

APPENDIX 1

BOARD OF DIRECTORS' REPORT PREPARED PURSUANT TO ARTICLE L. 225-37-2 OF THE FRENCH COMMERCIAL CODE

The policy governing the remuneration of the Chief Executive Officers, presented below, was defined by the Board of Directors on 8th February 2017 following the recommendations of the Compensation Committee.

In the course of its work, the Compensation Committee relied on studies conducted by the independent firm of Willis Towers Watson. These studies are based on the CAC 40 as well as a panel of comparable European banks providing a benchmark, and enable an assessment of:

- the competitiveness of the Chief Executive Officers' overall remuneration in comparison to a panel of peers;
- Societe Generale's results as compared to the criteria defined by the Group to assess the Chief Executive Officers' performance; and
- the correlation between the Chief Executive Officers' performance and their remuneration.

In accordance with the French Act of 9th December 2016 on transparency, the fight against corruption and modernisation of the economy, known as the "Sapin 2 Act", this policy is submitted to the approval of the General Meeting. If the General Meeting should reject the policy, the Board of Directors will convene within a reasonable time frame and, in the meantime, the principles applied in 2016 will remain in effect.

In addition, as from 2018, variable remuneration, whether annual or exceptional, must be approved by the General Shareholders' Meeting before being paid.

Remuneration principles

The remuneration policy for the Chief Executive Officers aims to ensure that the Company's top-level positions attract the most promising candidates and to cultivate motivation and loyalty on a lasting basis, whilst also ensuring appropriate compliance and risk management. It is also designed to recognise the long-term implementation of the Group's strategy in the interests of its shareholders, clients and staff, in accordance with the principles laid down by the Group's Code of Conduct.

The policy takes into account the completeness of the remuneration components and any other benefits granted when performing an overall assessment of the Chief Executive Officers' compensation. It ensures that these different elements are balanced, in the general interest of the Group. In accordance with the "pay for performance" principle, non-financial aspects are taken into account in addition to financial performance criteria when determining variable remuneration; such non-financial aspects include in particular elements related to corporate social responsibility and compliance with the Group's leadership model. For the purposes of variable remuneration, performance is assessed on an annual and multi-annual basis, taking into account both Societe Generale's intrinsic performance and its performance as compared to its market and competition.

Furthermore, the Chief Executive Officers' remuneration complies with:

- the CRD4 Directive of 26th June 2013, the aim of which is to impose remuneration policies and practices compatible with effective risk management. CRD4 has been transposed into national law and its principles in terms of remuneration have been in effect since 1st January 2014;
- the recommendations of the AFEP-MEDEF Code; and
- the French Act on transparency, the fight against corruption and modernisation of the economy, known as the "Sapin 2 Act".

Remuneration of the Non-Executive Chairman

Lorenzo Bini Smaghi's remuneration has been set by the Board of Directors in light of his experience, reputation and responsibilities, as well as in view of market practices, especially in the banking sector. It amounts to EUR 850,000 gross per year, unchanged since he was appointed Chairman of the Board on 19th May 2015. He does not receive attendance fees.

In order to guarantee total independence in fulfilling his mandate, he receives neither variable compensation, nor securities, nor any compensation contingent on the performance of Societe Generale or the Group.

He is provided with company accommodation for the performance of his duties in Paris.

Remuneration of General Management

BALANCED REMUNERATION TAKING INTO ACCOUNT THE EXPECTATIONS OF THE VARIOUS PARTIES INVOLVED.

The remuneration of Chief Executive Officers is broken down into three components:

- **Fixed Remuneration (FR)** rewards experience and responsibilities, and takes into account market practices. It accounts for a significant proportion of overall remuneration.
- **Annual Variable Remuneration (AVR)** rewards performances achieved during the year and the contribution of Chief Executive Officers to the success of the Societe Generale Group.
- **Long-Term Incentives (LTIs)** aim to strengthen the association between Chief Executive Officers and shareholders' interests, and to provide the former with an incentive to deliver long-term performance. Vesting of LTIs is

subject to a condition of presence and is based on the Group's performance as measured against internal and external criteria over periods of four and six years.

Pursuant to CRD4, and further to the authorisation granted by the General Meeting in May 2014, variable compensation (i.e. annual variable remuneration plus long-term incentives) is

capped at 200% of fixed remuneration. Furthermore, Chief Executive Officers are prohibited from using hedging or insurance strategies over the vesting and holding periods.

FIXED REMUNERATION

In line with the recommendations of the AFEP-MEDEF Code, fixed remuneration is only reviewed at relatively long intervals, to ensure consistency with events affecting the Company and market practices.

The annual fixed remuneration of Frédéric Oudéa, Chief Executive Officer, amounts to EUR 1,300,000 and that of Séverin Cabannes and Bernardo Sanchez Incera, Deputy Chief Executive Officers, to EUR 800,000. These amounts were set by the Board of Directors on 19th May 2015 and approved by the Joint General Meeting of 18th May 2016.

The annual fixed remuneration of Didier Valet, appointed Deputy Chief Executive Officer by the Board of Directors on 13th January 2017, was set at the same level as for other Deputy Chief Executive Officers, i.e. EUR 800,000.

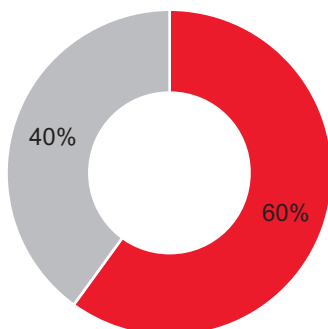
Any modification of these fixed salaries decided by the Board of Directors based on a proposal from the Compensation Committee must be approved by the General Meeting before entering into effect.

ANNUAL VARIABLE REMUNERATION

GENERAL PRINCIPLES

Annual variable remuneration is 60% based on quantitative criteria, and 40% on qualitative criteria, thus combining an

evaluation of the Group's financial performance with an assessment of managerial skills, in line with the Group's strategy and leadership model.



- **Quantitative criteria** based on annual financial performance. Indicators and target achievement levels are set in advance by the Board of Directors, primarily based on the budget targets for the Group and the business lines within each Chief Executive Officer's scope of supervision.
- **Qualitative criteria** based essentially on the achievement of key targets in relation to the Group's strategy, operational efficiency and risk management, as well as the CSR policy.

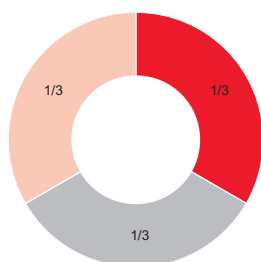
Quantitative portion

For Frédéric Oudéa and Séverin Cabannes, the quantitative portion is measured according to the achievement of Group targets in terms of earnings per share, gross operating income

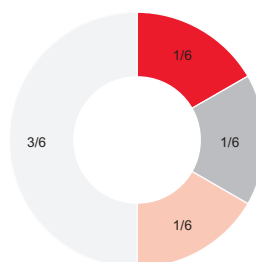
and cost/income ratio, each indicator being equally weighted. For Deputy Chief Executive Officers Bernardo Sanchez Incera and Didier Valet, the economic criteria concern both the Group as a whole and their specific area of responsibility.

Frédéric Oudéa and Séverin Cabannes

- Gross operating income
- Earnings per share
- Cost/income ratio



Bernardo Sanchez Incera and Didier Valet



- Scope of responsibility of each Deputy Chief Executive Officer:
 - Gross operating income (1/3)
 - Earnings before tax (1/3)
 - Cost income ratio (1/3)

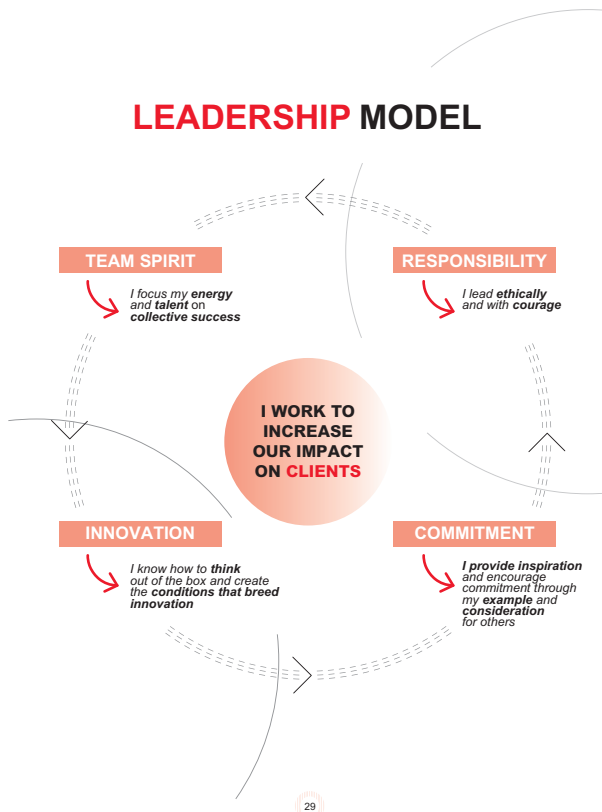
These indicators reflect targets in terms of operational efficiency and risk management over the relevant scope of responsibility, and value creation for the shareholders. Comprising both financial and operational elements, these indicators are directly linked to the Group's strategy and are based on compliance with a predefined budget.

Qualitative portion

Each year, the Board of Directors sets between six and ten qualitative targets for the next financial year. Most of these targets are collective, reflecting the team spirit that is essential within General Management. Targets specific to each Chief Executive Officer are also set, according to their respective areas of responsibility.

These targets, defined in line with the Group's leadership model, as presented opposite, are based on three main areas:

- strategy of the Group and business lines;
- operational efficiency and risk management;
- achievement of corporate social responsibility targets, reflected in particular by Societe Generale's positioning within the upper quartile of the bank rankings established by extra-financial ratings agency RobecoSam.



VESTING AND PAYMENT OF ANNUAL VARIABLE REMUNERATION

With a view to strengthening the correlation between remuneration and the Group's risk appetite targets, whilst promoting alignment with shareholders' interests, and in accordance with the CRD4 Directive, vesting of at least 60% of the annual variable remuneration is deferred for three years, *pro rata*. This concerns both cash payments and shares or share equivalents granted subject to the achievement of long-term

targets in terms of Group profitability and equity; the amount thereof is reduced if the targets are not met. Furthermore, if the Board observes that a decision taken by the Chief Executive Officers has particularly significant consequences for the Company's results or image, it may decide to reconsider payment of the deferred annual variable remuneration in full or in part (malus clause).

Lastly, until expiry of the current term of office, vesting of the deferred annual variable remuneration is also subject to a condition of presence. The exceptions to this requirement are as follows: retirement, death, disability, incapacity to carry out duties or termination for reasons of a strategic divergence with the Board of Directors.

After expiry of the current term of office, the condition of presence no longer applies. However, if the Board observes, after the departure of the Chief Executive Officer, that a decision taken during his term of office has particularly significant consequences for the Company's results or image, it may decide to reconsider payment of the deferred annual variable remuneration in full or in part.

CAP

In compliance with the AFEP-MEDEF Code, since 1st September 2014 annual variable remuneration has been capped at 135% of annual fixed remuneration for the Chief Executive Officer and at 115% for the Deputy Chief Executive Officers.

LONG-TERM INCENTIVES

GENERAL PRINCIPLES

In order to implicate the Chief Executive Officers in the Company's long-term progress and to align their interests with those of the shareholders, since 2012 they have been awarded long-term incentives, consisting of shares or share equivalents.

In order to comply with the recommendations of the AFEP-MEDEF Code, the Board of Directors decides each year, during the meeting approving the financial statements from the previous year, on any award of Societe Generale shares or share equivalents to the Chief Executive Officers; the fair value of any such award upon granting is proportional to other compensation elements and is set in line with practices from previous years. Such fair value is set on the basis of the share closing price on the day before the Board meeting.

Furthermore, Chief Executive Officers cannot be awarded long-term incentives upon the expiry of their term of office.

VESTING AND PAYMENT OF LONG-TERM INCENTIVES

As in previous years, the plan is as follows:

- granting of shares or share equivalents in two instalments, with vesting periods of four and six years, followed by a one-year holding period, thus increasing the indexing periods to five and seven years respectively;
- definitive vesting subject to a condition of presence throughout the vesting periods, as well as a performance condition. Vesting depends on the relative performance of the Societe Generale share as measured by the increase in Total Shareholder Return (TSR) compared to that of 11 European peers over the entirety of the vesting periods. Thus, the entirety of the award will only vest if Societe Generale's TSR

is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted; no shares or share equivalents will vest if the TSR performance is too low. If the Group is not profitable in the year preceding the definitive vesting of long-term incentives, no payment will be made, regardless of the performance of the Societe Generale share.

- any departure will result in cancellation of the payment under the plan, unless the Chief Executive Officer in question is retiring or leaving the Group due to changes in its structure or organisation, in which case the shares or payments will be awarded based on the performance observed and assessed by the Board of Directors.

Lastly, the beneficiaries of long-term incentives are also subject to a “malus” clause. Thus, if the Board observes that a decision taken by the Chief Executive Officers has particularly significant consequences for the Company’s results or image, it may decide to reconsider payment of the long-term incentives in full or in part.

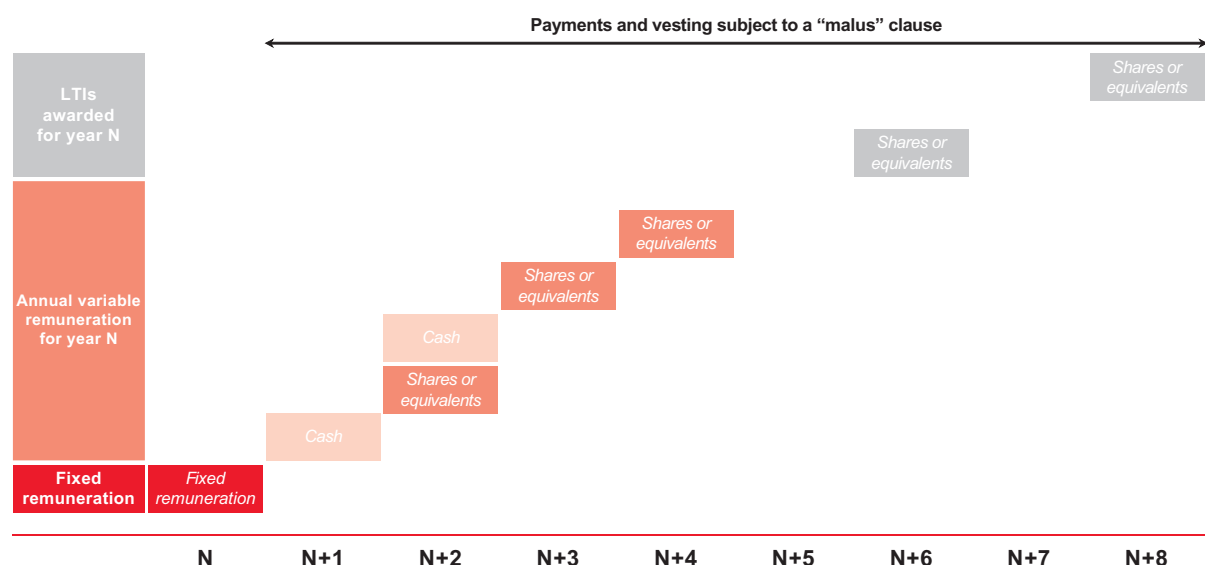
CAP

In accordance with the AFEP-MEDEF Code, the Board of Directors decided, on 8th February 2017, to limit the total amount of long-term incentives awarded (as measured under IFRS). The limit was set at the same level as for the annual variable remuneration. The amount awarded is thus limited to 135% of annual fixed remuneration for Frédéric Oudéa and at 115% for the Deputy Chief Executive Officers.

This new provision applies in addition to the existing cap on the definitive vesting value of shares or share equivalents. This value is capped at an amount corresponding to a multiple of the book value per share of the Societe Generale Group as at 31st December in the year in which the long-term incentives are granted.

In all events, in accordance with applicable regulations, the variable component awarded (i.e. annual variable remuneration plus long-term incentives) must not exceed two times the fixed remuneration.

TOTAL REMUNERATION – PAYMENT OR SHARE DELIVERY TIMELINE



Post-employment benefits: pensions, severance pay, non-compete clause

PENSION

As Frédéric Oudéa terminated his employment contract by resigning when he was appointed Chairman and Chief Executive Officer in 2009, he no longer enjoys the right to any supplementary pension from Societe Generale.

SUPPLEMENTARY PENSION ALLOCATION PLAN

Messrs. Cabannes and Sanchez Incera retain the benefit of the supplementary pension allocation plan for senior managers that applied to them as employees prior to their appointment as Chief Executive Officers⁽¹⁾.

This supplementary plan, introduced in 1991 and satisfying the requirements of Article L. 137-11 of the French Social Security Code, provides senior executives appointed as from this date and “outside classification” with a supplementary pension as from the date on which they claim their French Social Security pension. Their total pension thus amounts to the product of the following:

- the average, over the last ten years of their career, of the proportion of their fixed remuneration exceeding “Tranche B” of the AGIRC pension plus variable remuneration of up to 5% of their fixed remuneration;
- the rate equal to the number of years of professional service at Societe Generale divided by 60, corresponding to a potential acquisition of annuity rights of 1.67% a year (it being noted that the years of service taken into account are capped at 42).

⁽¹⁾ Related-party agreements with Messrs. Cabannes and Sanchez Incera approved by the General Meetings of 19th May 2009 and 25th May 2010 respectively.

The AGIRC “Tranche C” pension acquired in respect of their professional service at Societe Generale is deducted from this total pension. The supplementary amount covered by Societe Generale is increased for beneficiaries who have raised three or more children, as well as for those who retire after the legal retirement age set by French Social Security. It may not be less than one-third of the full-rate service value of the AGIRC “Tranche B” points acquired by the beneficiary since gaining “Outside Classification” status.

The rights are subject to the employee being employed by the Company upon claiming their pension.

Each year, potential annuity rights are calculated according to projected length of service and salary at retirement, based on recognised actuarial principles. They are prefinanced with an insurance company.

Upon Didier Valet’s appointment as Chief Executive Officer on 13th January 2017, the Board of Directors authorised a related-party commitment pursuant to which Mr. Valet retains the benefit of the supplementary pension plan for senior managers that applied to him as an employee. This related-party commitment will be submitted to the shareholders for approval at the General Meeting in May 2017.

As required by law, the annual increase in supplementary pension benefits conditional upon the beneficiary completing his career within the Company will be subject, as from his appointment, to the following performance condition: potential annuity rights for any given year will only be awarded in full if at least 80% of the variable remuneration performance conditions for that year are met. For performance levels of 50% or below, there will be no increase in the annuities. For an achievement rate of between 80% and 50%, the benefits awarded for the year will be calculated on a straight-line basis.

IP VALMY SUPPLEMENTARY PENSION FUND

Messrs. Cabannes, Sanchez Incera and Valet also remain entitled to the supplementary defined-contribution pension plan that they had as employees prior to their appointment as Chief Executive Officers.

This defined-contribution plan, established in line with Article 83 of the French General Tax Code, was implemented in 1995. Membership is compulsory for all employees with at least one year’s seniority within the Company and allows beneficiaries to acquire annual deferred life annuity rights corresponding to 0.1% of their remuneration, capped at twice the annual French Social Security cap. This plan is financed 1.5% by the Company and 0.5% by employees. It is insured with the insurance company Valmy.

SEVERANCE PAY FOR MEMBERS OF SOCIETE GENERALE’S GENERAL MANAGEMENT

On 8th February 2017, the Board of Directors decided to harmonise the rules governing the Chief Executive Officer’s or Deputy Chief Executive Officers’ departure from the Group upon termination of their duties. The rules were defined in light of market practices, and are compliant with the AFEP-MEDEF Code.

The corresponding related-party agreements and commitments will be submitted to the shareholders for approval at the General Meeting in May 2017.

NON-COMPETE CLAUSE

The Chief Executive Officers (Frédéric Oudéa, Séverin Cabannes, Bernardo Sanchez Incera and Didier Valet) have signed a non-compete clause to the benefit of Societe Generale, valid for a period of six months as from the date on which their duties as Chief Executive Officer end, in accordance with standard practice for financial institutions. The clause prohibits them from accepting a position at the same level with either a listed credit institution in Europe (defined as the European Economic Area, including the United Kingdom) or an unlisted credit institution in France. In exchange, they may continue to receive their fixed salary.

The Board of Directors alone can waive such clause, up until the date on which the term of office of the Chief Executive Officer in question ends. In such a case, the Chief Executive Officer will no longer be bound by any commitment, and no sums will be payable to him in such respect.

In the event of breach of the non-compete, the Chief Executive Officer in question will be required to immediately pay a sum equal to six months’ fixed salary. Societe Generale will in such a case be released from its obligation to pay any financial compensation and may, furthermore, demand the refund of any financial compensation as may have been paid since the breach.

This amount remains below the limit of 24 months’ fixed and variable annual remuneration, as set by the AFEP-MEDEF Code.

SEVERANCE PAY

In accordance with the recommendations of the AFEP-MEDEF Code, Frédéric Oudéa gave up his employment contract upon his appointment to the position of Chairman and Chief Executive Officer in 2009. He thus forfeited his entitlement to the benefits and guarantees from which he would have benefited as an employee with close to 15 years of service. Similarly, as a result of the suspension of the employment contracts of the Deputy Chief Executive Officers, the amount payable to them in statutory or contractual severance pay, if applicable, would be low to nil.

As a result, on 8th February 2017, the Board of Directors decided to implement a provision for severance pay, due solely in the event that a Chief Executive Officer’s duties are terminated as a result of him being required to leave the Societe Generale Group.

The terms of such severance pay are as follows:

- Payment will only be due in the event of a non-voluntary departure from the Group, justified as such by the Board of Directors. No payment will be due in the event of serious misconduct, resignation or non-renewal of the Chief Executive Officer’s appointment for reasons attributable to the latter;
- Payment will be contingent upon an overall achievement rate for the annual variable remuneration targets of at least 60% on average over the three years preceding the end of the Chief Executive Officer’s term of office;
- No severance pay will be due to a Chief Executive Officer leaving within six months before claiming his French Social Security pension, entitling him to claim the supplementary senior managers’ pension;

- The payment will amount to two years' fixed salary, thus complying with the recommendation in the AFEP-MEDEF Code, i.e. two years' fixed and variable annual remuneration.

In no circumstances may the severance pay and non-compete payment combined exceed the cap recommended in the AFEP-MEDEF Code (i.e. two years' fixed and variable annual remuneration plus, if applicable, any other severance pay provided for under the employment contract, especially any contractual severance pay).

Other benefits of Chief Executive Officers

The Chief Executive Officers have their own company car, available to them for private as well as professional use, and insurance providing the same cover in terms of health and death/invalidity benefits as employees.

EXCEPTIONAL VARIABLE REMUNERATION

Societe Generale does not generally award exceptional variable remuneration to its Chief Executive Officers. However, in light of the new legislation requiring prior approval of all aspects of the remuneration policy, the Board of Directors has decided to reserve the right to pay additional variable remuneration if warranted in certain highly specific situations, for example due to the impact on the Company, or the commitment demanded and challenges involved. Such remuneration would need to be justified, and would be set in accordance with the general principles of the AFEP-MEDEF Code on remuneration, as well as with the recommendations of the French Financial Markets Authority (AMF).

It would be paid on the same terms as the annual variable remuneration, i.e. partially deferred for a period of three years, and subject to the same conditions in terms of vesting. It would be included within the variable remuneration capped at 200% of the fixed portion.

Appointment of a new Chief Executive Officer

As a general rule, the remuneration components and structure described in this remuneration policy will also apply to any new Chief Executive Officer appointed whilst said policy remains in effect, based on his responsibilities and professional experience. The same principle will also apply to all other benefits granted to Chief Executive Officers (supplementary pension plan, insurance, etc.).

The Board of Directors is therefore responsible for setting the new Chief Executive Officer's fixed salary in light of these elements, in line with the salary of existing Chief Executive Officers and the practices of comparable European financial institutions.

Lastly, any new Chief Executive Officer selected from outside the Societe Generale Group may enjoy an appointment benefit designed to act as compensation, if appropriate, for the remuneration forfeited in leaving his previous employer. This remuneration would vest on a deferred basis, and would be conditional upon the satisfaction of performance conditions similar to those applicable to the Chief Executive Officers' deferred variable remuneration.