remuneration is exposed to possible explicit adjustments (performance conditions and/or appropriate management of risks and compliance) and/or implicit adjustments (indexation on share price or on unit performance).

C. SEVERANCE PAYMENTS, SIGN-ON AWARDS AND GUARANTEED BONUSES PAID OUT DURING THE FINANCIAL YEAR

	TOTAL AMOUNT OF SEVERANCE PAYMENTS MADE[22] AND NUMBER OF BENEFICIARIES		SIGN-ON AWARDS MADE AND NUMBER OF BENEFICIARIES		GUARANTEED BONUSES PAID OUT DURING THE FINANCIAL YEAR AND NUMBER OF BENEFICIARIES AMOUNT PAID OUT IN	
	Amount paid out in M€	Number of beneficiaries	Amount paid out in M€	Number of beneficiaries	Amount paid out in M€	Number of beneficiaries
Chief Executive Officers	**0**	**0**	**0**	**0**	**0**	**0**
Other regulated staff	**20.7[23]**	**22**	**0**	**0**	**1.3**	**10**

(19) Reductions made due to failure to meet performance conditions.
(20) Corresponds to the difference between the amount of deferred variable remuneration in value at award and in value at the time of vesting/payment due to implicit adjustments.
(21) Including vested instruments, subject to retention period of six months to one year.
(22) payments relating to the duration of a period of legal notice (whether or not effected) are not considered to be amounts paid for the termination of employment because considered as ordinary compensation payments (see article 144 of the EBA guidelines).
(23) Including the legal compensation of 140,000 Euros paid to P.Heim in the framework of his employment contract. For more details, refer to chapter 3 of the Universal Registration Document 2021.

3.2. GLOBAL REMUNERATION EQUAL OR ABOVE 1 M€

Number of regulated staff (including Chief Executive Officers) whose global remuneration related to 2020 activity is equal to or above 1 M€.

TOTAL REMUNERATION BY BRACKETS M€	NB OF STAFF
[1 - 1.5[	36
[1.5 - 2[	6
[2 -2.5[	1
[2.5 - 3[	1
Total	**44**

This number, based on historical currency rates, was 77 for 2019.

Among the 44 beneficiaries of global remuneration equal to or above 1 M€, 21 are located outside France and 23 in France.

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