

# **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 policy makers and 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.

## 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.**

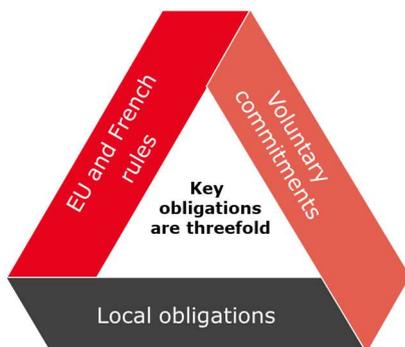
The Group’s advocacy obligations are listed in the Group Code of Conduct, the Group Code governing the fight against corruption and influence peddling, the Société Générale Charter for responsible advocacy and all applicable regulatory requirements.

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



**Key obligations are threefold:**

- **All entities of Société Générale Group abide by European and French regulations.**
- **In addition to the EU and French rules, wherever the Group is present, the Group abides to local obligations.**
- **Furthermore, the Group has undertaken various voluntary actions to further improve the transparency of its advocacy since February 2014.**

The following section provides an overview of all obligations applicable.

- **Société Générale has voluntarily signed the [Common declaration of Transparency International](#)**, and accordingly commits to transparency and integrity in advocacy activities:
  - reflect on its institutional relations practices and define a charter for responsible advocacy (see below);

- develop a responsible advocacy policy consistent with the 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 advocacy activities;
  - make public all main positions communicated to public decision-makers as well as the ones of professional federations of which the Group is a member;
  - promote the adoption of equivalent principles of transparency among professional federations;
  - 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](#).** Accordingly, Société Générale Group’s employees pledge:
    - to identify themselves to targeted institutions and comply with these institutions’ Code of Conduct;
    - to refrain from inciting members of these organizations to violate rules and standards applicable to them;
    - to refrain from obtaining or seeking to obtain information in an illegal manner or by exercising abusive pressure or inappropriate behavior;
    - to disseminate only information that, to their 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 organizations 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.** These obligations are described in the internal Code and particular attention to these gifts applies in cases where these events involve 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.
  - the Group is registered in the [HATVP register](#) and publishes, end of March every year, its annual advocacy activity report as required by that law;
  - the Group conducts activities with probity and integrity and imposes ethical obligations to this end. 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 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 names of the person legally responsible for the organization and of the European Affairs manager;
    - the number of people involved in the activities covered by the register and the number of people habilitated to the European Parliament;
    - the time spent by each registered person on advocacy activities;
    - Group's objectives and missions;
    - Group's main 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 estimated annual costs resulting from the 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](#).** 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 organized 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 to mislead their contacts at the Parliament. The information communicated must be accessible to all MEPs on their request.
  - **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.** Wherever the Group is present, Société Générale abides to the Lobbying law applicable in addition to the French and European laws applicable everywhere in the Group.

## 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 wherever the Group is active. 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 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 (including locally)**, with the support of a dedicated internal tool. 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 (including locally) with 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.**

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, in all locations where the Group is present. 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

The Group proactively engages with all relevant stakeholders by providing technical expertise on banking and finance. In years 2021 – beginning 2022, the Group’s public policy engagement had the following five key priorities:

- **Ensure that sustainable finance regulatory initiatives for the financial sector are not defined in isolation but pay attention to consequences on the system of stakeholders impacted (e.g., teams, clients, nonregulated competitors).** As a responsible bank, Société Générale provides insights to make these regulations operationally implementable by its teams and advocates for global standards to (i) catalyze investments towards transitioning activities with the appropriate level of preparation and (ii) provide precise, understandable, and comparable information of ESG indicators and standards to our investors and clients. As such, we provided technical expertise on a. the reporting, indicators and publications related to ESG; b. the integration of ESG criteria in investment products; c. the management and integration of ESG risk into the financial system.
- **Provide data and insights to policymakers on the strength of our business-model, especially resilient during the COVID-19 crisis and trusted by our clients.** In the context of the final implementation of Basel III standards and discussions on the finalization of the Banking Union, Société Générale advocated in 2021 for (i) the recognition of lessons learnt from COVID-19 for the European economy and its banking system; (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; (iii) the recognition of large French banks as a real asset in Europe, which should not be jeopardized by regulations which disadvantage cross-border activities or size.
- **Ensure appropriate conditions for banks’ support to retail and corporate clients, in the aftermath of two global crises (COVID-19 and war in Ukraine) and in preparation to the twin transitions (digitalization and sustainability).** Société Générale actively supported the development and provision of State-guaranteed loans (*Prêts Garantis par l’Etat*, PGE and PGE “Résilience”) and of the general framework for corporate capital increase after the crisis (*Prêts Participatifs Relance*, PPR). Société Générale is also active in discussions regarding pricing of bank and insurance products, debt-restructuring, and debt-management for both retail and corporate clients.
- **Bring financial industry insights on the European strategy for the reglementation of digital services and data.** Société Générale is especially active in (i) discussions regarding the future of payments (e.g., taking part in the European Payment Initiative (EPI) project, discussing the impacts of the development of stable-coins and crypto-assets) and participated in debates regarding the implementation of a Central Bank Digital Currency (CBDC); (ii) debates surrounding the future infrastructures to sustain activities, especially at European level (e.g., the project of a European cloud (Gaia-X), the operational resilience regulation (DORA) and the artificial intelligence regulations); and (iii) the establishment of a “same activity, same risk, same rules” principle for platform services.

- **Support the development of an effective Capital Markets Union.** Société Générale (i) participated in the review of all Capital Markets Union legislations proposed by the Commission at the end of 2021; (ii) advocated for appropriately balanced regulations on investment products; and (iii) promoted a level-playing field with UK peers and American banks in the context of equivalences and Basel III proposals.

**Out of the 869 778 € of advocacy expenses reported in 2021, approximately one fifth (173 955 €) was dedicated to each of these issues.**

## 6. ADVOCACY EXPENDITURES

Costs in Euros

	2018	2019	2020	2021
Trade Associations	773 141	702 648	944 537	869 778
Political Contributions	0	0	0	0
Outsourcing Fees	0	0	0	0
<b>TOTAL</b>	773 141	702 648	944 537	869 778

The decrease in costs attributed to lobbying activities stems entirely from indirect expenses and is largely passive: of the about 75k€ YoY decrease, all can be attributed to a decrease in the annual membership fees attributable to professional trade associations, and to a slightly lower proportion of these trade associations' budgets being attributed to lobbying activities. This is partly explained by the economic cycle (some of our membership fees are determined by the results of the Group) and by the sanitary conditions (2021 was less active than a usual year).

### 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):

#### France

- [French Association for Private Companies \(AFEP\)](#)
- [French Association of Asset management \(AFG\)](#)
- [French Association of Securities Professionals \(AFTI\)](#)
- [French Association for Financial Markets \(AMAFI\)](#)
- [French Association of Financial companies \(ASF\)](#)
- [French Banking Federation \(FBF\)](#)
- [Federation of Overseas Enterprises \(FEDOM\)](#)
- [French Insurance Federation \(France Assureurs\)](#)
- [Paris Europlace](#)

#### Europe

- [Association for Financial Markets in EU \(AFME\)](#)
- [European Fund and Asset Management Association \(EFAMA\)](#)
- [European Financial Services Roundtable \(EFR\)](#)

#### Global

- [Alternative Investment Management Association \(AIMA\)](#)
- [Futures Industry Association \(FIA\)](#)
- [Global Financial Markets Association \(GFMA\)](#)
- [International Capital Markets Association \(ICMA\)](#)
- [Institute of International Finance \(IIF\)](#)
- [International Swaps and Derivatives Association \(ISDA\)](#)

**Asia**

- [Asia Securities Industry & Financial Markets Association \(ASIFMA\)](#)

**America**

- [Securities Industry & Financial Markets Association \(SIFMA\)](#)

**Local and specialized**

Société Générale is a large Group of diversified activities. Therefore, in addition to the main associations at Group level mentioned above, Société Générale is part to targeted associations wherever the Group is active to be represented locally (e.g. associations of foreign banks) and in specific sectors of activity (e.g. leasing activities).

**We estimate that 869 778 € of our association membership fees financed policy advocacy efforts in 2021, predominantly at the European institutions level (61%). The most important contributors to these costs are listed below:**

- French Banking Federation (FBF) : approximately 444 390 Eur
- Association for Financial Markets in Europe (AFME) : approximately 142 160 Eur
- French Association of Asset management (AFG) : approximately 67 750 Eur
- French Insurance Association (FFA) : approximately 53 160 Eur
- French Association for Financial Markets (AMAFI): approximately 27 470 Eur

**Also note our key mandates during 2021 (these are pro-bono contributions of the relevant individuals' time):**

- Chairman of the Board, ISDA
- Chairman of the Board, AMAFI
- Presidency of the French Association of Financial companies (ASF)
- Presidency of the French Banking Federation (FBF), New Caledonia
- Vice Presidency, French Insurance Federation (France Assureurs)

## 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 organizations 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.