PERFORMANCE AND COMPENSATION

2019 Report

THE FUTURE IS YOU

SOCIETE GENERALE

PERFORMANCE AND COMPENSATION

The aim of the Group's compensation policy is to ensure its attractiveness and its employees' commitment and retention over the long term, whilst also ensuring appropriate compliance and risk management and promoting the Group's values. For Chief Executive Officers, it is designed to recognise implementation of the Group's strategy and promote its longevity in the interests of shareholders, clients and employees alike.

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2019 KEY FIGURES

€9,955M
in personnel expenses

€75,548
AVERAGE
gross annual compensation[1]

€7M
DEDICATED OVER 3 YEARS
to reduce wage gaps at Societe Generale SA in France

93%
OF EMPLOYEES
had an annual performance review

39,000
PEOPLE SUBSCRIBED
to the Global Employee Share Ownership Plan for a total of €122.3m

€65M
IN COMPANY CONTRIBUTIONS
paid into mutual funds by Societe Generale in France

1. Societe Generale SA in France, foreign branches, and regulated population.

ATTRACTING EMPLOYEES AND RECOGNISING THEIR CONTRIBUTION TO THE GROUP'S PERFORMANCE

OFFERING A FAIR AND ATTRACTIVE COMPENSATION POLICY TO RETAIN EMPLOYEES

The Group strives to offer fair and attractive compensation that helps retain employees and boosts the Group's performance over the long term. The compensation policy is built on the principles of non-discrimination and fair treatment of all employees, and relies on common principles for all. Next, it is developed according to the businesses and geographic areas in which the Group operates, in consideration of market practices and conditions.

On average, the lowest salary paid in our entities is 69% higher than the local legal minimum. The Group's compensation policies and principles are presented each year in **the Group's compensation policies and practices report** in compliance with current regulations (see *Compensation Policies and Practices report)*.

Though adapted to the economic, social, legal and competitive environment of the markets in which the Group operates, this policy is nevertheless based on principles shared by all entities:

- rewarding individual and collective performance;
- promoting healthy and effective risk management and ensuring employees are not prompted to take inappropriate risks;
- attracting, retaining and motivating strategic talent and key resources;
- aligning the interests of employees with those of the Group and shareholders;
- ensuring employees comply with the applicable internal rules and regulations and that clients are treated fairly.

Monetary compensation includes a base salary, which rewards the ability to satisfactorily hold a position using the requisite skills and is determined in a manner consistent with market practices. It also includes variable compensation to recognise collective and individual performance (see *Compensation Policies and Practices report*). **For the 2019 financial year, personnel expenses for the Group[2] totalled €9.95 billion** (see *Personnel expenses and related-party transactions* in the *Universal Registration Document*).

The Group's subsidiaries must apply the policy defined at Group level wherever local laws allow. This policy can be adapted whenever national regulations require it. Each year, employees of Societe Generale SA in France, Credit du Nord, Temsys and Boursorama, as well as certain foreign subsidiaries, specifically the United Kingdom, Italy, Madagascar and Luxembourg, receive a Total Reward Statement, which provides a personalised overview of the components of their total compensation.

2. Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

FOCUS ON REDUCING THE GENDER WAGE GAP AT SOCIETE GENERALE SA IN FRANCE

The French Decree on Gender Workplace Equality (the fifth such agreement since 2005) was signed unanimously by trade unions on 19 December 2019 for a three-year period. This agreement solidified the commitments made on this subject over the past several years and identified new actions and commitments to advance workplace equality, particularly by eliminating the disparities in women's and men's wages, including neutralising the impact of maternity leave on both fixed and variable compensation. Through this agreement, Societe Generale is reinforcing its compensation goals and actions:

- **a three-year budget of €7m to eliminate the wage gap** (vs. €5.1m for the previous three years), including €3m for 2019. The 2019 wage agreement marks a strong commitment to reducing wage gaps by allocating a budget of €7m (excluding charges) between 2019 and 2021 (vs. €5.1m over the previous three years), including €3m (excluding charges) for 2019. This budget was used to adjust the compensation of 1,277 women in 2019, for an average increase of 5.1%;
- **special budgets for fixed compensation have been allocated in recent years to reduce the gender wage gap in the company. Over the 2016-2018 period**, a budget of **€5.1m, excluding charges**, was used to adjust the compensation of 2,496 women. In 2018, the fixed compensation of 819 women was adjusted under this system, for an average of more than €2,000;
- **the salary review on returning from maternity or adoption leave or childcare leave** must be at least equal to the average adjustments made for employees in the same category. Quite often, this amount is exceeded due to application of the minimum raise. Fixed salaries are adjusted for all women returning from maternity or adoption leave.
In 2018, the company ensured that those on paternity and child-welcoming leave were paid the same salary, starting on their first day back. The proportion of fathers or second parents who could claim paternity and child-welcoming leave, who had taken at least one day past the legal three-day leave period, is increasing – from 76.8% in 2016 to 78.6% in 2018. The proportion of those who had taken the full paternity and child-welcoming leave (11 or 18 days) also rose over the same period, from 66.1% to 68.5%. In 2019, salary maintenance was applied to the first three days of that leave. Starting in 2020, Societe Generale is ensuring that employees who can claim such leave receive the same salary throughout that leave period (11 days, or an additional 18 days for multiple births).

ACKNOWLEDGING EACH EMPLOYEE'S CONTRIBUTION TO THE GROUP'S PERFORMANCE

In a pledge of fairness for Societe Generale, all employees are given a performance review based on a common model that has been in place in the Group since 2008. In 2019, 93% of employees underwent an annual performance review.

Individual employee performance is measured using **quantitative and qualitative operational and behavioural targets**, which are set each year.

The recommended methodology for setting targets is the **SMART method** (Specific, Measurable, Achievable, Relevant, and Time-Bound goals) to set precisely identified and observable goals using indicators known to employees. Qualitative goals are individualised, relevant to the position's occupation and pay grade. Quality risk management resources and behaviours used to achieve results (cooperation, teamwork, people management, and client satisfaction) are recommended. Thus, one or two development goals must address **the Group's Leadership Model**[3] (see *Corporate Culture and Ethics Principles report*).

Employees are reviewed during a meeting with their direct manager. In addition, feedback may be requested from other contributors, including a manager from the function, peers or team members. Beyond this common system, the Group encourages regular feedback and recognises the right to make a mistake (see *Corporate Culture and Ethics Principles report*).

3. The Leadership Model defines the behaviours and skills expected of employees, managers, and Chief Executive Officers, in connection with the Group's values (Innovation, Responsibility, Commitment, Team Spirit) and client focus.

ENSURING THAT COMPENSATION DECISIONS TAKE PERFORMANCE REVIEWS INTO ACCOUNT

Decisions on compensation should reflect the performance review, which should be based on quantitative and qualitative criteria (operational and professional behavioural development targets) and behavioural assessment in terms of compliance with applicable regulations and internal rules, specifically the Code of Conduct, the Anti-Corruption Code and the Tax Code of Conduct. Depending on the job, the review should include the following criteria:

- sound and prudent risk management;
- respect for the assignment given in terms of activity and limits;
- quality of services provided to clients;
- respect for clients' interests and fair treatment.

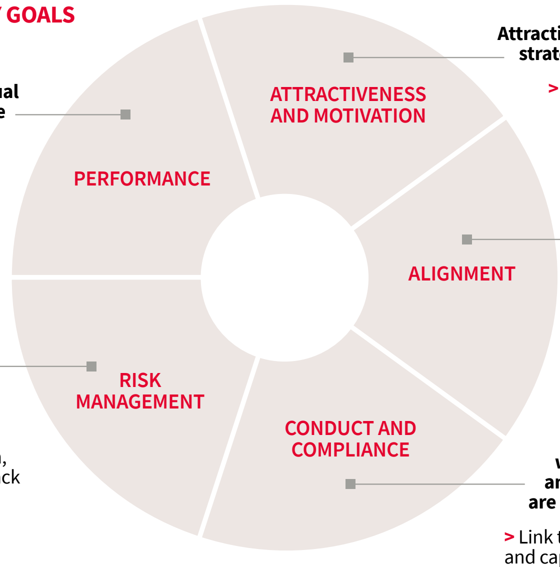
GROUP COMPENSATION POLICY GOALS

Rewarding individual and collective performance

> Link to the Leadership Model, which promotes a culture of performance by fostering team spirit, responsibility, commitment, and innovation, with a shared focus: the client

Promoting healthy and effective risk management and ensuring employees are not prompted to take inappropriate risks

> Link to targeted risk appetite, deferred compensation, penalties*, and clawback



Attracting, retaining and motivating strategic talent and key resources

> Link to market trends and practices

Aligning the interests of employees with those of the Group and shareholders

> Link to company's profitability in view of risks and capital requirements, SG share allocation

Making sure employees comply with the applicable internal rules and regulations while ensuring clients are treated fairly

> Link to company's profitability in view of risks and capital requirements, SG share allocation

*Deferred compensation: Payment of variable compensation is deferred beyond certain thresholds in order to align the compensation structure with risks and long-term performance.

Penalty: the Bank may reduce or cancel the deferred variable compensation before the vesting or payment date if performance conditions are not met or in response to a case of inappropriate conduct.

Clawback: request to return variable compensation components already paid, subject to regulations in force.

The compensation policy stipulates that compensation should not be influenced by the fact that an employee has raised an alert, in keeping with the Group's whistleblowing policy (see *Corporate Culture and Ethics Principles report*). **To prevent any conflict of interest, variable compensation is not directly or solely correlated to revenues generated.**

Individual situations (fixed compensation plus, as applicable, variable compensation and/or long-term profit-sharing plan) are reviewed each year (see Chapter 3 of the *Universal Registration Document*).

During the hiring process, the Group adjusts each employee's compensation according to several criteria, including business experience, technical and behavioural skills, and education and training, in line with internal and external practices.

OFFERING A PART OF COMPENSATION BASED ON COLLECTIVE PERFORMANCE OF EMPLOYEES, EMPLOYEE SAVINGS AND EMPLOYEE SHARE OWNERSHIP, CONSISTENT WITH THE GROUP'S VALUES

Beyond the variable compensation packages determined according to the company's overall performance, Societe Generale offers its employees collective commitment schemes: profit-sharing, employee savings and employee share ownership. In 2019, under the 28th **Global Employee Share Ownership Programme**, more than **120,000 people** in 170 entities and 47 geographic locations had the option to subscribe to the capital increase reserved for them. More than 39,000 people subscribed to the programme, for a total of €122.3m. In France, over 41% of the beneficiaries participated. Internationally, the subscription rate was more than 16%.

At the end of 2019, current and former employees of Societe Generale, representing approximately 85,000 people, held a total of 6.52% of the share capital and 10.82% of the voting rights under the Company and Group Savings Plans.

At Societe Generale SA in France, just as at the majority of subsidiaries enrolled in the Company and Group Savings Plans (31/44 subsidiaries), employees also **have a stake in the Bank's development through its profit-sharing schemes**. For Societe Generale SA in France, these schemes are linked to the Company's overall performance (financial and extra-financial) and regulated by agreements signed with the trade unions every three years. The total amount of **profit-sharing distributed in 2019 for the financial year 2018 was €158 million (including €6 million for the share relating to CSR objectives)**, including an additional incentive payment of €1,000 per person, i.e. a 11.56% increase compared with the previous year. This amount can be attributed to the quality of the financial results and the Bank's strong performance in terms of corporate social responsibility.

"The €158m in profit-sharing distributed in 2019 reflects the quality of the financial results and the Bank's positive CSR performance."

"In 2019, under the 28th Global Employee Share Ownership Programme, more than 120,000 people in 170 entities and 47 geographic locations had the option to subscribe to the capital increase reserved for them."

The company and group savings plans provide the option of medium-/long-term savings and favourable financial[4] and tax conditions. The securities offered in these plans consist of a broad range of company mutual funds (FCPEs), of which seven in the company and group savings plans (PEE/PEG), including the employee share ownership fund (Funds E). Employer matching contribution amounted to €65m[5] in 2019. Financial compensation (profit-sharing) may be invested in the Company and Group savings plans.

4. An employer matching contribution and discount on the Societe Generale share in the event of a capital increase reserved for employees and retired former employees.

5. gross, in millions of euros for Societe Generale SA in France and the majority of its 44 subsidiaries enrolled in the Group Savings Plan in France.

Societe Generale's employee savings plan offers employees the opportunity to invest in various company mutual funds (FCPE) certified **SRI[6] (Socially Responsible Investments)** by the CIES (Inter-Union Committee on Employee Savings). As of 31 December 2019, all SRI funds in the Group's savings plans in France (the various Company Savings Plans, Group Savings Plans, and Collective Retirement Savings Plans) represented **€326 million in assets under management.**

Bonus shares have been issued in France[7] since 2006, and internationally since 2009, as authorised by the General Meeting. The Board of Directors defines the allocation policy, following the recommendations of the Compensation Committee. Shares are granted in order to reward, motivate and secure the long-term loyalty of three categories of employees: employees who have made a significant contribution to the Group's results, with respect to their responsibilities; high-potential employees whose expertise is highly sought-after on the job market; and employees whose work has proved extremely valuable to the Company.

2019 LONG-TERM INCENTIVE PLANS

Based on a proposal from the Compensation Committee, the Board of Directors, at its meeting of 13 March 2019, granted performance shares to certain members of staff in accordance with the 25th and 26th resolutions of the General Meeting held in May 2018.

Pursuant to the 25th resolution, the performance shares granted under the specific loyalty and compensation policy for regulated persons as defined by banking regulations (including Chief Executive Officers and Executive Committee members) represent 0.16% of the share capital, corresponding to a total of approximately 1,314,000 shares. Their vesting periods range from two to six years, followed by a holding period of at least six months. All shares are contingent on the profitability of the Group and/or the business or division. Pursuant to the 26th resolution, there were 5,227 beneficiaries of the long-term incentive plan receiving approximately 1,545,000 shares overall, i.e. 0.19% of the share capital. Chief Executive Officers and members of the Group Management Committee were not beneficiaries of the plan. The beneficiaries comprised 2,137 women and 3,090 men belonging to other employee categories (including non-executives) across nearly 54 different countries; 38% of beneficiaries were working outside France.

All shares are granted subject to a condition of presence throughout the vesting period as well as a performance condition based on Societe Generale's net income. The shares will vest definitively for each beneficiary after three years.

The Group also offers local benefit plans, supplementing the mandatory coverage. Benefits also include social protection (retirement, personal protection, and health insurance) as well as family benefits and leave. The Group's subsidiaries and branches ensure that the social protection plans offered to employees are competitive and appropriate to the local context (see *Occupational Health and Safety report*).

6. (FCPE) For Societe Generale: SG Obligations ISR, SG Diversifié ISR, Amundi label actions solidaire; for Crédit du Nord: Arcancia Actions Ethique et Solidaire, Amundi Label Equilibre Solidaire ESR, Etoile Sélection Développement Durable and Amundi Label Harmonie ESR.

7. Except for ALD.

RECOGNISING APPROPRIATE RISK MANAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY ISSUES IN EMPLOYEE COMPENSATION

RECOGNISING THE GROUP'S RISKS AND HOW THEY ARE MANAGED

Recognition of risks in the compensation policy is detailed in the public report (see *Part 2,* specifically 2.3.1 for ex-ante recognition in the Universal Registration Document). It is presented to the Risk Committee annually, and a Director on the Risk Committee sits on the Compensation Committee.

Since 2018, the Group annual employee review has included a mandatory Conduct and Compliance section, which managers use to recognise non-compliant employee behaviour with regard to risk control, service quality and respect of client interests. If an employee is found to have failed to comply with the rules of conduct and compliance, their manager must implement a specific action plan to help them correct the issues.

Conduct and compliance performance is a factor in career progression, and especially compensation.

Aligning employee compensation with the Bank's risk management, where employees include management bodies and, more broadly, regulated employees[8], is a multi-level process:

- **in compensation governance** – Every year, the Group's various control functions are involved at different levels to assess the compliance of the Group's compensation policy (see *Compensation Policies and Practices report*);
- **in the make-up of variable compensation packages**, which are determined with careful consideration of the Bank's various risks, ensuring that the total variable compensation amount will not undermine the Group's capacity to shore up its equity;
- **and in the employee reviews factored into individual allocations.**
  The compensation policy applicable to members of the Group's management bodies and, more broadly, to its regulated employees promotes best practices by tying their variable compensation to a number of quantitative and qualitative factors, including respect for compliance and risk management rules[9]. The connections between Chief Executive Officers and the appropriate management of our risks is detailed in the *Universal Registration Document*.

8. Individuals having a significant impact on the Group's risk profile (see Compensation Policies and Practices report)

9. In addition the annual reviews conducted by the management line, reviews are carried out independently by the Risk and Compliance Divisions on certain categories of regulated employees (CRD IV, AIFMD, and UCITSV) and employees in charge of trading desks (French Banking Law and Volcker Rule), as well as any other employee for whom it is deemed relevant.

ALIGNING EMPLOYEE COMPENSATION WITH CORPORATE SOCIAL RESPONSIBILITY ISSUES FOR THE GROUP

Aligning employee compensation, including that of Chief Executive Officers and the Management Committee, with the Group's social and environmental responsibility issues is a multi-level process:

- **in the collective employee compensation of Societe Generale SA in France** in 2019 for 2018 (42,075 employees, i.e. 31% of the Group's employees). A €6m profit-sharing and incentive plan depends on social responsibility targets met each year:
  - since the agreements signed for the base financial years 2014-2016, €3m has hinged on Societe Generale Group placing in the top quartile of the annual industry ranking of companies assessed by extra-financial ratings agency RobecoSAM. Should Societe Generale not make it into the top quartile of the industry survey, the €3m profit-sharing package is not paid out to the relevant employees;
  - since the agreements signed for the base financial years 2017-2020, €3m has depended on the volume of purchasing from the adapted, protected sector (+€500,000 per year). The amount allocated to this criterion is €1.5m if 80% of the growth target is met.
- **in the compensation of Management Committee members** (60 people, excluding Chief Executive Officers). Since 2018, the Group's Management Committee has set collective targets including:
  - financial performance;
  - **client satisfaction and experience** based on the Net Promoter Score approach;
  - **employee commitment level**, as measured by the Group's Employee Satisfaction Survey;
  - **Corporate social responsibility, through the Group extra-financial** rating by asset manager ROBECOSAM and Sustainalytics and MSCI agencies. Attainment of these targets determines part of their variable compensation.

CHIEF EXECUTIVE OFFICER COMPENSATION (5 PEOPLE)

Compensation of General Management is based on CSR criteria at two levels: in variable compensation and the long-term profit-sharing of Chief Executive Officers:

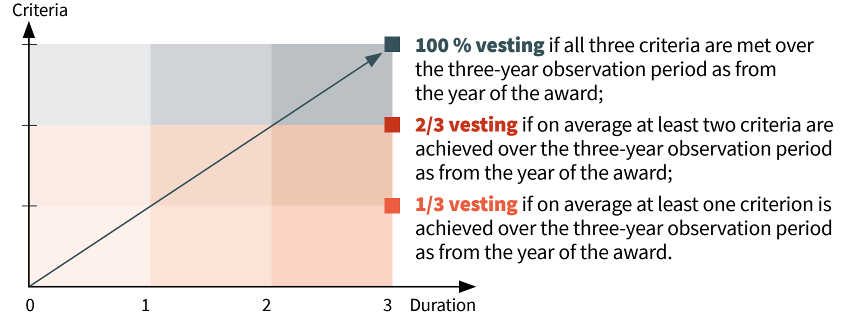
- CSR criteria in the variable compensation of General Management: 40% of Chief Executive Officers' variable compensation is based on qualitative criteria. The targets shared by all five Chief Executive Officers shall be:
  - — implementation of the Group's strategy, specifically:
    - preparation of the 2021-2025 strategic plan developing the Group's purpose as strategic choices involving clients, operations, and geographic locations, with the target of a lasting improvement in the Group's profitability;
    - relevant management of scarce resources to prioritise successful franchises that are driving growth, and prepare for regulatory impact;
    - improvement in the Group's operational efficiency;
    - accelerated digitalisation;
  - — continued progress of client satisfaction, the Net Promoter Score, and client experience;
  - — achievement of our corporate social responsibility (CSR) targets, in consideration of the trajectory defined in our strategic plan and our positioning in extra-financial indices;
  - — and satisfaction of our regulatory requirements (KYC, RAS, internal control, remediation).

Specific targets divided among the different supervisory areas (two targets per executive Chief Executive Officer) will relate to:

- — management of Human Resources: internal communications, managerial commitment, and labour relations;
- — tracking and proper execution of the remediation plan in the United States;
- — improvement of the Corporate Divisions' operating model, specifically the remediation and quality ramp-up of the Group's control systems;
- — successful deployment of the final phase of the 2017-2020 transformation of French Retail Banking and definition of the strategic guidelines for 2025 for Societe Generale, Credit du Nord and Boursorama;
- — improved operating performance of the Group's information systems (security, service quality and cost) and their adaptation to new issues in the businesses, further leveraging "the Group effect";
- — improvement of the operational model of Corporate and Investment Banking, Global Markets and International Retail Banking & Financial Services (IBFS);
- — and contribution to the Group's growth and execution of the Transform to Grow roadmap of the International Retail Banking & Financial Services (IBFS) Business Units.

- **CSR criteria in the long-term profit-sharing of General Management:** 20% of the vesting of long-term profit-sharing depends on satisfying CSR conditions, which are in turn:
  - — half contingent on meeting the Group's commitments in financing the energy transition. The target set for the plan in respect of 2019 relates to the Group's commitment to raise €120 billion towards the energy transition between 2019 and 2023, of which:
    - €100 billion in sustainable bonds;
    - €20 billion for renewable energies, in the form of consultancy and financing. The vesting rate will be 100% if the target of €120 billion is met in 2023. It will be 75% if €100 billion is raised. No award will vest for anything less than €100 billion;
  - — half contingent on the Group's positioning within the top 10 in extra-financial ratings[10] (being in the top quartile of the rankings by Robecosam and Sustainalytics, and having a rating of BBB or better from MSCI). The vesting rate shall be defined as follows (in line with the diagram below).

VESTING RATE



10. If the ratings are adjusted over the year, the rating considered is the one used during the annual reviews. As the extra-financial ratings sector shifts, the panel of ratings considered may be subject to modification if appropriate justification can be provided.

DEMONSTRATING TRANSPARENCY ON EXECUTIVE COMPENSATION

Pursuant to regulations in force, the Group itemises the compensation of Chief Executive Officers each year in the *Universal Registration Document.*

These documents itemise the following components for Chief Executive Officers:

- the compensation policy applicable to executive Chief Executive Officers (specifically including the description of the overall structure and all of the compensation components, qualitative and quantitative performance criteria of annual variable compensation and procedures of its acquisition and payment, terms of award and vesting of long-term profit-sharing, benefits in kind and post-retirement benefits, etc.);
- review of the qualitative and quantitative performance of Chief Executive Officers and details of the annual variable compensation awarded for the previous financial year in light of recorded performance, as well as the payment/vesting procedures of this annual variable compensation;
- details of the long-term profit-sharing awarded for the previous financial year and the conditions for its vesting;
- detailed description of all compensation components and benefits awarded for the financial year;
- description of benefits and itemisation of all monies paid out during the financial year (fixed and variable components) and performance shares vested;
- information about Chief Executive Officer compensation compared to average compensation and the company's median salaries and to the Group's performance over five financial years;
- compliance with requirements on Chief Executive Officer share ownership.

OTHER PUBLICATIONS

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