

JUNE 2019

# APPROACH TO SUSTAINABILITY

---

THE FUTURE  
IS YOU  SOCIÉTÉ  
GÉNÉRALE

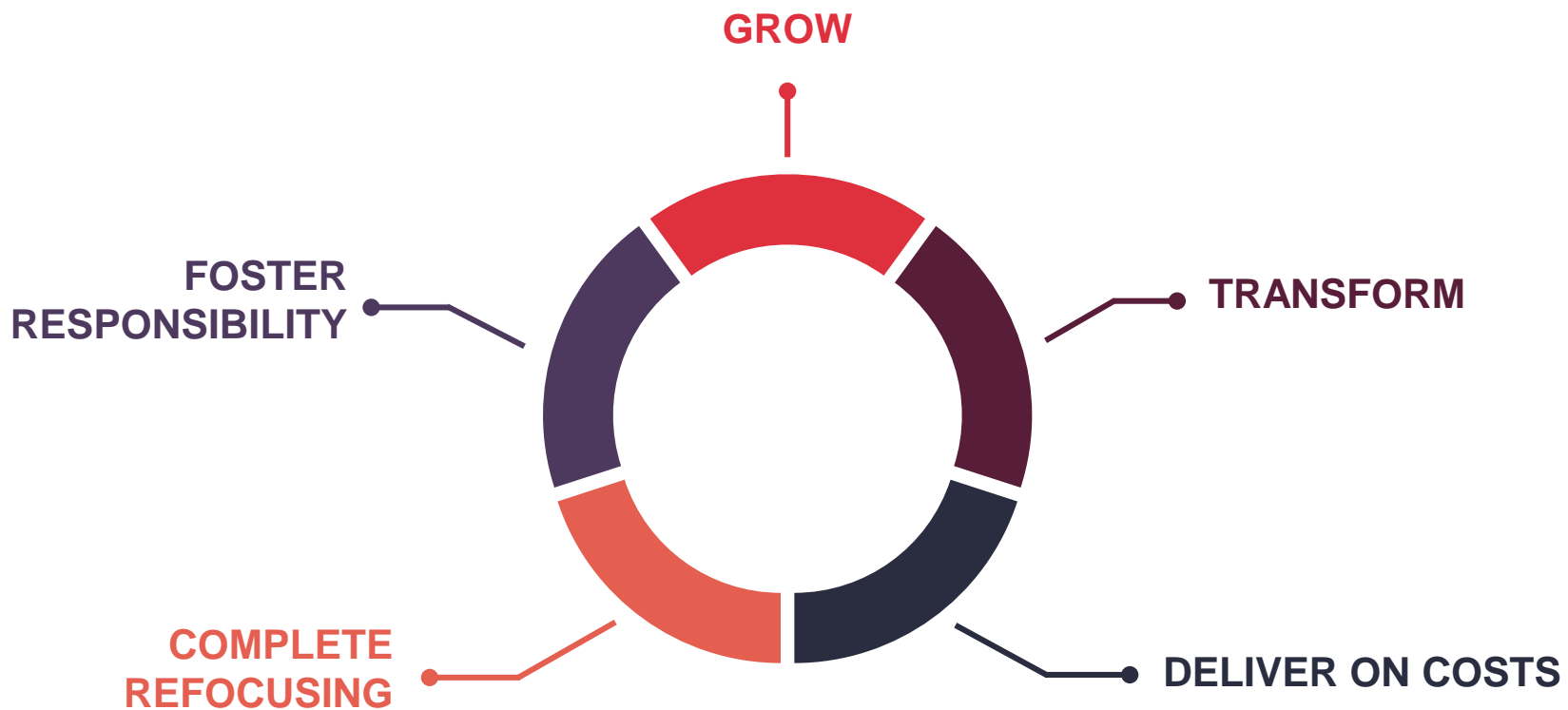
# CONTENTS

---

<b>INTRODUCTION – GROUP OVERVIEW</b>	<b>p3</b>
<b>1. GOVERNANCE</b>	<b>p5</b>
<b>2. REMUNERATION POLICY</b>	<b>p18</b>
<b>3. CULTURE &amp; CONDUCT AND HUMAN CAPITAL</b>	<b>p29</b>
<b>4. ENVIRONMENTAL &amp; SOCIAL</b>	<b>p36</b>
<b>5. CYBER SECURITY</b>	<b>p44</b>

# 2020 STRATEGIC PRIORITIES

---



# INTEGRATING ENVIRONMENTAL, SOCIAL & GOVERNANCE IN SOCIETE GENERALE'S TRANSFORM TO GROW STRATEGY

## DRAWING ON INNOVATIVE SKILLS AND PIONEERING SPIRIT



**Digital transformation:** #1 in eCAC40 Awards 2018



**Founding member** of the UN Environment Programme “**Positive Impact Finance Initiative**”



**Pioneering in renewable energy:** combining crowdfunding expertise with renewable energies



**Building sustainable cities:** founding co-partner of the *Netexplo Smart Cities Accelerator*

## ANCHORING A CULTURE OF RESPONSIBILITY



A Culture & Conduct programme **sponsored by the CEO and reporting to the Board of Directors**

**Mandatory global all-staff training achieved**

**Embedding conduct risk** into Group risk management framework

**Duty of Care Plan published:** maps, measures and mitigates human rights and environmental risks

## AT THE FOREFRONT OF POSITIVE TRANSFORMATIONS

### Accelerating support in renewable energy :

#2 MLA and #2 Adviser for renewable energies EMEA, #4 MLA worldwide (2018 Dealogic, 2018 Inframation News)

### EUR 100bn commitment to support the energy transition

between 2016 and 2020: 78% achieved at 1Q19

**Integration of climate risk** into Group risk management policy, evaluating and controlling climate-related risks and applying a mandatory transition risk assessment methodology to key sectors

**Grow with Africa** initiative, fostering the sustainable and low-carbon development of Africa and contributing to the **UN Sustainable Development Goals**, through :

- **Support for African SMEs**
- **Infrastructure financing**
- **Innovative financing of agriculture and energy**
- **Financial inclusion**

## FIGHTING CLIMATE CHANGE

## GROWING WITH AFRICA



**Best French Bank in gender equality** by Equileap

**1**

---

# **GOVERNANCE**

# SNAPSHOT OF SG BOARD



Separation of Chairman and CEO roles since May 2015

14 Directors; 91.6% independent (excluding 2 staff-elected)

Gender: 43% women;

Nationality: 36% non-French (US/ British, Italian, Spanish, Dutch, Canadian)

Broad range of skills: Risk, Control, Finance, IT, Digital, Management, Regulation, International, Client Services, Legal, Industry... (see slide 10)

Length of term: 4 years; Average tenure: 5 years

Cap on the number of directorships:

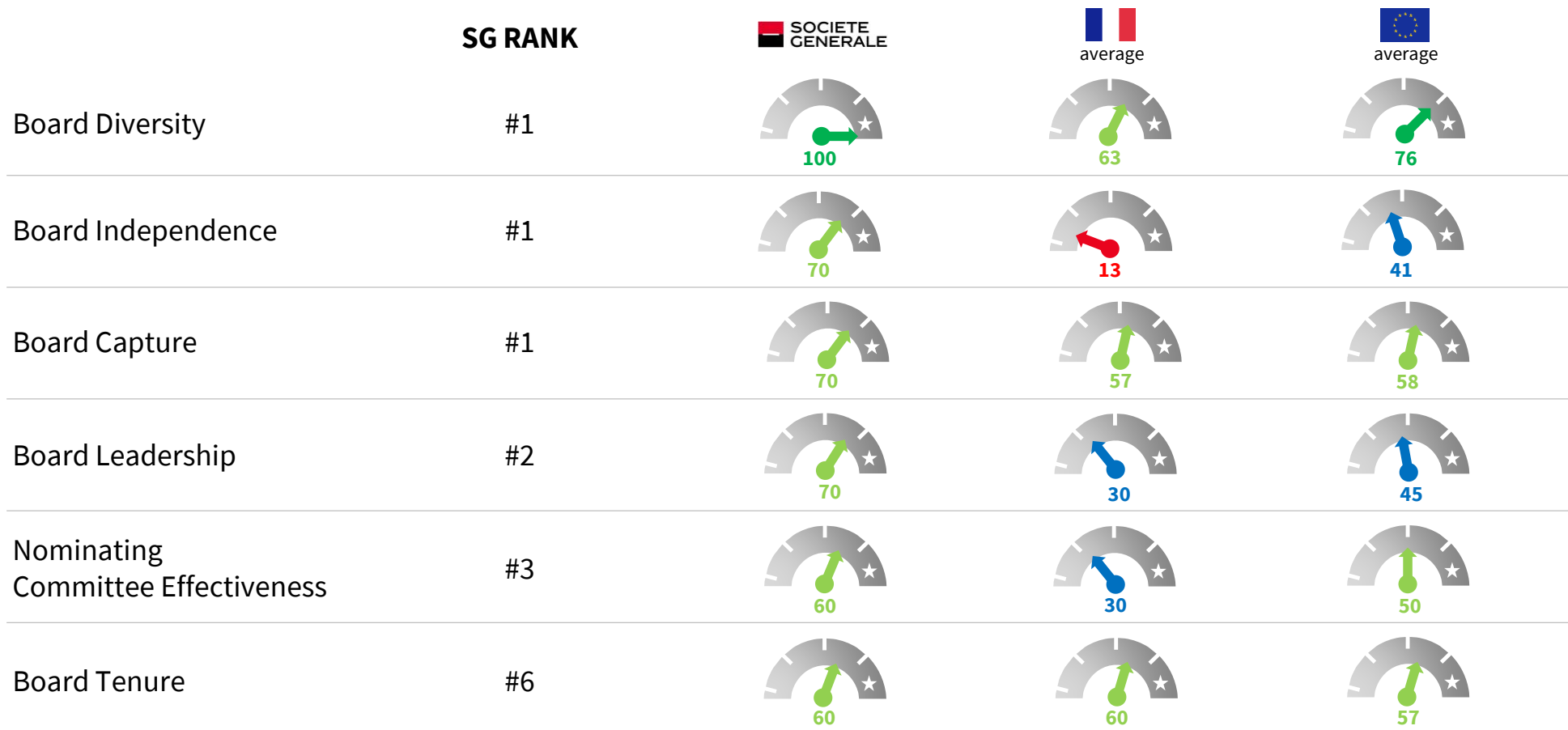
- 1 executive and 2 non-executive; or
- 4 non-executive

Attendance in 2018: 93%

Wide and regular training programme based on previous year's appraisal. In 2018 this included US regulation and AI / cyber security.

External 360° assessment every 3 years; internal assessment in other years

# POSITIVELY POSITIONED VS EUROPEAN PEERS ON GOVERNANCE INDICATORS










Source: Sustainalytics data, 2016 (score /100; Rank /14)

French panel includes BNP Paribas, Credit Agricole and Natixis








European panel includes Barclays, BBVA, BNP Paribas, Credit Agricole, Credit Suisse, Deutsche Bank, HSBC, ING, Intesa, Natixis, Nordea, Santander, Societe Generale and UniCredit

# DIRECTOR COMPETENCIES AND EXPERIENCE (1/3)

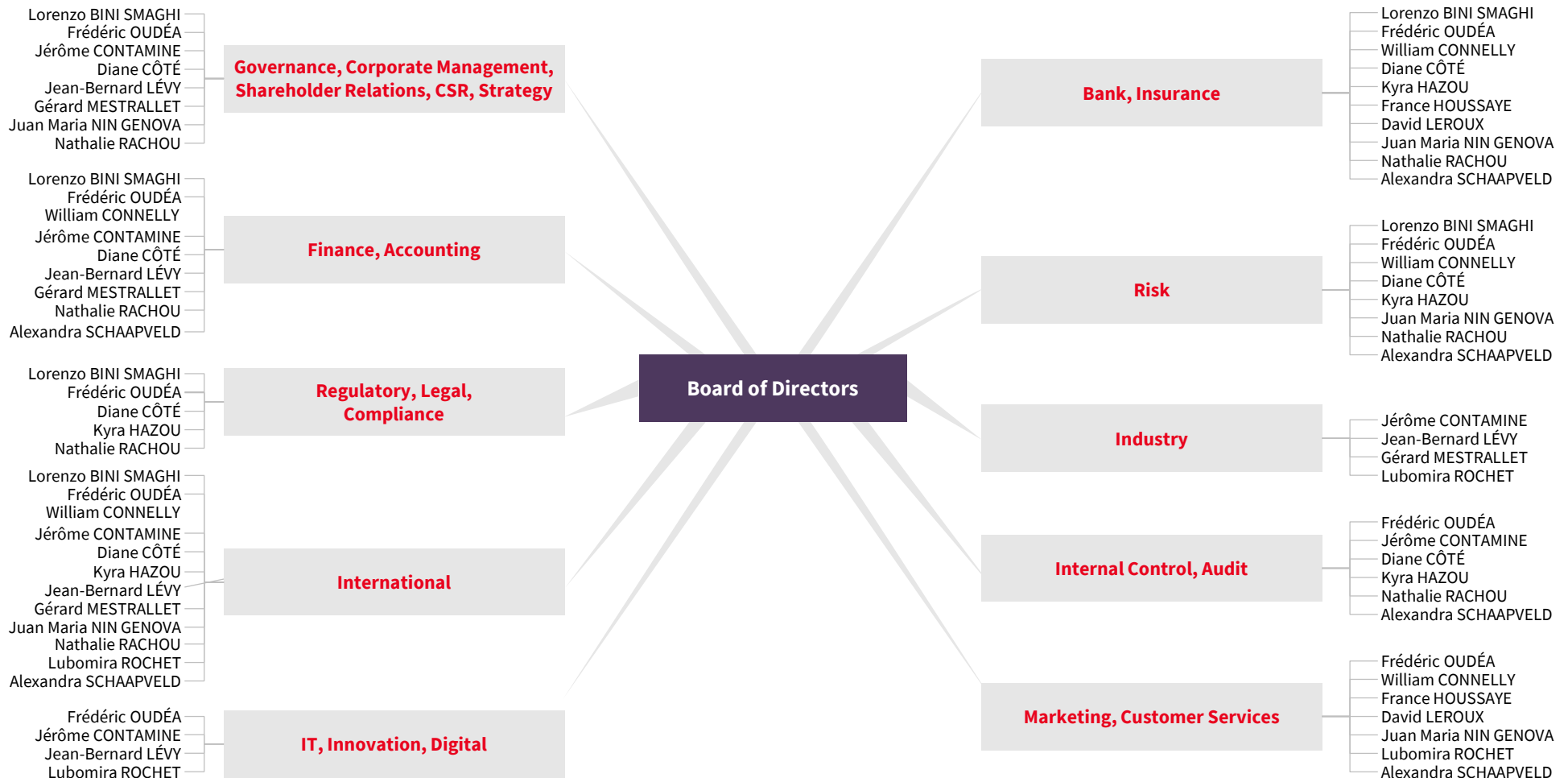
Directors	Tenure (yrs)	Summary
 <p><b>Lorenzo BINI SMAGHI</b> First appointment : 2014 Term : 2022 Italian</p>	5	<ul style="list-style-type: none"> <li>- Member of the Executive Board of the ECB (2005 to 2011),</li> <li>- Member of the Board of Directors of TAGES Holding (since 2014), Morgan Stanley International (2013 to 2014),</li> <li>- Chairman of the Board of Directors of Italgas (2016 to 4th April 2019), SNAM (2012 to 2016), ChiantiBanca (2016 to 2017).</li> </ul>
 <p><b>Frédéric OUDEA</b> First appointment : 2009 Term : 2023 French</p>	10	<ul style="list-style-type: none"> <li>- Societe Generale Group since 1995:</li> <li>- Chief Financial Officer (2003 to 2008),</li> <li>- Chairman and CEO (2009 to 2015),</li> <li>- CEO since 2015,</li> <li>- Member of the Board of Directors of Cap Gemini since 2018.</li> </ul>
 <p><b>William CONNELLY</b> First appointment : 2017 Term : 2021 French</p>	2	<ul style="list-style-type: none"> <li>- Various posts at ING Bank N.V. (1999 to 2016), latest positions were :</li> <li>- Global Head of Corporate and Investment Banking,</li> <li>- Member of Management Board of ING Bank N.V. (2011 to 2016),</li> <li>- CEO of ING Real Estate B.V. (2009 to 2015),</li> <li>- Chairman of the Supervisory Board of Aegon N.V since 2017,</li> <li>- Member of the Board of Directors of Self Bank since 2019.</li> </ul>
 <p><b>Jérôme CONTAMINE</b> First appointment : 2018 Term : 2022 French</p>	1	<ul style="list-style-type: none"> <li>- Chief Financial Officer of Veolia Environnement (2000 to 2009),</li> <li>- Chief Financial Officer of Sanofi (2009 to 2018),</li> <li>- Chairman of the Board of Directors of SANOFI European Treasury (2012 to 2015), SECIPE (2009 to 2016), SANOFI 1 (2009 to 2015),</li> <li>- Member of the Board of Directors of Valeo (2006 to 2017).</li> </ul>
 <p><b>Diane CÔTÉ</b> First appointment : 2018 Term : 2022 Canadian</p>	1	<ul style="list-style-type: none"> <li>- Chief Risk Officer of the London Stock Exchange Group since 2012,</li> <li>- Member of the Board of Directors of Novae Syndicates Limited (2015 to 2018), Frank Russel Company (2014 to 2016), Russel Investment Inc (2015 to 2016).</li> </ul>
 <p><b>Kyra HAZOU</b> First appointment : 2011 Term : 2023 US/ British</p>	8	<ul style="list-style-type: none"> <li>- Managing Director and Regional General Counsel for Salomon Smith Barney/ Citibank (1985 to 2000),</li> <li>- Lawyer in London and New York,</li> <li>- Non-executive Director and a member of the Audit Committee and Risk Committee at the Financial Services Authority in the United Kingdom (2001 to 2007)</li> </ul>
 <p><b>Jean-Bernard LEVY</b> First appointment : 2009 Term : 2021 French</p>	10	<ul style="list-style-type: none"> <li>- CEO of Vivendi (2002 to 2005),</li> <li>- Chairman of the Management Board of Vivendi (2005 to 2012),</li> <li>- Chairman and CEO of Thalès (2012 to 2014), EDF since 2014,</li> <li>- Chairman of the Supervisory Board of Viroxix (2007 to 2014), Framatome since 2018,</li> <li>- Chairman of the Board of Directors of JBL Consulting &amp; Investment SAS (2012 to 2014), EDF Energy Holdings (2015 to 2017), Edison S.p.A since 2014,</li> <li>- Member of the Board of Directors of Vinci (2007 to 2015), DCNS (2013 to 2014), of Dalkia since 2014, EDF Énergies Renouvelables since 2015, EDF Energy Holdings since 2017.</li> </ul>



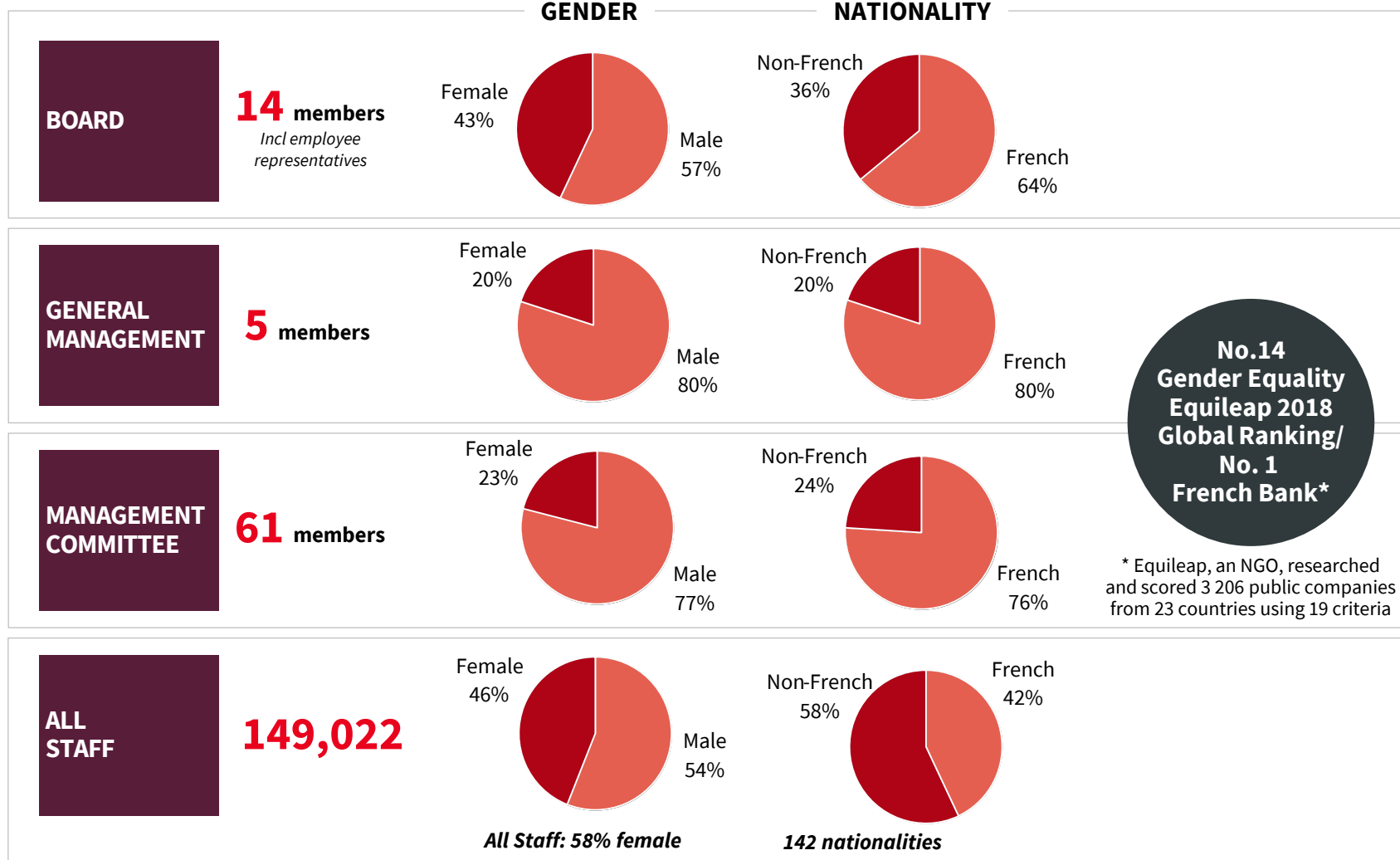
# DIRECTOR COMPETENCIES AND EXPERIENCE (2/3)

Directors	Tenure (yrs)	Summary
 <p><b>Gérard MESTRALLET</b> First appointment : 2015 Term : 2023 French</p>	4	<ul style="list-style-type: none"> <li>- Chairman and CEO of Compagnie de Suez (1995 to 1997),</li> <li>- Chairman of the Management Board of Suez Lyonnaise des Eaux (1997 to 2001),</li> <li>- Chairman and CEO of Suez (2001 to 2008), Engie (2008 to 2016),</li> <li>- Chairman of the Board of Directors of GDF SUEZ Belgium (2010 to 2014), Electrabel (2010 to 2016), ENGIE Energy Management Trading (2010 to 2016), ENGIE Énergie Services (2005 to 2016), GDF SUEZ Rassembleurs d'Énergies S.A.S (2011 to 2014), Engie (previously GDF-SUEZ, 2016 to 2018), SUEZ (2008 to May 2019).</li> <li>- Vice-Chairman of the Board of Directors of Aguas de Barcelona (2010 to 2015),</li> <li>- Member of the Supervisory Board of Siemens AG (2013 to 2018),</li> <li>- Member of the Board of Directors of Saint-Gobain (1995 to 2015), Pargesa Holding SA (1998 to 2014), International Power (2011 to 2016), Saudi Electricity Company since 2018.</li> </ul>
 <p><b>Juan Maria NIN GENOVA</b> First appointment : 2016 Term : 2020 Spanish</p>	3	<ul style="list-style-type: none"> <li>- CEO of La Caixa (2007 to 2011),</li> <li>- Vice-Chairman and Deputy Advisor of CaixaBank S.A (2011 to 2014),</li> <li>- Member of the Supervisory Board of Grupo Financiero Inbursa (2008 to 2014), Banco BPI S.A. (2008 to 2014), ERSTE Groupe Bank AG (2009 to 2014),</li> <li>- Member of the Board of Directors of Repsol SA Spain (2007 to 2015), Gas Natural Spain (2008 to 2015), Naturhouse Spain (2014 to 2016), Grupo Indukern Spain (2014 to 2016), DIA Group SA (2015 to 2018),</li> <li>- Chairman of the Board of Directors of SegurCaixa Holding, SA (2007 to 2014), VidaCaixa Assurances (2014), Azora Capital S.L. since 2014, Grupo de Empresas Azvi S.L. since 2015, Azora Gestion since 2018.</li> </ul>
 <p><b>Nathalie RACHOU</b> First appointment : 2008 Term : 2020 French</p>	11	<ul style="list-style-type: none"> <li>- Banking experience (1978 to 1999) at Crédit Agricole Indosuez,</li> <li>- Foreign Trade Advisor for France since 2001,</li> <li>- Senior Advisor for Rouvier Associates since 2015</li> <li>- Member of the Board of Directors of LAIRD Plc (2016 to 2018), ALTRAN since 2012, VEOLIA Environnement since 2012.</li> </ul>
 <p><b>Lubomira ROCHET</b> First appointment : 2017 Term : 2021 French</p>	2	<ul style="list-style-type: none"> <li>- Head of Strategy at Sogeti (2003 to 2007),</li> <li>- Head of Innovation and Start-ups in France at Microsoft (2008 to 2010),</li> <li>- CEO of Valtech (2012 to 2014),</li> <li>- Chief Digital Officer and Member of Executive Committee of L'Oréal since 2014,</li> <li>- Member of the Board of Directors of Founders Factory Ltd since 2016.</li> </ul>
 <p><b>Alexandra SCHAAPVELD</b> First appointment : 2013 Term : 2021 Dutch</p>	6	<ul style="list-style-type: none"> <li>- Various posts at ABN Amro investment banking division (1984 to 2007),</li> <li>- Appointed head of Western Europe at Royal Bank of Scotland in 2008,</li> <li>- Member of the Supervisory Board of Holland Casino (2007 to 2016), Vallourec SA since 2010, Burni Armada Berhad since 2011, FMO since 2012.</li> </ul>
 <p><b>France HOUSSAYE</b> First appointment : 2009 Term : 2021 French</p>	10	SG employee since 1989
 <p><b>David LEROUX</b> First appointment : 2018 Term : 2021 French</p>	1	SG employee since 2001

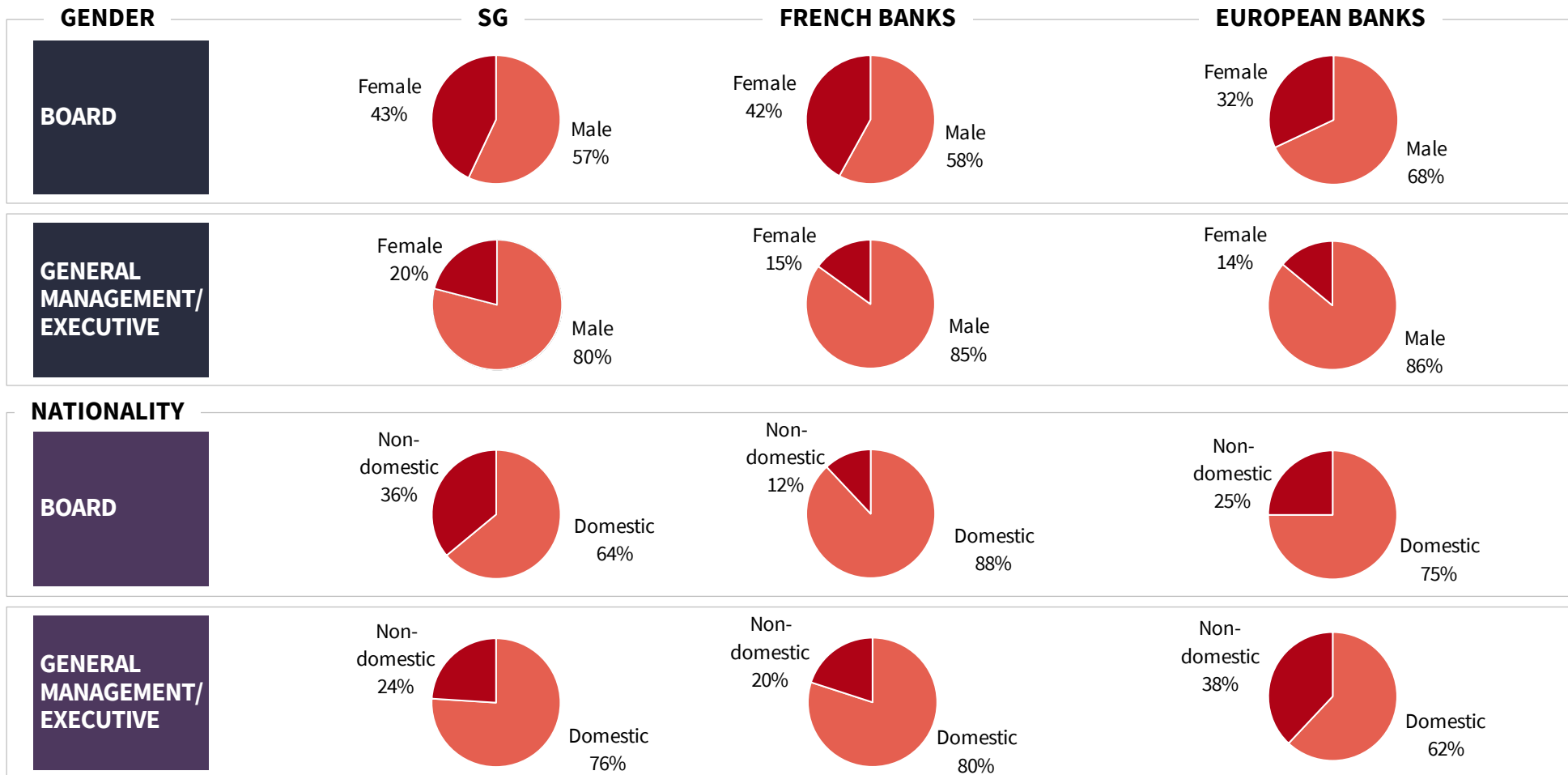
# DIRECTOR COMPETENCIES AND EXPERIENCE (3/3)



# DIVERSITY AT SOCIETE GENERALE...



# ...POSITIVELY POSITIONED VS PEERS ON DIVERSITY



Source : 2017 Annual reports / Corporate websites / like-for-like comparisons taken where possible

French Banks : SG, Credit Agricole, BNP, Natixis

European Banks: Unicredit, Deutsche Bank, ING, Barclays, Santander, Crédit Suisse, HSBC, SG, Crédit Agricole, BNP, Natixis

# BOARD COMMITTEES

## 5 independent directors

Review of the risk panorama & mapping; Culture & Conduct; CSR; GDPR; cyber security; liquidity remediation; Brexit; NPLs; stress tests; regulatory projects; litigations; compensation policy. Assessment of compliance and risk functions. As US Risk Committee, it met 12 times to validate the risk appetite of the US operations, supervise risk policies; follow up of remediation plans.

2018: met 10x; attendance rate 98%

## 4 independent directors

Review of Group accounts; Statutory Auditors; audit and internal control; participation in US Risk Committee which audits the US businesses. Review of compliance organisation; anti-money laundering; monitoring of remediation plans; regulatory compliance; customer protection; and specific business reviews.

2018: met 10x; attendance rate 90%

## 4 directors (3 independent)

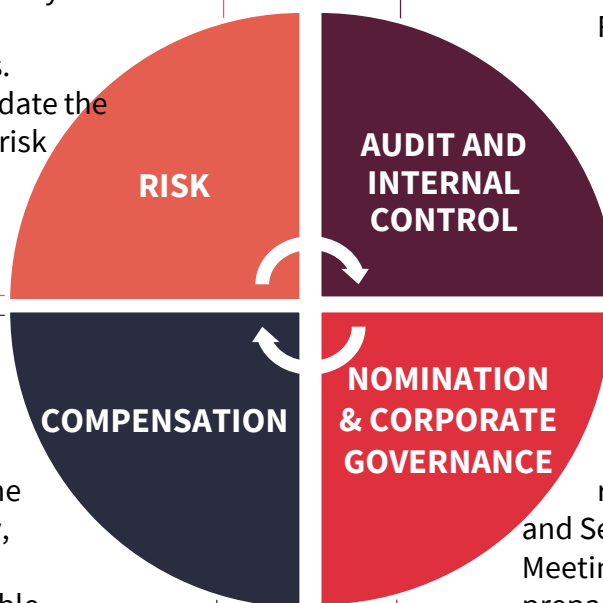
Monitors long-term and deferred remuneration; Chairman's remuneration; and ensures remuneration policies are in line with regulations, internal risk control policy, gender equality and (from 2018) that extra-financial criteria are considered in the variable remuneration of the Management Committee.

2018: met 8x; attendance rate 97%

## 4 independent directors

Prepares the appointment of new directors and succession of General Management; reviews the succession plans of the Business and Service Units; prepares resolutions for General Meeting; examines Internal Rules of the Board; prepares annual internal evaluation of Board; and assesses the independence of Directors.

2018: met 7x; attendance rate 82%



Public activity reports for all Committees included in the Registration Document

# ROLE OF THE BOARD

THE BOARD OF DIRECTORS COLLECTIVELY REPRESENTS ALL SHAREHOLDERS

## STRATEGIC DIRECTION

- The Board:
  - sets SG’s strategic direction
  - ensures its implementation
  - defines the Group’s values and code of conduct
  - defines the Group’s social and environmental responsibilities

## REMUNERATION

- The Board sets the compensation of the CEOs, including:
  - fixed and variable, ensuring a balance between financial and extra-financial criteria
  - long-term incentives to align interests with long-term shareholder value

## SOLID GOVERNANCE

- The Board periodically:
  - ensures that it is well composed and has sufficient breadth of skills to perform its duties
  - approves effective risk procedures, a sound internal control system, and efficient administrative processes
  - ensures a well-defined, transparent and coherent sharing of responsibilities

# AN ORGANISATION BASED ON SHARED CULTURE AND GOALS...

## MORE AGILE ORGANISATION

- **New organisation and governance** adopted in 2017, with two objectives :
  - To be **more agile and customer-focused**
  - To support a more **collective working** model
  - (see slide 16)

## REINFORCED INTERNAL CONTROL SET UP

- Since 2017, Group Compliance division **reports directly to General Management**
- **Doubled Compliance headcount** in 3 years and **increased training** budget
- Commitment to continue to enhance compliance programme :
  - To **prevent and detect** potential violations
  - To **enhance corporate oversight**

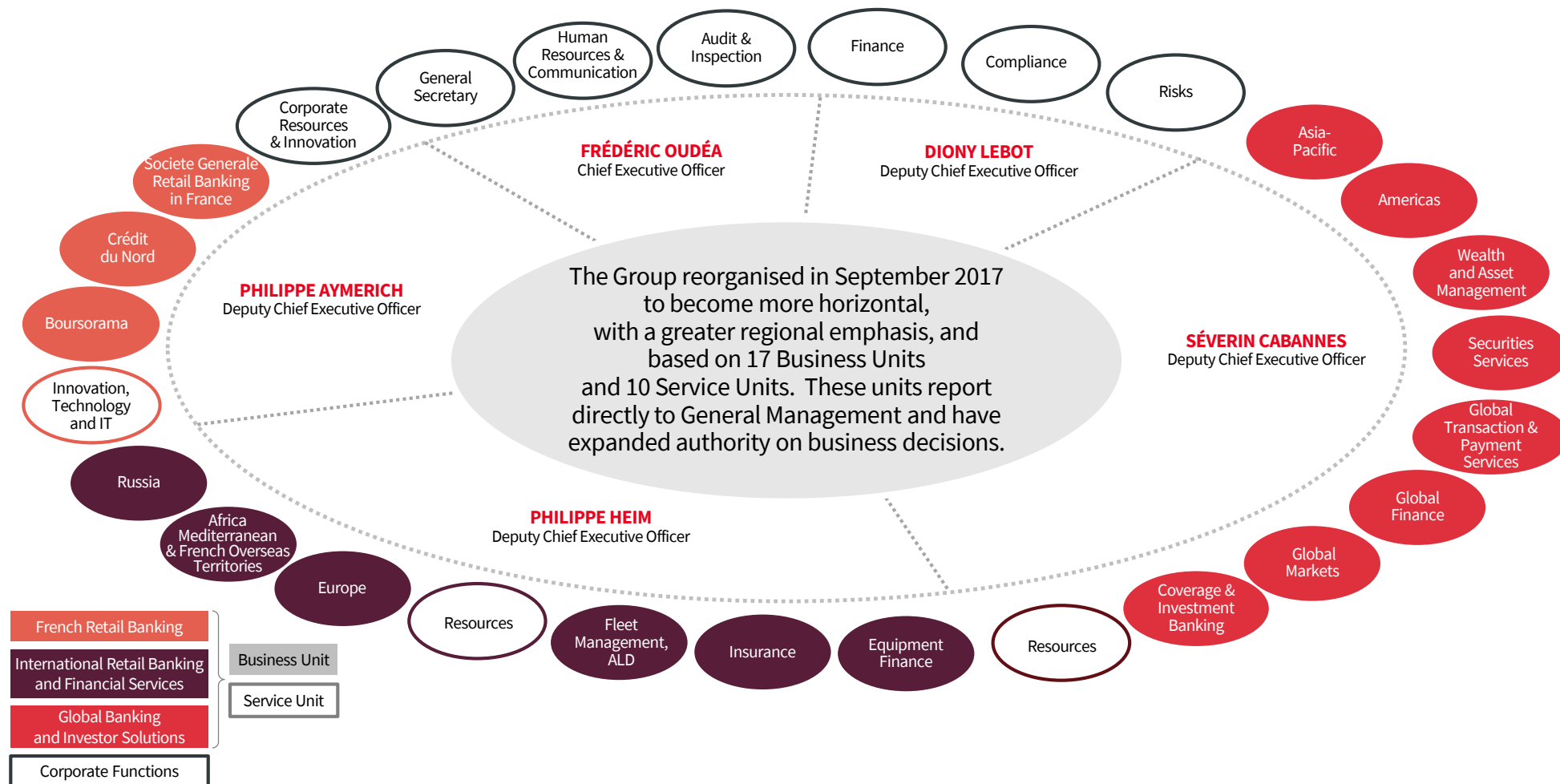
## DEPLOYING CULTURE & CONDUCT PROGRAMME

- **Company-wide culture & conduct programme** sponsored by the CEO and reporting to the Board of Directors
- **New Code of Conduct** deployed worldwide reinforcing commitments towards every stakeholder

## MORE ALIGNMENT

- **Common leadership model, based on 4 shared values,** applying to all staff worldwide
- **Variable remuneration of Management Committee members significantly aligned with shared Group targets:** Financial targets, Net Promoter Score, global employee commitment rate and Group CSR rating

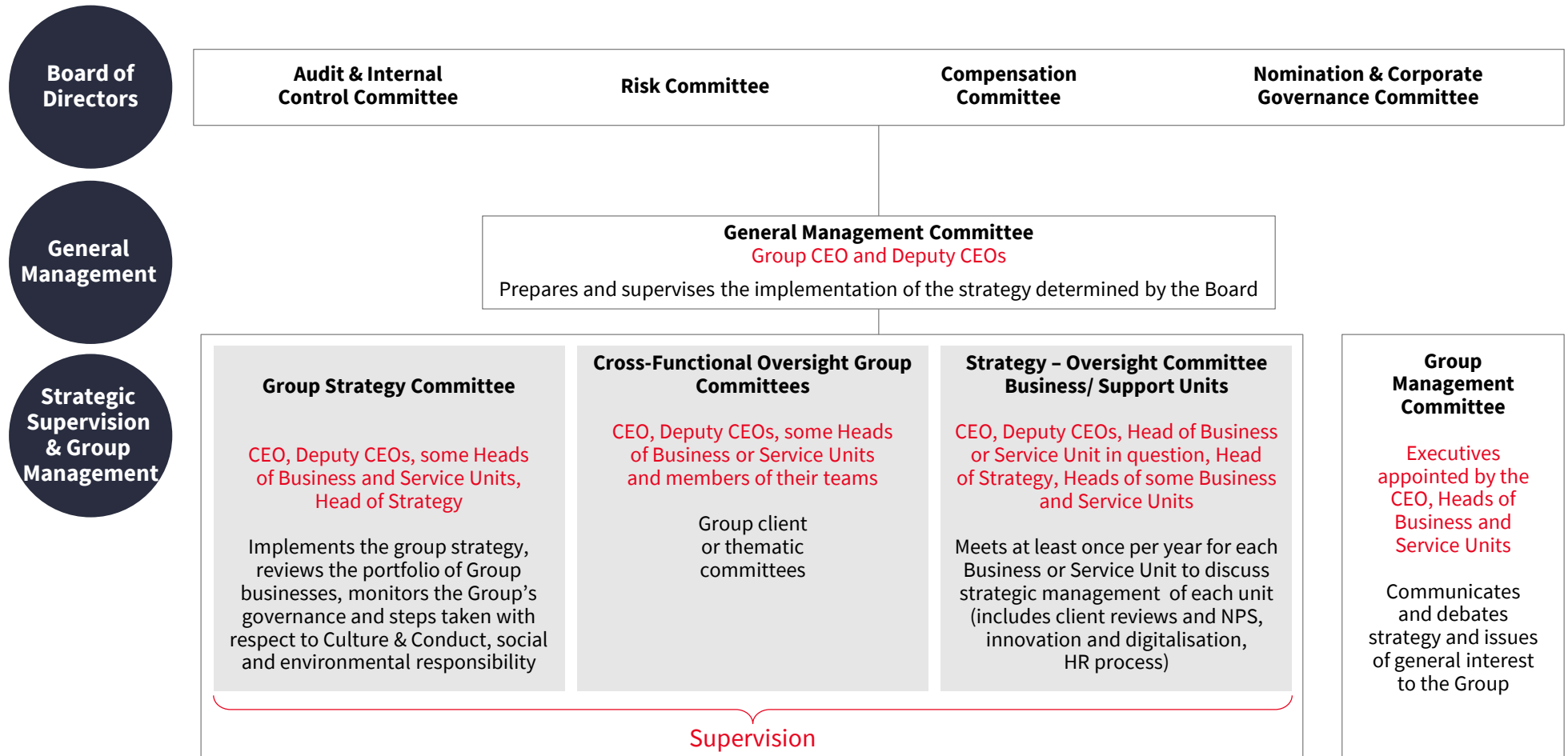
# ... AND TO FOSTER AUTONOMY, COLLEGIALLY AND COOPERATION



~30 EXECUTIVES WITH COMMON OBJECTIVES AND REMUNERATION SCHEMES



# GROUP GOVERNANCE, OVERSIGHT AND MANAGEMENT STRUCTURE



The Group's governance bodies are set up to be collegial and cross-cutting and to systematically review strategic and operational objectives.

# 2

---

## REMUNERATION POLICY



# REMUNERATION POLICY - EXECUTIVE MANAGEMENT (1/3)

## SAY ON PAY EX ANTE 2019

### REMUNERATION POLICY COMPLIANT WITH REGULATIONS (CRD4, SAPIN 2) AND AFEP/MEDEF CODE

#### KEY CHANGES INTRODUCED IN 2019:

- **Better alignment** with Group strategic targets and risk appetite

- More demanding **performance conditions for the long-term incentive and alignment with the Group's CSR\* commitments**

Annual variable remuneration - Quantitative criteria		
	2018 Financial year	2019 Financial year
Group criteria	1/3 : EPS 1/3 : GOI Group 1/3 : C/I Group	1/3 : <b>ROTE</b> 1/3 : <b>Core Tier 1 ratio</b> 1/3 : C/I Group
Scope of responsibility criteria	1/3 : GOI scope of responsibility 1/3 : C/I scope of responsibility 1/3 : EBT scope of responsibility	1/3 : scope of responsibility 1/3 : C/I scope of responsibility 1/3 : <b>RONE scope of responsibility</b>

Long-term incentive - Performance conditions	
2018 Financial year	2019 Financial year
TSR condition: <b>100% of the award</b>	<b>TSR 80% of the award</b> <b>More demanding</b> TSR payout (above median only)
	<b>CSR 20% of the award, of which:</b> ½ Energy transition financing ½ Positioning within the extra-financial ratings (RobecoSAM, Sustainalytics & MSCI)
Subject to Group profitability	

CSR: Corporate Social Responsibility

TSR : comparison of the Total Shareholder Return of Société Générale vs a panel of 11 European comparable banks over the full acquisition lengths

# REMUNERATION POLICY - EXECUTIVE MANAGEMENT (2/3)

## SAY ON PAY EX ANTE 2019

### FIXED COMPENSATION

Reflects **experience** and **responsibilities** and **compares with practices** in similar companies  
**Fixed compensation maintained in 2019 at 1 300 000 € for CEO and 800 000 € for D-CEOs**

### VARIABLE COMPENSATION BASED ON ANNUAL PERFORMANCE

Based on **financial objectives** (60%) and **qualitative objectives** (40%)

- Maximum 135 % of fixed remuneration for the CEO and 115% for the D-CEOs
- Partly indexed to SG share, conditional and deferred for 3 years, in compliance with European standards

### LONG-TERM INCENTIVE

Designed to **associate executive managers in the Group's long-term performance and align their interests with those of the shareholders**

- Maximum 135 % of fixed remuneration for the CEO and 115% for the D-CEOs
- Entirely conditional and deferred for 7 years

*Total variable compensation capped at twice the amount of fixed compensation*

See Registration Document page 99-102

# REMUNERATION POLICY - EXECUTIVE MANAGEMENT (3/3)

## SAY ON PAY EX ANTE 2019

### NON-COMPETE CLAUSE

6 months non-compete clause, compensated 100% of fixed remuneration

**Non-payment** of the clause in case of **departure within 6 months of claiming pension** or **beyond 65 years of age**

### SEVERANCE PAY

Only in a case of **forced departure**

Max 2 years fixed remuneration, subject to performance

Non-payment in case of departure within 6 months of claiming pension or

Non-payment if D/CEO or the Company is in a situation of failure

### SUPPLEMENTARY PENSION SCHEME

**No supplementary pension scheme for the CEO**

For the D-CEOs: pension scheme **revised as of 1st January 2019 to reduce costs and risks** and subject to performance condition

*Total non-compete + severance pay cannot exceed 2 years total compensation*

See Registration Document page 103-104

# SAY ON PAY EX POST 2018 COMPENSATION

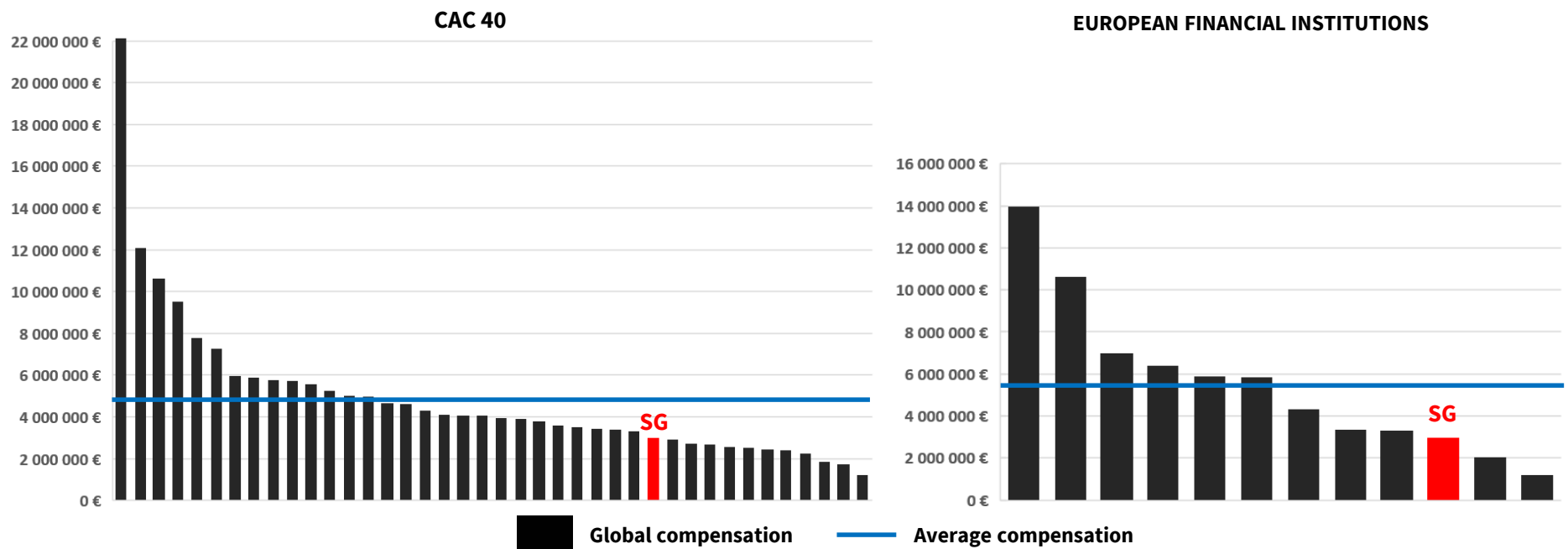
## CHIEF EXECUTIVE OFFICER

2018 FIXED COMPENSATION	1 300 000 €	
ANNUAL VARIABLE REMUNERATION FOR 2018	<b>1 063 478 €</b> <b>after voluntary reduction of 15%</b> (including 212 696 € payable in 2019 and the balance deferred for 3 years)	<b>Targets reached giving right to 71.3 % of the variable compensation</b> <ul style="list-style-type: none"> <li>■ 72.6 % of quantitative objectives reached</li> <li>■ 69.4 % of qualitative objectives reached</li> </ul> <b>The annual variable remuneration corresponding to an overall achievement rate: 1 251 151 €</b>
LONG-TERM INCENTIVE	636 936 €	<b>Shares or equivalents awarded in 2 installments of 4 and 6 years</b> <b>Acquisition subject to Group profitability and growth of profitability for shareholders (TSR)</b>
TOTAL	3 000 414 €	

Mr. OUDÉA receives no Director's fees; he is provided with a company car (benefit valued at 5 147 €)

# CHIEF EXECUTIVE OFFICER REMUNERATION COMPARISON WITH CAC 40 COMPANIES AND FINANCIAL INSTITUTIONS IN EUROPE

## Global Compensation 2018



Source : SG based on remuneration of CEOs in CAC 40 companies and in our peers group (11 European financial institutions) selected for the TSR performance condition of the LTI



# SAY ON PAY EX POST 2018 COMPENSATION DEPUTY CHIEF EXECUTIVE OFFICERS

	PHILIPPE AYMERICH	SÉVERIN CABANNES	PHILIPPE HEIM	DIONY LEBOT
<b>2018 FIXED COMPENSATION</b>	<b>504 000 €</b>	<b>800 000 €</b>	<b>504 000 €</b>	<b>504 000 €</b>
<b>ANNUAL VARIABLE REMUNERATION FOR 2018</b>	<b>423 105 €</b>  (including 84 621 € payable in 2019 and the balance deferred for 3 years)	<b>485 555 €</b> <b>after voluntary reduction of 7.5%</b> (including 97 111 € payable in 2019 and the balance deferred for 3 years)	<b>437 300 €</b>  (including 87 460 € payable in 2019 and the balance deferred for 3 years)	<b>393 030 €</b>  (including 78 606 € payable in 2019 and the balance deferred for 3 years)
<b>LONG-TERM INCENTIVE</b>	<b>268 501 €</b>	<b>477 246 €</b>	<b>263 560 €</b>	<b>278 970 €</b>
<b>TOTAL</b>	<b>1 195 606 €</b>	<b>1 762 801 €</b>	<b>1 204 860 €</b>	<b>1 176 000 €</b>

#### Targets reached giving right to variable remuneration:

- 73.0 % for P. AYMERICH
- 57.1 % for S. CABANNES
- 75.4 % for P. HEIM
- 67.8 % for D. LEBOT

**Shares or equivalents awarded in 2 installments of 4 and 6 years**  
**Acquisition subject to Group profitability and growth of profitability for shareholders (TSR)**

Director's fees included in variable remuneration; D-CEOs are provided with a company car

# SAY ON PAY EX POST 2018 COMPENSATION

## DIDIER VALET

	DIDIER VALET	
		Mr Valet's term of office ended on 14 March 2018
2018 FIXED COMPENSATION	<b>164 444 €</b>	Pro rata of the gross fixed remuneration paid in 2018 until the end of the term of office
ANNUAL VARIABLE REMUNERATION FOR 2018	<b>0 €</b>	No variable compensation awarded for 2018.
LONG-TERM INCENTIVE	<b>0 €</b>	
ATTENDANCE FEES	<b>0 €</b>	
	<b>Amounts paid following the end of the D-CEO's term of office</b>	
SEVERANCE PAY	<b>0 €</b>	
NON-COMPETE CLAUSE	<b>0 €</b>	

# SAY ON PAY EX POST 2018 COMPENSATION

## BERNARDO SANCHEZ INCERA

	BERNARDO SANCHEZ INCERA	
		Mr Sanchez Incera's term of office ended on 14 May 2018
2018 FIXED COMPENSATION	295 556 €	Pro rata of the gross fixed remuneration paid in 2018 until the end of the term of office
ANNUAL VARIABLE REMUNERATION FOR 2018	0 €	No variable compensation awarded for 2018
LONG-TERM INCENTIVE	0 €	
ATTENDANCE FEES	3 000 €	The attendance fees paid by other Group companies are deducted from the amount of variable remuneration paid to the Deputy CEOs
	Amounts paid following the end of the D-CEO's term of office	
SEVERANCE PAY	1 600 000 €	Amounts paid in application of the related-party agreement and commitment authorised by the Board of Directors on 8 February 2017 and approved by the General Meeting of 23 May 2017;
NON-COMPETE CLAUSE	400 000 €	the departure of Mr Sanchez Incera was non-voluntary

# COMPLYING WITH REGULATIONS CONCERNING REMUNERATION

## A “REGULATED” POPULATION OF 827 INDIVIDUALS

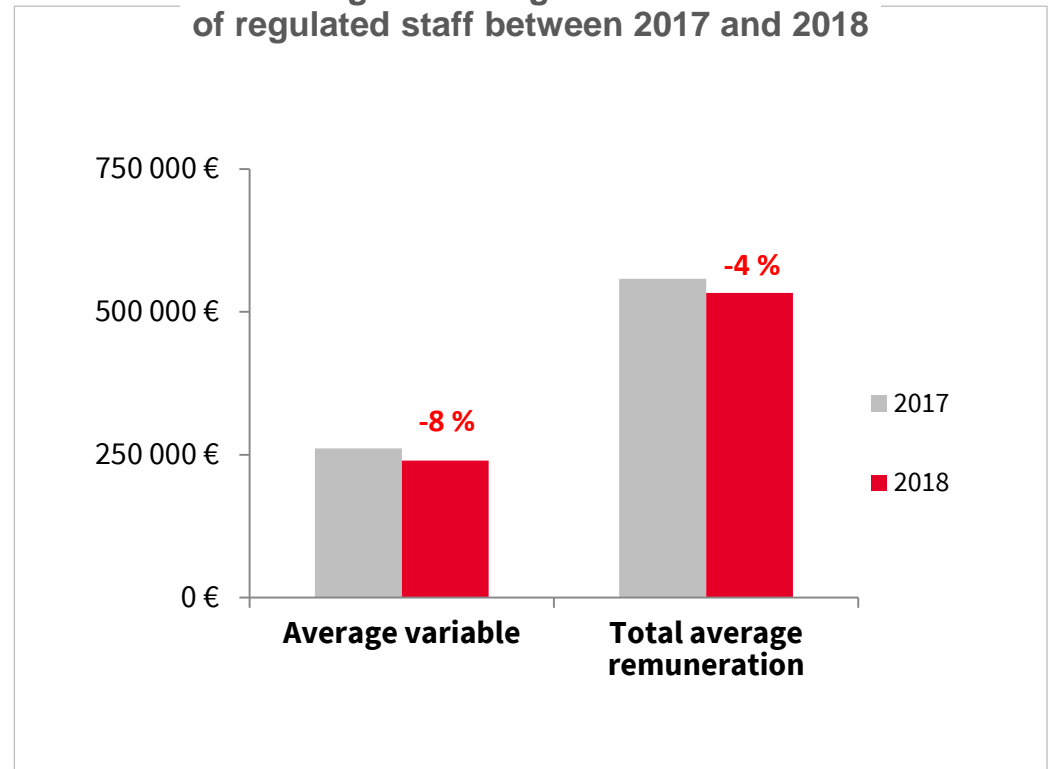
(including Corporate officers)

- Employees identified because their activities may have a significant influence on the Company’s risk profile

**The average remuneration for regulated population has dropped**

(excluding severance pay, Chief Executive Officers and Board. At constant exchange rates)

Change in average remuneration of regulated staff between 2017 and 2018



# 3

---

## **CULTURE & CONDUCT AND HUMAN CAPITAL**

# A CULTURE OF RESPONSIBILITY IS KEY TO OUR STRATEGY

## SOCIETE GENERALE HAS BUILT A STRONG CULTURE

A culture rooted in our shared history dating back over 150 years, and based on:

### 4 values

- Team spirit
- Innovation
- Responsibility
- Commitment

**A Leadership Model** that guides our management and individual behaviour

**A Group Code of Conduct** that sets out the commitments and principles we must all observe while fulfilling our duties, **and 2 codes focusing on particular conduct matters: tax and corruption**

## AND DEVELOPING A CULTURE OF RESPONSIBILITY IS A PILLAR OF OUR STRATEGY

A strong culture of responsibility is a key pillar of the *Transform to Grow* strategy

Meanwhile the Culture and Conduct Programme, which reports directly to General Management is tasked with achieving the necessary cultural transformation to develop this culture.



# A THREE YEAR CULTURE AND CONDUCT PROGRAMME TO ACCELERATE OUR CULTURAL TRANSFORMATION

## THE PROGRAMME HAS 3 MAIN OBJECTIVES...

- Accelerate our **cultural transformation**
- **Achieve the highest standards of quality of service, integrity and behaviour**
- **Make our culture a key differentiating factor:** integrity and ethics, creating performance and a competitive advantage

## ...TO BE ACHIEVED OVER 3 YEARS

2017

- **Develop** the Programme **architecture** and roadmap
- **Communicate** to business and service units
- **Launch** first deliverables

2018

- Ensure the Programme **becomes highly visible**
- **Deliver** on our **core conduct priorities**

2019

- **Complete** Programme **roll-out:** fully embedding deliverables and **alignment of HR processes**
- Prepare the **transition to full ownership by business and service units**

# RELYING ON A MULTI-PRONGED APPROACH...



## GOVERNANCE

- Culture & Conduct programme **launched January 2017: implementation discussed by the Board twice a year**
- **Overall responsibility for the programme is with General Management** : the Group Head of Culture & Conduct reports directly to the CEO and delivers an annual dashboard of indicators
- **Managers and Excos of each Business/Service Unit champion and lead on culture and conduct which is directly under their responsibility**



## CODE OF CONDUCT

- The **Board formally endorsed** the Code of Conduct in 2016 and the Anti-Corruption and Anti-Bribery Code in 2017
- **2018 global roll-out** of a mandatory Conduct Journey Workshop to all active staff, with an additional appropriation all-staff test



## CONDUCT RISK MANAGEMENT

- **Redefining and broadening our definition of conduct risk and embedding** this definition into **overall Group risk management framework**, so that risks can be better identified, assessed and mitigated across the Group



## DASHBOARD

- **Annual dashboard for General Management with indicators on culture and conduct** covering regulatory training, compliance dysfunctions, operational losses resulting from misconduct, sanctions and compensation reviews, results of internal staff survey



## CULTURAL TRANSFORMATION

- **Alignment of HR processes**, including sanctions, performance evaluation and compensation, recruitment and induction, talent development
- Providing tools to **support and encourage an ethical approach**



## COMMUNICATION AND AWARENESS

- **Communication on 3 levels (General Management, Business/ Service Unit and local level)** to embed culture and conduct topics into the daily lives of staff



# ...AND REQUIRING THE GROUP TO BE A RESPONSIBLE EMPLOYER

## SUPPORTING *TRANSFORM TO GROW* STRATEGY BY DEVELOPING OUR STAFF

- **Develop the skills that employees need** to adjust to transformations on the banking landscape
  - Develop employees' employability through training, learning and the formulation of diverse career paths
  - Targeted recruitment for growing and emerging businesses
  - Embrace digital transition by offering alternative working methods
- **Develop a responsible banking culture** based on the **common values** of the Group's 'Leadership Model'
  - Commitment to diversity
  - Highest standards of conduct and ethics
  - Cascading a strong tone from the top
- **Foster employee commitment and team spirit**
  - Recognising each individual's contribution to the Group's long-term performance
  - Ensuring safety and well-being at work
  - Involving employees in civic initiatives

# WITH POLICIES TO SHAPE AND GROW OUR STAFF



## Workforce

**58%** women  
**46%** women managers  
**25%** women in Top 1000  
**142** nationalities  
**58%** non-French



## Retention management

**8.3%** voluntary turnover  
**5.3%** voluntary turnover exc. Russia and India  
**9.7** average years of service



## Strategic workforce planning

A tool using artificial intelligence is being developed worldwide to connect competencies with needs;  
**18%** group internal mobility rate  
**56%** jobs filled internally world-wide



## Transformation of French Retail Banking

Removal of 3,450 positions by 2020 through internal mobility, voluntary departures and attrition: no forced dismissals;  
EUR 150m commitment by 2020 to a strengthened and personalised training programme

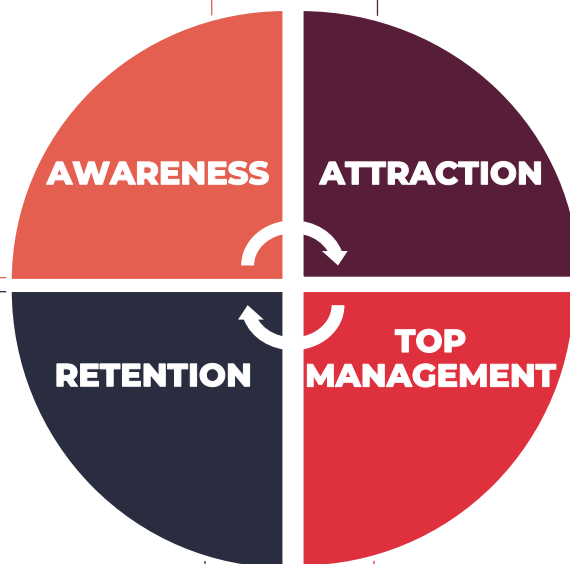
## TALENT DEVELOPMENT

- A group-wide **High Potentials approach** built around the values of the *Leadership Model*
  - **2.4%** of the Group's workforce
  - **40%** women; 42% non-French
- Corporate University responsible for developing the Strategic Talent of the Group's most senior managers and executives, offering behavioural skills development modules
  - **300 talents** attended programmes in 2018
  - (**33%** women; **21%** non-French)
- Succession planning for the next generation of managers:
  - **150 Key Group positions**
- Targeted development programmes:
  - **Expert** fields, including IT, Compliance, Data, Cyber Security
  - **Junior** programmes
  - **PanAfricanValley** regional talent programme

# FOCUS ON GENDER DIVERSITY IN THE GROUP

## GENDER DIVERSITY EMBEDDED IN ALL HR PROCESSES

- **Collective agreements** with unions on equal opportunities and action plans
- **Unconscious Bias** training for managers
- **Women's networks**
- **Sponsorship by senior management**
- Diversity & Inclusion **branding & marketing** internally & externally



- **Charters:** UN Women Empowerment Principles in 2016; UK Women in Finance Charter 2018; renewal of UNI Global Union (human rights) in 2019
- **Juniors and female pipeline:** gender active recruitment campaigns; IT4GIRLS
- **Mid-careers:** focus on women returning from maternity leave

- **Gender pay gap actions:** Since 2013 EUR10.1m allocated to correcting 5100 pay gap differences in France. A further EUR7m allocated over next 3 years, of which EUR3m in 2019
- **Work/Life balance** benefits
- **Women's mentoring and reverse mentoring**

- **Priority to promote women and international profiles** to positions of responsibility
- **Sponsorship programmes** for young female talent to increase visibility in the organisation
- **40% of High Potentials** were women in 2018

### GENDER DIVERSITY PROGRAMMES:



WOMEN IN MARK



THE CIRCLE

**4**

---

**ENVIRONMENTAL &  
SOCIAL**

# A CLEAR CSR STRATEGY INTEGRATED ACROSS THE SG GROUP

## tone from the top

- Each year, the Board approves the Group's CSR objectives and strategy and reviews the developments of the programme
- Climate risk monitored by the Board and reviewed by a dedicated Group Management Risk Committee

## CSR ambitions structured around six main themes and integrated in the *TRANSFORM TO GROW* strategy

Listening to stakeholders to define our Materiality Matrix in 2017 and continue integrating ESG risks

### In our business development goals...

Climate Change

Offers in line with Social Trends

Sustainable Development of Africa

### In the way we conduct business...

Client Satisfaction & Protection

Culture, Conduct & Governance

Responsible Employer

# CLIMATE RISK

## Governance

- In 2016 the Risk and CSR teams collaborated to analyse climate-related risk, and **from 2017 these risk factors were incorporated in the risk appetite of the Group, with Board approval**
- Climate-related credit risks are reviewed at least annually through the **Group Management Risk Committee**
- The risks related to climate change (physical and transition risks) are **not considered as a separate risk category**: they constitute a risk factor aggravating credit, operational, insurance and market risks
- In October 2018 the Group Management Risk Committee refined the credit risk appetite to take a 2°C transition scenario into account in the Group's credit risk profile
- Exposure to physical risk in French residential real estate was also presented

## Methodology

- Transition risk assessment methodology:
  - A **reference climate scenario** is selected for the Group's credit policy and reviewed annually : output helps to assess the economic impact on sectors and individual clients
  - A **'climate vulnerability'** assessment of transition risks is conducted for all client groups in key sectors.
  - This evaluation is **mandatory for key sectors** impacted by climate: oil and gas, metals and mining, transport and power sectors for the corporate credit portfolio

## Working Groups

- SG seeks to participate in the development of methodologies to continue to improve the incorporation of the risk of climate change and participates in a number of working groups:
  - the United Nations Environment Programme Finance Initiative (UNEP-FI), from which SG's methodology is largely derived
  - the working group organised by the French banking regulator (ACPR) and the Banque de France on climate change risk assessment in the banking sector
  - the ClimINVEST initiative, to develop understanding of the impact of physical risk on SMEs in France

# EMBEDDING ENVIRONMENTAL RESPONSIBILITY IN CLIENT ACTIVITY

## ENERGY TRANSITION

- Commitment to align activities by 2020 with the IEA's\* trajectory to limit global warming to 2°C
- €100 billion commitment to support the energy transition between 2016 and 2020: 78% completed as at 1Q19
- No new financing projects of coal, oil sands or Arctic oil (since 2016/17)
- Oil & Gas policy updated in 2018, committing to finance only activities with mitigated impact on climate
- Coal policy strengthened in 2019 with the introduction of corporate exclusion

## LESS RELIANCE ON FOSSIL FUELS

### Electricity financing, 30.06.18:

48.7% non-carbon energies

→ of which 42% renewable energies




51.3% fossil fuels

→ of which 19.3% coal

🎯 Target 19% coal by 2020

## RENEWABLE ENERGY

- Accelerating support in renewable energy financing : currently among global leaders
- SG supports and finances R&D of new technologies, large-scale infrastructure projects and innovative start-ups
- 2018 acquisition of the pioneering renewable energy crowdfunding fintech platform : 
  - Offers individuals and companies the opportunity to participate in financing projects

## E&S RISK MANAGEMENT

- 12 cross-sector and sector-specific Environmental & Social policies
- E&S risk management framework which extends beyond the regulatory requirements of the French Duty of Care Bill
- Compliance with the Equator Principles

## CLIENT SUPPORT

- Environmental & Social advisory for GBIS clients:
  - Assisting clients with the transition to a low-carbon economy
  - Ensuring clients and transactions meet SG E&S Sector Policies and Guidelines
  - Managing SG E&S reputation and credit risks

# A BANK PIONEERING RESPONSIBLE FINANCE

## A CONSOLIDATED SUSTAINABLE AND POSITIVE IMPACT FINANCE OFFERING

- Societe Generale is a **founding member of the UNEP “Positive Impact Finance Initiative”**, since 2001, and a core member of the UNEP-FI working group defining “Banking Principles”
- Consolidated « Sustainable and Positive Impact Finance » proposition, whose objective is to develop and diversify a range of products and services by introducing more structuring expertise and advice on impact analysis and measurement, whilst incorporating the UN’s 17 Sustainable Development Goals



## FROM FINANCING TO INVESTING: EXAMPLES OF THE RANGE OF EXPERTISE AND SOLUTIONS

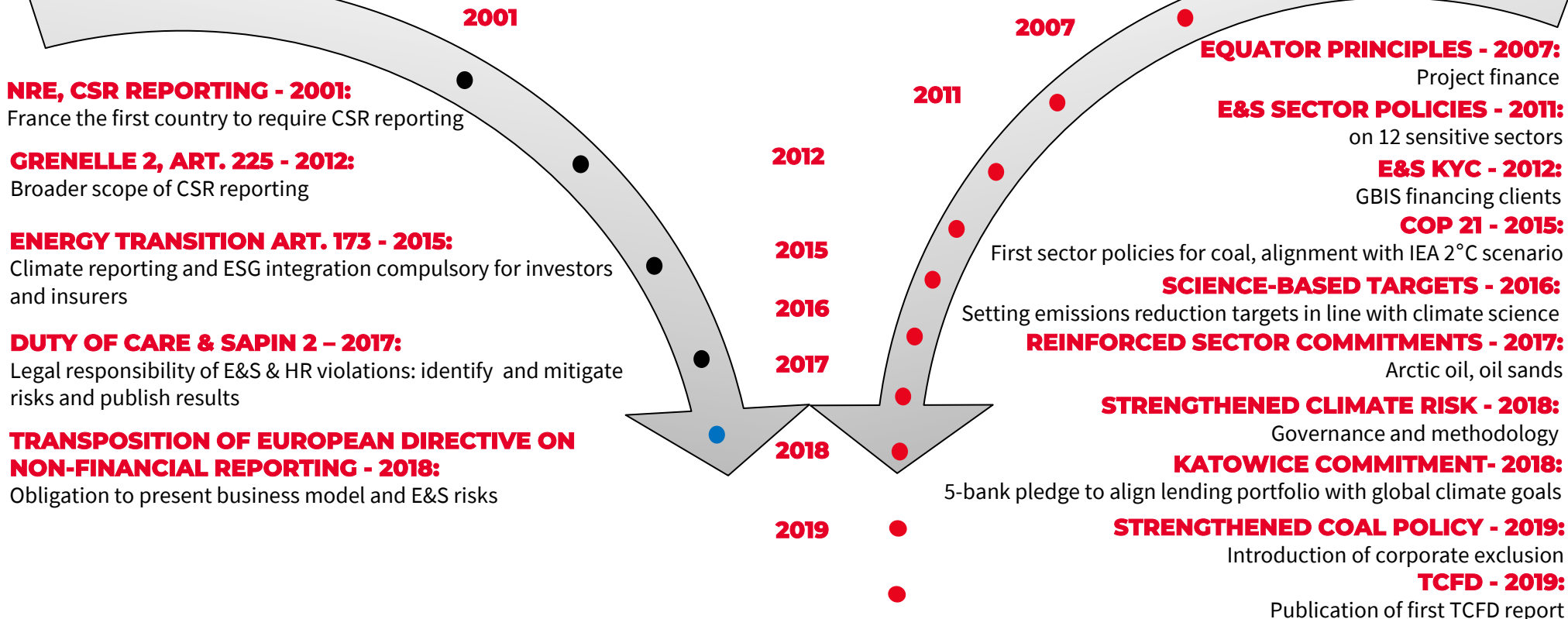
- Total amount of **Sustainable & Positive Impact Finance EUR 11.9bio**
  - Of which **Positive Impact Finance** (as defined by UNEP-FI) **EUR 5.1bio**
  - Of which **‘green’ financing EUR 6.5bio**
  - Of which **‘social/ societal’ financing EUR 5.4bio**
- **Green Bond issues arranged:** EUR 47.6bio nominal since 2016
- **Renewable energy projects:** EUR 21.4bio (advisory and / or financing) since 2016
- **ESG Research** top 5 for the past 10 years (Extel)
- **Lyxor ETFs matching 4 UN Sustainable Development Goals:**
  - Water (the largest one in Europe with EUR485m AUM), Renewable energy, Climate action and Gender equality
- In 2017 Lyxor launched the **first Green Bond ETF** in the world
- Structuring of **ESG stock baskets and indices** since 2007
- **Positive Impact Notes:** In 2018 launch of Positive Impact Structured Notes supporting SME financing
- **Socially Responsible Deposits:** for corporate clients wanting their cash investments to support socially responsible businesses: more than EUR 900m collected
- Launch in 2018 of the **first structured product with a charity dimension** by SG Private Banking



# E&S RISK MANAGEMENT: REGULATORY AND VOLUNTARY

## REGULATORY REQUIREMENTS

## KEY SG COMMITMENTS



## E&S RISK INTEGRATION IN THE BUSINESS MIX AND GREATER TRANSPARENCY OF E&S RISK MANAGEMENT

### BOARD ANNUAL REVIEW OF E&S STRATEGY

- French law
  - European law
  - SG commitment
- E&S: Environmental & Social

# WORKING WITH REGULATION TO SHAPE STRATEGY

## FRANCE CONTINUES TO ENHANCE ITS SUSTAINABLE AND CLIMATE-RELATED REGULATION, STRENGTHENING THE PIONEERING ROLE OF THE PARIS MARKETPLACE IN GREEN FINANCE

### Law on Energy Transition for Green Growth - Article 173

In August 2015 France became the first country to introduce mandatory climate change-related reporting.

Article 173 makes it compulsory for investors to explain how they take climate risks and ESG criteria in their investment decisions, in line with the voluntary recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD).



**SG is an active member of the UNEP FI working group on the TCFD disclosure and committed to align to these recommendations**

### Grenelle 2 Law - Article 225 / EU Non Financial Directive

In 2012, it became compulsory for French companies to report on the Environmental and Social impacts of their business and to have this information audited.

From 2018, the EU Non-Financial Information Directive will reinforce the article 225, and require companies to focus on their major E&S risks and on the management of the adverse impacts of their worldwide activities.



**SG is fully supportive of these French and EU regulations, having reported on E&S impacts since 2003**

### Duty of Care Bill

In March 2017, following the UK Modern Slavery Act, France made it compulsory for companies with over 5,000 employees to implement a vigilance plan whose objective is to map, measure and mitigate human rights and environmental risks, on a worldwide basis.




**SG sees this as an opportunity to strengthen its existing E&S practices and published its Duty of Care Plan in February 2018**

# CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT OF AFRICA


## SUPPORT FOR AFRICAN SMEs

- Creation of “SME Centres” in each SG Africa subsidiary, bringing together different stakeholders to work together for business development (public bodies, multilaterals, development agencies, private sector, funds etc)

 Increase outstanding loans to African SMEs by 60% over the next 5 years (+ EUR 4bn)

## INFRASTRUCTURE FINANCING


- A key aspect of development in Africa in which the bank is already strongly involved. Four areas of focus: energy, transport, water and waste management and sustainable cities

 Double Africa workforce dedicated to structured finance by 2019

 Increase financial commitments related to structured finance in Africa by 20% over the next 3 years

## INNOVATIVE FINANCING

- Improve support of agriculture industries, through a more collaborative approach with farmers, cooperatives and SMEs
- Support energy inclusion and promote renewable energy sources

 Provide access to range of banking and non-banking services (healthcare, education, advisory) to one million farmers over the next 5 years, via YUP platform

## GROW WITH AFRICA

LEVERAGING OPERATIONS IN 19 COUNTRIES AND HISTORICAL PRESENCE OVER A CENTURY

## FINANCIAL INCLUSION

- Launch of YUP mobile money in 2017 to address the poorly and unbanked population of Africa. Introduced in Cote d'Ivoire, Senegal and Burkina Faso with more than 300 000 clients at Nov.18
- Continue to grow microfinance business

 Reach 1 million clients with YUP by 2020 and roll out to 4 additional countries

 Double outstanding loans to microfinance organisations by 2022

 Targets

# 5

---

## CYBER SECURITY

# GOVERNANCE OF CYBER SECURITY

## CONTEXT and COLLABORATION

- The EU regulatory framework for cyber and data security is evolving:
  - the **Network and Information Security (“NIS”) Directive** was adopted in August 2016 and currently being implemented across member states: it provides legal measures to increase the level of cyber security in the EU, facilitating cross-border exchanges of information and cooperation.
  - the **EU General Data Protection Regulation (“GDPR”)** was introduced in May 2018 and improves data governance and protection.
- The French State acts with the finance sector in the event of a global attack having a national impact (Loi de Programmation Militaire). The European Directive NIS is currently being implemented across Europe to offer support at a European level.
- SG works on collective initiatives with the industry to share cyber experience and strengthen procedures. SG’s Group CISO chairs the Federation Bancaire Française working group. CERT teams across France and internationally meet on a regular basis.

## TONE FROM THE TOP

- Cyber security is monitored by the Board of Directors’ Risk Committee and receives a quarterly IT and cyber dashboard
- The Group Risk Committee monitors quarterly the progress of the cyber security strategy
- Additional quarterly reporting to the ECB and local regulators
- Group CSO (Chief Security Officer), in charge of the Group Security Department created early 2018
- Group CISO sets the Information Systems Security strategy, ensuring policies are observed across the Bank
- Computer Emergency Response Team “CERT” (the first of its kind to be registered by a French company in 2009) centralizes and coordinates response to security incidents
- Security policies aligned with international standards and compliant with regulation
- EUR 650m investment in security over 3 years 2017-20

**CERT** | SOCIETE GENERALE

# PROTECTION OF ASSETS AND DIGITAL TRUST IS A STRATEGIC ISSUE

## Customers

- Build leading digital solutions for customers
- Eg. Cryptodynamic Visa card; biometric voice password; biometric facial recognition

## Detection and Reaction

- Strengthen detection tools
- Reinforce ability to respond to a crisis

## Skills and Cyber Culture

- Build cyber skillsets across the Group
- Attract and retain talent



## Security of key assets

- Protect data and prevent leakage
- Identify and enhance protection of sensitive assets
- Reinforce security of data and applications

## Trust and Agility

- Extend our security expectations to external partners
- Chairing industry working groups to share experience and test resilience
- Build internal exchanges and controls to create a forum of trust

# DISCLAIMER

---

This presentation contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the Registration Document filed with the French Autorité des Marchés Financiers.

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

Figures in this presentation are unaudited.