

SOCIETE GENERALE OBLIGATIONS FOR RESPONSIBLE ADVOCACY ACTIVITIES

Memorandum

OVERVIEW

Our obligations regarding advocacy activities are contained in the Societe Generale Code in a dedicated section, of which the use is strictly internal. Hence, this document, published on our institutional website, recalls all of our key principles (**section 1**) and obligations (**section 2**) in this area, presents our governance and risk management framework (**section 3**), describes our main public positions (**section 4**), identifies the trade associations through which we carry out our advocacy activities (**section 5**), and summarizes all the costs associated with such activities (**section 6**).

Societe Generale regularly shares interests 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 on the important issues of the day, 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 are automatically supportive of all the position that these organizations may pledge for. Importantly, as clearly stated in our Charter for responsible advocacy with public authorities and representative Institutions, **the 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” (point 6)”. Accordingly, no political donations are made. Find below a quick overview of the Group’s key positions, associations and associated costs.**

KEY POSITIONS. Societe Generale proactively engages with all relevant stakeholders in the EU institutional process by providing technical expertise on banking and finance. In 2019, the Group paid particular attention to the following **four key priorities**:

- accompanying our clients towards **a fair and inclusive energy transition**,
- having **strong and profitable European banks**, implying a more tailored **transposition of the Basel III** agreements to the European specificities in terms of financing, and the necessity to finalize **the Banking Union**,
- balancing the traditional banking channel with **a beefed-up Capital Markets Union (CMU)**,
- ensuring that all European actors have access to global markets that during the **Brexit negotiations**, while preserving the integrity of the EU single market.

Out of the 702 648 Eur of advocacy expenses reported in 2019, approximately 140 000 Eur were dedicated to each of these issues.

TRADE ASSOCIATIONS. Our principal memberships in financial industry and certain other trade associations are as follows:

- International Swaps and Derivatives Association (ISDA)
- International Capital Markets Association (ICMA)
- Institute of International Finance (IIF)
- Association for Financial Markets in EU (AFME)
- European Fund and Asset Management Association (EFAMA)
- European Parliament Financial Services Forum (EPFSF)
- French Association of Asset management (AFG)
- French Association of Financial companies (ASF)
- French Association for Private Companies (AFEP)
- French Association for Financial Markets (AMAFI)
- French Association of Securities Professionals (AFTI)
- French Banking Federation (FBF)
- Paris Europlace

- Federation of Overseas Enterprises (FEDOM)

We estimate that 702 648 Eur of our association membership fees financed policy advocacy efforts in 2019, predominantly in Europe. The most important contributors to these costs are listed below:

- French Banking Federation: approximately 395 000 Eur
- Association for Financial Markets in Europe: approximately 702 000 Eur
- Association Française de Gestion: approximately 27 000 Eur
- International Swaps and Derivatives Association: approximately 26 000 Eur

Also note our key mandates during 2019 (these are pro-bono contributions of the relevant individuals' time):

- Chairman of the Board, ISDA
- Chairman of the Board, AMAFI
- Chairman of the European Banking Federation

ADVOCACY COSTS. The advocacy costs of the Group are shown below and include fees to associations of which the Group is a member. In order to determine the related costs, we applied the percentage spent by each of the above-mentioned associations on advocacy activities (as determined by them and communicated to us) to the total amount of our membership fees. As the Group does not currently retain outside lobbying consultants to engage in advocacy on its behalf, no such expenses have been incurred over the relevant period.

	2017	2018	2019
Costs in Euros	630 400	773 141	702 648

TABLE OF CONTENTS

1 - KEY PRINCIPLES4
2 - KEY OBLIGATIONS.....4
3 - GOVERNANCE AND RISK MANAGEMENT FRAMEWORK7
3.1 GOVERNANCE 7
3.2 RISK MANAGEMENT FRAMEWORK..... 7
4 - KEY POSITIONS8
5 - TRADE ASSOCIATIONS8
6 - ADVOCACY COSTS9

1. KEY PRINCIPLES

The Group's advocacy obligations are covered by the Group's Code of Conduct and the Code governing the fight against corruption and influence peddling, the international best practices included in the Societe Generale Charter for responsible advocacy (**see Section 2**) and the applicable regulatory requirements.

Actions relating to French public decisions are governed by the regulations stemming from the Sapin II Law set out in section 2. All international subsidiaries and branches must ensure that their actions to represent the Group's interests comply with this French Law as well as with the local regulations applicable to them.

Employees of the Société Générale Group, its Business Units and Support Units and its entities who may carry advocacy activities, as well as all employees:

- must comply with the rules and provisions relating to the **fight 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 SG Code;
- must undergo **mandatory training specific to the fight against corruption** in accordance with obligations relating to the identification of the staff exposed to corruption;
- may report any situation that may constitute a violation of internal, legal or regulatory standards in accordance with the provisions of the "Whistleblowing" section of the Group's Code.

In the event that the Group should occasionally collaborate with public affairs firms or other external consultants, such non-financial service providers suppliers are subject to the Group's "Know Your Suppliers" (KYS) principles.

2. KEY OBLIGATIONS

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

- The signature of the [Common Declaration of Transparency International France](#) (available only in French), by which the Group commits to support the promotion of transparency and integrity issues when it comes to advocacy activities among its employees and third parties who participate, on its behalf, to the public decision-making processes. Accordingly, by signing this joint declaration, the Group committed to:
 - initiate a reflection on its institutional relations practices and define a charter specific to its organization when it comes to carrying out responsible advocacy activities;
 - develop a responsible advocacy policy that is consistent with its public commitments, particularly in the areas of governance, sustainable development, corporate social responsibility, ethics and the fight against corruption;
 - be transparent about the organization of its advocacy activities;
 - make public its main positions communicated to public decision-makers as well as the common positions defended by its professional federations (according to the type of organization);
 - promote, among its professional federations or our members (according to type of organization), the adoption of equivalent principles in terms of transparency of advocacy activities;
 - transmit to public officials only reliable, verifiable and up-to-date information or positions;
 - respect other stakeholders who may have divergent positions;
 - make public, where appropriate and in countries where regulations allow it, contributions to political parties;
 - communicate on the actions taken to implement and monitor our commitments and the dedicated advocacy activities charter (*see dedicated point immediately following*).

- The adoption of its [Charter for responsible advocacy with public authorities and representative Institutions](#). Applicable to all our employees, this Charter also applies to its subsidiaries and branches both in France and overseas. Accordingly, Societe Generale pledges:
 1. To declare itself to institutions with which advocacy activities are conducted when such institutions possess registers, and to comply with the Code of Conduct that comes with being entered into transparency registers;
 2. Not to incite members of the organisations with which the Group is in contact to violate the rules and standards of behavior applicable to them;
 3. Not to obtain or to seek to obtain information or decisions in an illegal manner or by exercising abusive pressure or inappropriate behavior;
 4. To disseminate only that information that, to its knowledge, is reliable, verifiable and up-to date;
 5. To ensure that public affairs firms and external consultants with which the Group occasionally works consent to this Charter and agree to abide by its terms;
 - 6. To respect political neutrality and to refrain from supporting political organisations or activities with donations or subsidies, even if allowed by local legislation;**
 - 7. To ensure that Group Public Affairs employees refrain from accepting any national or European political office throughout the term of their duties;**
 8. To ensure that employees concerned by this Charter, like all Group employees, comply with the Group's Code of Conduct and internal rules regarding gifts, invitations and preventing corruption;
 9. To ensure that employees and public affairs firms and external consultants, if any, identify themselves and disclose whom they represent with the institutions and organisations with which they work;
 10. To disseminate public positions to the teams concerned directly or indirectly by the public advocacy activities;
 11. To urge the professional associations of which the Group is a member to disclose the main positions submitted to public officials, particularly on their websites;
 12. To ensure that persons in permanent charge of the Group's advocacy activity possess the skills that are necessary for exercising their duties, receive instructions, or regular training in their field of activity.
- The registration to the [European Institutions Register](#), that is common to the European Parliament and the European Commission, completed with a code of conduct. On a yearly basis, we are required to provide the following information :
 - the name of the person legally responsible for the organisation;
 - the name of the manager of European affairs;
 - the number of people involved in the activities covered by the register and the number of persons allowed to access the buildings of the European Parliament, as well as the time spent by each person on these activities, according to the percentage of activities;
 - the Group's objectives and missions;
 - the specific activities covered by the register (corresponding to the 5 (maximum 10) main initiatives, policies or legislative dossiers for which the Group is active);
 - the Group's participation in EU structures and platforms (example: high-level groups, advisory committees, groups of experts, cross-party committees, industrial forums);
 - the Group's areas of interest;
 - the organisations of which the Group is a member (participation in associations, federations, confederations, networks or other bodies);
 - the following financial information:
 - the estimated annual costs resulting from the activities covered by the register
 - the financing received from EU institutions
 - the turnover attributable to the activities covered by the register.

- The commitment to the [French Senate Code of Conduct](#) (available only in french). The Group's employees involved in advocacy at the French Senate are therefore required to follow the rules established by the Bureau of the Senate:
 - in their contact with senators, employees of the President of the Senate, of senators or of groups and members of the Senate staff, advocates must state their identity, the body for which they are working and the interests they are representing. They must refrain from being intrusive in their efforts to contact or meet their contacts at the Senate;
 - advocates must carry on their activity at the Senate with probity and integrity;
 - they refrain from incitement to infringe the ethical rules applicable to the persons with whom they come into contact at the Senate;
 - they comply with the Senate's regulations applicable to persons allowed onto its premises;
 - advocates comply with the rules applicable to conferences, events and other meetings organised at the Senate. In particular, they are prohibited from organising conferences, events or meetings, in which a speaker's contribution gives rise to the payment of a financial contribution;
 - advocates are forbidden from conducting any advertising or commercial initiatives on Senate premises;
 - they are forbidden to use the Senate logo, except with express authorisation issued by the Communication Committee;
 - they are forbidden from undertaking any initiative with a view to obtaining information or documents using fraudulent or dishonest means;
 - they are forbidden from transferring parliamentary or other Senate documents in return for payment or for any other form of consideration;
 - advocates must refrain from providing their contacts at the Senate with intentionally incomplete or inaccurate information intended to mislead them. The information they communicate must be accessible to all senators who request it.
- The Group is also compliant with the obligations stemming from the "**Sapin II law**" adopted on 9 December 2016. It has defined a dedicated framework for the practice of advocacy activities vis-à-vis French public decision-makers and set up a specific register (available only in French) held by the French High Authority for Transparency in Public Life (HATVP) to monitor all advocacy activities covered by the Law. Since then, the Group is registered and publishes, every year (three months after the end of the financial year's closing), the annual activity report as required by that law.

[Societe Generale's profile](#) on the HATVP register.

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

- declare their identity, the body for which they work and the interests or entities which they represent in their relations with public decision-makers, with the exception of members of parliament, senators and their employees.
 - in addition, any donation supporting a political cause is strictly prohibited in accordance with article B. 2504 and the Code governing the fight against corruption and influence peddling (Title I Chapter 3);
 - refrain from inciting these officials to infringe the ethical rules applicable to them;
 - refrain from using fraudulent means to obtain information or decisions from public officials;
 - refrain from obtaining or attempting to obtain information or decisions by deliberately misinforming public officials or by resorting to tactics designed to mislead them;

- refrain from organising conferences, events or meetings, in which public decision-makers would be remunerated, in any way, for speaking;
- refrain from using the information obtained from public decision-makers for commercial or advertising purposes;
- refrain from selling to third parties copies of documents originating from the government, or from an independent administrative or public authority, or from using the letterhead or the logo of these public authorities and administrative bodies; endeavour to respect all these ethical rules in their relations with the direct entourage of public decision-makers.

In addition, the Group is committed to conduct all advocacy activities with the utmost integrity and transparency and to comply with all laws and regulations in force in all the countries in which it operates, in particular with regard to **the offer and receipt of gifts, the organization or participation in business meals or external events** as part of the Group's Business Relations. Aside from the section of the Group Code devoted to advocacy activities, it also has a section related to the principles / rules for offering and receiving gifts. Particular attention is paid in cases where these events involve public and / or **Politically Exposed Persons (PEPs)**.

3. GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

3.1. Governance

The Group has specified within its internal Code the roles and responsibilities to manage the Group's obligations in this regard:

- The **Heads of Business Units/Service Units (BU/SU)**:
 - they 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).
 - they 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.
 - they must insure that any advocacy action undertaken by employees of the BU/SU for which they are responsible give rise to prior notice of the Group Public Affairs as soon as possible.
- The **“Advocacy correspondents”** :
 - they are the administrative intermediaries of the Group Public Affairs Department and of the Head of BU/SU for advocacy.
 - they gather all information, on a monthly basis, relating to advocacy activities carried out within their respective BU/SU, with the support of the dedicated internal tool called IRIS. Their role is to detect other employees who have "regular" advocacy activities beyond those already registered. For the top management and the Secretary-General units, this role is carried out by the Group Public Affairs.
- The **Head of Group Public Affairs** :
 - monitors compliance with all the Group's obligations and handles the relations with the relevant authorities (European Commission, European Parliament, HATVP, French Senate).
 - provides those carrying advocacy activities with an internal practical Q&A which aims to provide answers to any possible interpretation issues which may arise.
 - updates the HATVP register, forwards the SG SA annual report and, based on the relevant mandates, the annual reports of all advocates subsidiaries.

3.2 Risk management framework

The setting up of **an internal control system** within the Group is essential for the proper application of all the above-mentioned obligations. As part of its **permanent control**, the Group has rolled out "first line of defence" controls within its BU/SU, covering the day-to-day controls performed by the operational staff and their hierarchy in the context of transaction processing, as well as internal controls that assess the risk management and compliance of the Group with its obligations: these are the "second line of defence" controls. As part of these obligations, the Group has identified the following risks:

- a **regulatory risk** in the case of non-compliance with regulatory requirements;
- a **reputational risk** which could stem from inappropriate conduct or non-compliance with our commitments;
- a **risk of confidentiality** relating to the use of sensible internal information that could damage the Group's interests.

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

4. KEY POSITIONS

Societe Generale proactively engages with all relevant stakeholders in the EU institutional process by providing technical expertise on banking and finance. In 2019, the Group had a particular focus on the following four key priorities:

- accompanying our clients towards a **fair and inclusive energy transition**, meaning that the development of a EU taxonomy for sustainable investments should be as large as possible to incentivize all activities/sectors to embark on a decarbonization path (other key issues related to regulations for disclosures and sustainable benchmarks);
- having **strong and profitable European banks**, implying a more tailored **transposition of the Basel III** agreements to the European specificities in terms of financing (such as Specialized Lending, Real Estate and Supporting Factors for SMEs and Infrastructures), and the necessity to finalize **the Banking Union** (making the case for a single jurisdiction through the removal of several prudential hurdles and the finalisation of its third pillar, a European Deposit Insurance Scheme).
- balancing the traditional banking channel with a **beefed-up Capital Markets Union** (CMU): as a member of the European Commission High Level Forum on CMU, the Group has made several proposals to further develop EU capital markets (notably through a EU safe asset, a reinforced supervisory role for ESMA, the setting-up of a consolidated tape);
- ensuring that all European actors have access to global markets that during the **Brexit negotiations**, while preserving the integrity of the EU single market (with equivalences being key to ensure a regulatory alignment between the UK and the EU).

Out of the 702 648 Eur of advocacy expenses reported in 2019, approximately 140 000 Eur were dedicated to each of these issues.

5. TRADE ASSOCIATIONS

Societe Generale regularly shares interests 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 on the important issues of the day, and in furtherance of this we also participate actively in associative governance. Were we hold governance mandates, these are listed below. However, our membership and contributions to trade associations do not mean that we automatically endorse all the position that these organizations may support. Our principal memberships in financial industry and certain other trade associations are listed below:

- International Swaps and Derivatives Association (ISDA)
- International Capital Markets Association (ICMA)
- Institute of International Finance (IIF)
- Association for Financial Markets in EU (AFME)
- European Fund and Asset Management Association (EFAMA)
- European Parliament Financial Services Forum (EPFSF)
- French Association of Asset management (AFG)
- French Association of Financial companies (ASF)
- French Association for Private Companies (AFEP)
- French Association for Financial Markets (AMAFI)
- French Association of Securities Professionals (AFTI)
- French Banking Federation (FBF)
- Paris Europlace
- Federation of Overseas Enterprises (FEDOM)

We estimate that 702 648 Eur of our association membership fees financed policy advocacy efforts in 2019, predominantly in Europe. The most important contributors to this cost are listed below:

- French Banking Federation: approximately 395 000 Eur
- Association for Financial Markets in Europe: approximately 702 000 Eur
- Association Française de Gestion: approximately 27 000 Eur
- International Swaps and Derivatives Association: approximately 26 000 Eur

Also note our key mandates during 2019 (these are pro-bono contributions of the relevant individuals' time):

- Chairman of the Board, ISDA
- Chairman of the Board, AMAFI
- Chairman of the European Banking Federation, EBF

6. ADVOCACY COSTS

The advocacy costs of the Group are shown below and include fees to associations of which the Group is a member. In order to determine the related costs, we applied the percentage spent by each of the above-mentioned associations on advocacy activities (as determined by them and communicated to us) to the total amount of our membership fees. As the Group does not currently retain outside lobbying consultants to engage in advocacy on its behalf, no such expenses have been incurred over the relevant period.

	2017	2018	2019
Costs in Euros	630 400	773 141	702 648