

# **SOCIÉTÉ GÉNÉRALE FRAMEWORK FOR RESPONSIBLE ADVOCACY ACTIVITIES**

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Memorandum

## OVERVIEW

This document describes Société Générale's framework regarding advocacy activities and provides information on advocacy activities of the past year.

- All obligations regarding advocacy activities are recalled in this document for public knowledge. For employees, obligations are operationally detailed in Société Générale's Code (internal document).
- All information necessary to understand and quantify Société Générale Group's key positions on regulatory and public affairs matters of the past year are described in this document.

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## 1. RATIONALE

Société Générale regularly shares technical, banking and insurance expert views with groups that advocate and shape public policy positions on issues that are important to the financial services industry. We believe that this is beneficial for shaping constructive consensus, and, in furtherance of this, we also participate actively in associative governance. Where we hold governance mandates, these are listed below. However, our membership and contributions to trade associations do not mean that we automatically support all positions that these organizations may advocate for, and it should be noted that in certain cases membership of an industry association is a legal requirement in France.

## 2. KEY PRINCIPLES

**All Société Générale Group’s subsidiaries and branches must ensure that their advocacy activities comply with French laws, local regulations, and Group principles.**

The Group’s advocacy obligations are listed in the Group Code of Conduct, the Group Code governing the fight against corruption and influence peddling, the Société Générale Charter for responsible advocacy and all applicable regulatory requirements.

Accordingly, **all employees and any third parties acting for Société Générale:**

- **must comply with rules and provisions against corruption and influence peddling**, as laid out in the Code governing the fight against corruption and influence peddling and the "Corruption" section of the Group Code;
- **must undergo mandatory specific anti-bribery and corruption trainings** in accordance with obligations related to the identification of directly exposed staff;
- **can report any situation constituting a violation of internal, legal or regulatory standards** in accordance with the provisions of the "Whistleblowing" section of the Group Code.

In the event of a collaboration with a public affairs firm or external consultants, **suppliers are additionally subject to the Group’s “Know Your Suppliers” (KYS) principles.**

## 3. KEY OBLIGATIONS

**All entities of Société Générale Group abide by European and French regulations, in addition to their local obligations. Furthermore, the Group has undertaken various voluntary actions to further improve the transparency of its advocacy activities since February 2014.**

The following section provides an overview of all obligations applicable.

- **Société Générale has voluntarily signed the [Common declaration of Transparency International](#)** (available only in French), and accordingly commits to support transparency and integrity in advocacy activities for its employees (and third parties acting on its behalf). In this declaration, the Group committed to:
  - reflect on its institutional relations practices and define a charter specific to its organization for responsible advocacy activities;
  - develop a responsible advocacy policy consistent with Société Générale Group’s public commitments, particularly in the areas of governance, sustainable development, corporate social responsibility, ethics and anti-corruption;
  - be transparent about the organization of Société Générale Group’s advocacy activities;
  - make public all main positions communicated to public decision-makers as well as the positions of professional federations of which the Group is a member;
  - promote, among its professional federations, the adoption of equivalent principles in terms of transparency of advocacy activities;
  - share with public officials only reliable, verifiable and up-to-date information or positions;

- act with respect with other stakeholders with divergent positions;
- share publicly information on contributions to political parties, if any (Société Générale does not have any);
- communicate on actions taken to implement and monitor commitments.
- **Société Générale has voluntarily adopted a [Charter for responsible advocacy with public authorities and representative Institutions](#).** Accordingly, Société Générale Group's employees pledge:
  - to identify him/herself to institutions with which advocacy activities are conducted and comply with these institutions' Code of Conduct;
  - to refrain from inciting members of these organisations to violate rules and standards applicable to them;
  - to refrain from obtaining or seeking to obtain information or decisions in an illegal manner or by exercising abusive pressure or inappropriate behavior;
  - to disseminate only information that, to his/her knowledge, is reliable, verifiable and up-to date;
  - to ensure that public affairs firms and external consultants approve this Charter and agree to abide by its terms;
  - **to respect political neutrality and to refrain from supporting political organisations or activities with donations or subsidies, even if allowed by local legislation;**
  - **to ensure that Group Public Affairs employees refrain from accepting any national or European political office throughout the term of their duties;**
  - to ensure that all employees comply with the Group's Code of Conduct and internal rules regarding gifts, invitations and preventing corruption;
  - to disseminate their positions to teams directly or indirectly involved in related-public advocacy activities;
  - to urge professional associations to disclose their main positions, particularly on their websites;
  - to ensure that people in permanent charge of the Group's advocacy activity possess necessary skills and trainings for exercising their duties, and benefit from relevant instructions.
- **The Group commits to conduct all advocacy activities with the utmost integrity and transparency. The Group is particularly observant with regard to the offer and receipt of gifts and the organization or participation in business or external events** as part of the Group's business relations. These obligations are described in the internal Code, related to the principles / rules for offering and receiving gifts. Particular attention to these gifts applies in cases where these events involve public and / or Politically Exposed People (PEPs).
- **All entities of Société Générale Group comply with the French Transparency and Anti-Corruption Law (n° 2016-1691, also known as "Sapin II")** adopted on 9 December 2016. This law (i) defines a dedicated framework for the practice of advocacy activities *vis-à-vis* French public decision-makers and (ii) sets up a specific register (available only in French) held by the French High Authority for Transparency in Public Life (HATVP) to monitor all advocacy activities determined by this law.
  - the Group is registered in the [HATVP register](#) and publishes, end of March every year, the annual activity report as required by that law;
  - the Group conducts activities "with probity and integrity" and imposes several ethical obligations to this end. Breach of ethical rules carries criminal penalties. Under these obligations, Société Générale employees are required to:
    - declare their identity, the body for which they work and the interests or entities they represent in their relations with public decision-makers.
    - refrain from inciting these officials to infringe the ethical rules applicable to them;
    - refrain from using fraudulent means to obtain information or decisions from public officials;
    - refrain from obtaining or attempting to obtain information or decisions by deliberately misinforming public officials or by resorting to tactics designed to mislead them;
    - refrain from organising conferences, events or meetings, in which public decision-makers would be remunerated, in any way, for speaking;
    - refrain from using the information obtained from public decision-makers for commercial or advertising purposes;

- refrain from selling to third parties copies of documents originating from the government, or from an independent administrative or public authority, or from using the letterhead or the logo of these public authorities and administrative bodies;
  - respect all these ethical rules in their relations with the direct entourage of public decision-makers.
- **Société Générale abides by the European institutions' Code of Conduct.** Accordingly, **Société Générale is registered in the [European Institutions Register](#), and discloses its European activity to the European Parliament and the European Commission.** On a yearly basis, the following information is disclosed:
    - the name of the person legally responsible for the organisation;
    - the name of the European Affairs manager;
    - the number of people involved in the activities covered by the register and the number of people allowed to have access to the European Parliament;
    - the time spent by each registered person on advocacy activities;
    - Group's objectives and missions;
    - Group's specific advocacy activities (corresponding to the 5-10 main initiatives, policies or legislative dossiers);
    - Group's participation in EU structures and platforms (e.g. high-level forums, advisory committees, expert groups, cross-party committees, industrial forums);
    - Group's areas of interest;
    - Group's memberships in trade associations;
    - the following financial information:
      - estimated annual costs resulting from the activities covered by the register;
      - funding received from EU institutions;
      - turnover attributable to advocacy activities covered by the register.
  - **Société Générale commits to the [Code of Conduct of the French National Assembly](#) and to the [Code of Conduct of the French Senate](#)** (available only in French). Group's employees involved in advocacy at these institutions are therefore required to follow the rules established by the Bureau of the assemblies:
    - in their contact with members of Parliament (MEPs), collaborators of the President of the assemblies, of MEPs or with groups and members of the Parliament, advocates must identify themselves, the body for which they are working and the interests they are representing.
    - advocates must act with probity and integrity:
      - refrain from being intrusive in their efforts to contact or meet their contacts at the Parliament;
      - refrain from inciting to violate ethical rules applicable to MEPs and their collaborators;
      - comply with Parliament's regulations for visitors;
    - advocates comply with rules on conferences, events and other meetings organised at the Parliament.
      - it is prohibited to organise conferences, events or meetings, in which a speaker is remunerated;
      - it is prohibited to conduct any advertising or commercial initiative at the Parliament;
      - it is prohibited to use the logo of either assembly, excepted with an express authorisation;
      - it is prohibited to act with the aim to obtain information or documents using fraudulent or dishonest means;
      - it is prohibited to transfer legislative work or other internal documents against payment or any other form of consideration;
    - advocates must refrain from providing intentionally incomplete or inaccurate information intended to mislead their contacts at the Parliament. The information communicated must be accessible to all MEPs who request it.
  - **In addition to national and European regulations applicable to all entities of Société Générale Group, each entity must abide by local regulations regarding advocacy activities.**

## 4. GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

### 4.1. Governance

**The Group has specified within its internal Code roles and responsibilities to manage the Group's obligations regarding advocacy activities. This governance relies on 3 levels :**

- The **Heads of Business Units/Service Units (BU/SU)**:
  - **are responsible, in coordination with the Group Public Affairs department, for all advocacy initiatives** undertaken within their BU/SU (including for the subsidiaries, agencies or branch offices reporting to it);
  - **appoint an advocacy correspondent** tasked with acting as an administrative intermediary with the Group Public Affairs Division. The latter may belong to the BU/SU or hold this position for one or more other BU/Sus;
  - **must insure that any advocacy action** undertaken by employees of the BU/SU for which they are responsible **gives rise to prior notice of the Group Public Affairs**.
  
- The **“Advocacy correspondents”** :
  - **are the administrative intermediaries of the Group Public Affairs Department and of the Head of BU/SU** for advocacy;
  - **gather all information, on a monthly basis, relating to advocacy activities** carried out within their respective BU/SU, with the support of a dedicated internal tool (IRIS). Their role is to detect other employees who have regular advocacy activities beyond those already registered. For the top management and the Secretary-General units, the Group Public Affairs department acts directly as the Advocacy correspondent.
  
- The **Head of Group Public Affairs** :
  - **leads the Group Public Affairs Division, based in Paris, Brussels and London**, in charge of defining and overseeing the implementation of the public affairs and institutional relations/advocacy approach within the Group;
  - **monitors compliance with the Group's obligations and handles the relations with relevant authorities regarding advocacy issues** (European Commission, European Parliament, HATVP, French Parliament);
  - **provides those carrying advocacy activities with an internal practical Q&A** which aims to provide answers to any possible interpretation issues which may arise;
  - **updates the HATVP and Europeans registers**, coordinates the disclosure of advocacy actions in its annual report and, based on relevant mandates, the annual reports of all advocates subsidiaries.

### 4.2. Risk management framework

**The internal control framework of Societe Generale is based on the “three lines of defence” model, in accordance with the Basel Committee and European Banking Authority Guidelines. The Group has rolled out**

As part of its **permanent control**, the Group has rolled out :

- a "first line of defence" is provided by all Group advocates and their operational management, both within the Business Units (BU) and Service Units (SU) in respect of their own operations. As part of these controls, operational management is required to check that all anti-bribery and corruption measures are implemented, and that required declarations of advocacy activities are reported to the Public Affairs Direction and local authorities when applicable.

- a “second line of defence” is provided by the compliance function, which is responsible for verifying the proper application of above-mentioned obligations and requested controls.

In addition, on a **periodic basis**, a “third-line of defence” is provided by the Internal Audit Division, which encompasses the General Inspection and Internal Audit functions. This division performs periodic internal audits that are strictly independent of the business lines and the permanent control functions. Often, audit missions review anti-bribery and corruption policies implementation within the Group.

**The Group has identified the following potential risks related to advocacy activities if the above-mentioned regulations are not applied:**

- a **regulatory risk** in the case of non-compliance with regulatory requirements;
- a **reputational risk** in the case of inappropriate conduct or failure to comply with our commitments;
- an **operational risk on confidentiality** if confidential internal information is published.

## 5. KEY POSITIONS

Société Générale proactively engages with all relevant stakeholders at the French, EU and global levels by providing technical expertise on banking and finance. In 2020, the Group paid attention to the following five key priorities:

- **Ensure appropriate conditions for banks’ support to retail and corporate clients, in the aftermath of the COVID-19 crisis.** Société Générale actively supported the development and provision of State-guaranteed loans (*Prêts Garantis par l’Etat*, PGE) and of the general framework for corporate capital increase after the crisis (*Prêts Participatifs Relance*, PPR). Société Générale is also active in discussions regarding debt-restructuring and debt-management for both retail and corporate clients.
- **Calibrate prudential measures to facilitate bank lending to households and businesses in the EU.** Société Générale advocated in 2020 for (i) progress on the European banking union including the European Banking Union’s European Deposit Insurance Scheme (EDIS); (ii) the calibration of the European transposition of Basel III principles in a fair and pragmatic way, in line with the specificities of the European financial sector, especially following COVID-19 (and the quick fixes of the European banking package of 04/2020 to facilitate bank lending).
- **Pave the way for sustainable finance principles in the EU.** Société Générale provided technical expertise on 3 key European rules on: (i) the European taxonomy for sustainable activities. (ii) the integration of ESG criteria in investment products; (iii) indicators and publications related to ESG. Consistently with its CSR strategy, Société Générale supports its clients with their ESG transition, including the development of SRI products and the standardization of ESG indicators. However, Société Générale is concerned that certain operational aspects of regulatory requirements may prove overly burdensome to implement and provide limited benefits to investors in this complex and developing field.
- **Bring financial industry insights on the European strategy for the relementation of digital services.** Société Générale actively followed the European Payment Infrastructure (EPI) project and participated in debates regarding the implementation of a Central Bank Digital Currency (CBDC) and of a European cloud (Gaïa-X).
- **Support the development of an effective Capital Markets Union.** Société Générale (i) participated in the High-Level Forum on the Capital Markets Union; (ii) advocated for appropriately balanced regulations on investment products; and (iii) promoted a level-playing field with UK peers in the context of Brexit.

**Out of the 944 537 € of advocacy expenses reported in 2020, approximately 188 900 € were dedicated to each of these issues.**

## 6. ADVOCACY EXPENDITURES

Costs in Euros

	2017	2018	2019	2020
Trade Associations	630 400	773 141	702 648	944 537
Political Contributions	0	0	0	0
Outsourcing Fees	0	0	0	0
<b>TOTAL</b>	630 400	773 141	702 648	944 537

The increase in costs attributed to lobbying activities stems entirely from indirect expenses and is largely passive: of the 240k€ YoY increase, 70% can be attributed to an increase in the annual membership fees attributable to professional trade associations, and to a slightly higher proportion of these trade associations' budgets being attributed to lobbying activities; and 30% can be attributed to a change of perimeter as we have this year included the trade association membership fees paid by our insurance subsidiaries.

### 6.1. Trade Associations

The advocacy costs of the Group include fees paid to associations of which the Group is a member. In order to determine the related costs, we multiplied the percentage spent by each of the below-mentioned associations on advocacy activities (as determined by them and communicated to us) by the total amount of our membership fees.

Our principal memberships in financial industry and trade associations are as follows (alphabetical order):

- [French Association for Private Companies \(AFEP\)](#)
- [French Association of Asset management \(AFG\)](#)
- [Association for Financial Markets in EU \(AFME\)](#)
- [French Association of Securities Professionals \(AFTI\)](#)
- [Alternative Investment Management Association \(AIMA\)](#)
- [French Association for Financial Markets \(AMAFI\)](#)
- [French Association of Financial companies \(ASF\)](#)
- [European Fund and Asset Management Association \(EFAMA\)](#)
- [French Banking Federation \(FBF\)](#)
- [Federation of Overseas Enterprises \(FEDOM\)](#)
- [French Insurance Federation \(FFA\)](#)
- [International Capital Markets Association \(ICMA\)](#)
- [Institute of International Finance \(IIF\)](#)
- [International Swaps and Derivatives Association \(ISDA\)](#)
- [Paris Europlace](#)

**We estimate that 944 537 € of our association membership fees financed policy advocacy efforts in 2020, predominantly at the European institutions level (56%). The most important contributors to these costs are listed below:**

- French Banking Federation (FBF) : approximately 489 550 Eur
- Association for Financial Markets in Europe (AFME) : approximately 171 030 Eur
- French Insurance Association (FFA) : approximately 74 660 Eur
- French Association of Asset management (AFG) : approximately 72 540 Eur
- French Association for Financial Markets (AMAFI) : approximately 28 415 Eur



**Also note our key mandates during 2020 (these are pro-bono contributions of the relevant individuals' time):**

- Chairman of the Board, ISDA
- Chairman of the Board, AMAFI
- Chairman of the French Banking Federation (July 2019 – July 2020)

## **6.2. Political Engagement**

Société Générale Group is apolitical. As clearly stated in our Charter for Responsible Advocacy with Public Authorities and Representative Institutions, Société Générale Group explicitly pledges to “respect political neutrality and to refrain from supporting political organisations or activities with donations or subsidies, even if allowed by local legislation”. **Accordingly, no political donations are made (0 EUR).**

## **6.3. Outsourcing fees**

As the Group did not have external consultants to engage in advocacy on its behalf, no such expenses have been incurred over the relevant period.